

COFI MARKET ACCESS NEWSLETTER

International Market Development Activities Update



COFI **SPF GROUP** **Canada Wood**

December 2007 Edition

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As a result of the significant downturn of construction activity in the wake of the implementation of Japan's Building Standards Law Revisions on June 20th, Canadian concerns were presented to senior ranking government officials from MLIT, Japan's Ministry of Land Infrastructure and Transportation which is responsible for the BSL, at the Building Experts Committee Meeting held in Quebec City on October 4th.... [more](#)

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In 2007, who could have ever predicted low-grade shipments increasing 500%, the Russian export tax hitting 25%, or the Central government's call for tighter energy efficiency requirements for new construction? Small victories like increased shipments are great, but as is so often the case, these 'victories' come from external factors [more](#)

"Rome Wasn't Built in a Day; China Won't Be Either", by Paul Newman

As I packed my bags on the heels of four fascinating months working in Shanghai, I reflected on the challenges facing Canada in developing new Chinese markets for our wood products. On one hand, I was filled with optimism for our mission - due to crisis conditions facing China: excessive energy use, pollution and crumbling housing stock.... [more](#)

Canada Wood Launches Promotion on Wood Truss and Infill Wall System

On Nov 14th in Beijing, Canada Wood launched a major promotion on wood roof trusses and infill systems by participating in the 6th China International Exhibition on Housing. This is the only home show hosted by Ministry of Construction, P.R.C. each year and the most influential.... [more](#)

In the Community: International School Walks on Wood

Community contributions are an effective way for an international organization to develop a positive reputation with local people and government officials in China. This is what motivates Canada Wood to seek out both large and small community support and charity programs.... [more](#)

Builder Profile Mr. Pu: What's on the Mind of One of China's Leading Wood Frame Builders

Mr. Pu is leading a well-known local WFC building company in China. He used to work for Canadian companies like CRB, Plastic Homes and Clark Co. He started building wood frame construction in 1984 when he was assigned to a WFC project by chance. His gained his WFC.... [more](#)

In the Spotlight - Canada Wood Staff Profile: Haiyan Zhang

Haiyan attributes her affection for Canada to her previous work at the Housing Industrialization Promotion Center (HIPC) of the Ministry of Construction. In 1997, the Ministry of Science and Technology of China (MSTC) partnered with the Canadian International Development Agency (CIDA) to conduct a joint research project on energy efficiency in building.... [more](#)

Calendar of upcoming events in China

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Korea

Korea Market Update

The Korean real GDP expanded 1.4 percent in the third quarter compared with a 1.8 percent gain in the second quarter owing to the strong growth in consumer spending, which offset a slowdown in exports and falling corporate investment.... [more](#)

Korean Housing Market Update

After years of slow or flat growth, the wood construction market took off in 2006. Building permits and starts for wood buildings more than doubled in 2006 compared to those of 2005.... [more](#)

Korean Wood Market Update

Korean imports of logs for the first nine months of 2007 compared with the same period of 2006 increased 27.2% to US\$ 684,181,000. Of this total, Canadian log imports rose to 33.3%.... [more](#)

Current Situation of 2X4 Housing Market

After years of slow or flat growth, the wood construction market took off in 2006. Building permits and starts for wood buildings more than doubled in 2006 compared to those of 2005 (Fig 1). And the growth continues in 2007. The numbers of wood building permits and starts reported year-to-date ended September 30, 2007 compared [more](#)

Canada Wood Conducts Two Fire Tests at KICT

Canada Wood Korea has successfully conducted two pilot fire tests for 2x4 wood framed wall assemblies at the Korea Institute of Construction Technology in October, 2007.... [more](#)

Korean Code Experts Visit Canadian Testing Centres

COFI/Canada Wood Korea brought Korean government officials and Korean Technical Group members to Vancouver and Ottawa for a week long mission. The key goals were to demonstrate advanced Canadian technology in sound and fire performance of wood framed assemblies, to show them the tire drop test for impact sound and to provide an opportunity to experience Multi-Story Multi-Family Wood Frame Construction.... [more](#)

A Little Goes a Long Way! Media Interest has Million Dollar Payoff

For the past couple of years, we've been working closely with Korean media to write wood and building articles in related publications. As of this month, Korean media on our behalf have published more than a million dollars in free "wood is good".... [more](#)

In the Field - Growing and Outgrowing

There are moments in life that you feel that everything seems to have changed overnight. The moment came during an October day to me. A tour of a few wood frame construction sites revealed to me how fast the Korean wood framing construction market is growing and, at the same time.... [more](#)

In the Spotlight - Canada Wood Staff Profile: Meet Tai Jeong

Tai, is the Director of the Canada Wood Korea program, bringing over 20 years of technical expertise in wood design and construction to the CW team. Tai graduated from the New York Institute of Technology with a Bachelor of Architecture degree and had practiced as a professional architect in the States of Massachusetts and California, U.S. for over 13 years.... [more](#)

Calendar of upcoming events in Korea

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United Kingdom

United Kingdom Market Update

European market conditions are expected to weaken slightly during the winter months, leading to a drop in sawn timber prices followed by a degree of recovery. The market is characterised by diminishing construction activity in the USA and in Europe, a weak US dollar that hinders European sawmilling industry exports to non-EU markets.... [more](#)



Market: Japan



Japan Market Update

By Shawn Lawlor

Housing Starts Finally Rebound in October



Shawn Lawlor

Director, Canada Wood Japan
Email: lawlor@canadawood.jp

Shawn graduated with a Bachelor of Arts from the University of Ottawa in 1990 and later from the Asia Pacific Management Program at Capilano College in 1995. His career has spanned 15 years in international forest and building products marketing and sales with leading primary producers. Shawn joined the Canada Wood group in April 2007 to take on the role of Director, Japan Operations. He resides in Tokyo with his wife Christine and son Cole.

2x4 housing starts showed their first year over year increase in 7 months in October

Did You Know?

- The new building-permit procedures (BSL changes) were a response to a 2005 scandal in which the architect Hidetsugu Aneha was able to skimp on steel in dozens of hotels and condominiums. Now plans must be double-checked, even after auditors licensed by the Land Ministry review them.
- Permit applications for large projects fell to 1,485 in October from a previous monthly average of about 5,000, according to Akira Asakawa, spokesman for the Building Contractors Society, which represents 69 of the biggest construction companies in Japan. He said that permits for these types of projects would probably not recover until April.

Got Feedback?

Despite positive earnings, results from the prior quarter and an annualized GDP rate of 2.6% between July and September, Japan's economy showed a deteriorating trend between September and November.

Bank of Japan Governor, Toshihiko Fukui, held the banks key rate at 0.5% due to darkening global financial markets, persistently weak consumer spending and worsening prospects for exporters. During the past quarter, the Nikkei Index languished around the 15,000 level, hammered by the sub-prime market fallout and yen's appreciation versus the US dollar. Mizuho Financial Group's earnings were down 24.7% in the three months ending in September due to exposure to sub-prime mortgage backed securities losses. Earnings forecasts for Japan's exporters were also cut due to diminishing US consumer spending expectations and a rise in the yen to an 18 month of Y110 versus the US dollar. Due to expectations of slowing exports and stagnant consumer spending, the World Bank trimmed Japan's growth outlook for 2008 to 1.8% from 2.4%.

Rising inflationary pressures appeared to be gaining momentum, undermining consumer confidence. Prices at the gas pumps hit a new record high of 150 yen per litre in November. Pulp and paper jumped 5.5% and wholesale prices increased 2.4% in October. Wages fell 0.2% in October and unemployment increased from 3.6% July to 4.0% in September. Consumer confidence fell 5.4% in October, hitting a 3 1/2 year low.

Declining consumer spending was manifested in the sales of big ticket items. Domestic new car sales plunged 8.1% in the first nine months of 2007 to hit their lowest level in 27 years. Condominium developers such as Mitsubishi Estate and Sumitomo Realty & Development cut their fiscal year supply forecasts due in part to fallout from the June 20th BSL revisions but also in part to sidelined homebuyers. Potential homebuyers are losing confidence in the timing to purchase and are facing growing affordability issues as condominiums have tellingly risen 17.9% year over year in Tokyo. Total housing starts finished down 44% in September - wooden housing starts declined 23% year over year.

Zhenbang123 Post & Beam

October Post & Beam starts were 34,624 units: a 6.9% decrease over October 2006, but a substantive improvement over the -23.8% shortfall the month prior. Average floor area was 103.69m², roughly on par with the same results a year prior.

Pre-Fabricated Housing Starts

Pre-fab wooden housing starts were 1,585 units; down 7% over the same period last year.

2x4 Housing

2x4 housing starts showed their first year over year increase in 7 months, finishing at a healthy 9,721 units. Although overall 2x4 numbers were up 0.3% over the year prior, average floor area finished at 80.55m², pointing to a more pronounced recovery in multi-family housing as opposed to single family and spec housing.

By sector type results were as follows: single family 2,586 units (-6.6%), rental housing 5,546 (+16.2%), speculative housing 1,582 (-24.2%).

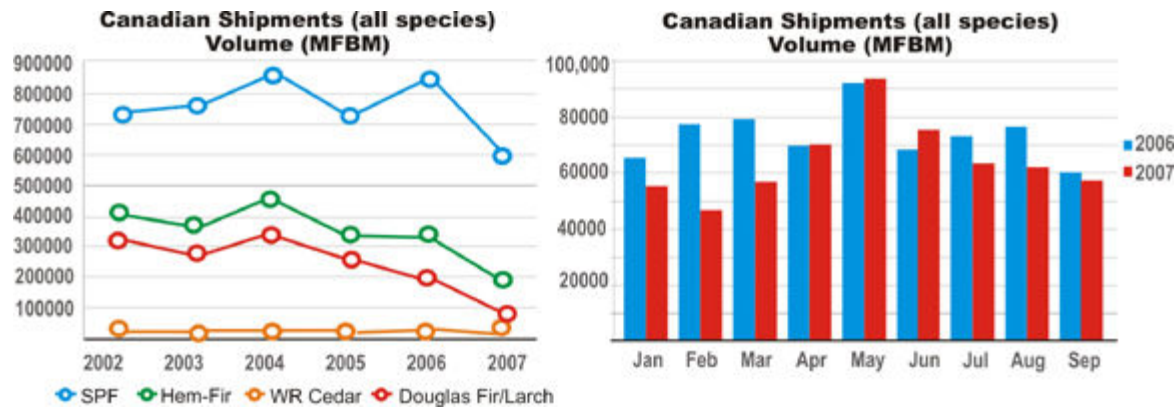
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The Canada Wood Market Access Newsletter is "By the Industry...for the Industry!"



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Tell us what you would like to see in the next edition.



(Sources: MLIT, The Nikkei Weekly, Nikkan Mokuzaei Shimbun, Mokuzaei Kenzai Weekly, The Japan Times)

19 Japanese Architects attend 2X4 Workshop in Canada

By Kevin Bews



Kevin Bews

SPF Manager, Canada Wood Japan
Email: bews@canadawood.jp

Kevin Bews, joined COFI/Canada Wood in 1998. He is a graduate of the University of Guelph, with a Bachelor of Commerce degree. He recently spent time in China attending the Canada Wood Asia staff meeting. He enjoys sports, traveling, and barbequing.

Visit the [Canada Wood Japan Web Site](#)



The COFI SPF Group, in cooperation with the Tokai Branch of the Japan 2x4 Home Builders Association, completed another successful tour mission to Western Canada. Nineteen construction and design experts from Japan participated in a comprehensive study tour from October 21 to 27. The participants held in-depth discussions with Canadian architects, engineers and contractors to review designs, construction details, and materials specifications for wooden structures in British Columbia. While on Vancouver Island, the participants stayed in a three-storey wood frame 2x4 structure at the Westin Bear Mountain Resort. The group visited three and four-storey elderly care facilities being constructed from wood. The focus of this year's mission was to get a better understanding of how SPF dimensional lumber is used in a variety of multi-family and non-residential wood frame 2x4 structures. The group also visited two condominiums, a townhouse and a housing development.



Nineteen construction and design experts from Japan participated in a comprehensive study tour from October 21 to 27.



The group visited three and four-storey elderly care facilities being constructed from wood, the focus of this year's mission.

Canada Wood & Government Lobby to Change Building Standard Law

As a result of the significant downturn of construction activity in the wake of the



Ms. Sara Filbee

Director General of Industry Canada's
Resource Processing Industries
Branch

*We remain very concerned
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encourages MLIT to
carefully monitor the
situation.*

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implementation of Japan's Building Standards Law Revisions on June 20th, Canadian concerns were presented to senior ranking government officials from MLIT, Japan's Ministry of Land Infrastructure and Transportation which is responsible for the BSL, at the Building Experts Committee Meeting held in Quebec City on October 4th. Canada Wood Japan collaborated with the Canadian Embassy in Tokyo and Industry Canada to develop a joint Canadian position outlining concerns on how the BSL revisions had negatively impacted prospects for Canadian forest product exporters as suppliers of the Japanese housing market.

Sara Filbee, Director General of Industry Canada's Resource Processing Industries Branch, delivered the Canadian position in her opening remarks, "MLIT has made a large volume of revisions to Cabinet Order, Ministry Order and Notifications related to the Building Standard Law dated June 19 as counter measures to the structural calculations scandal. The confusion resulted from the building application scheme changes are creating problems which are far beyond our expectations. This confusion is seriously impacting on suppliers of building materials to Japan, including both domestic and offshore suppliers. Canada is interested in hearing MLIT's plan to rectify the confusion". In closing remarks Ms. Filbee re-iterated that, "We remain very concerned about the difficult implementation of the new system. Canada encourages MLIT to carefully monitor the situation."

In separate meetings, Canada Wood Japan's Shawn Lawlor also directly raised industry concerns with Mr. Hiroki Sunohara, MLIT Director for International Building Codes Confirmation as well as Mr. Tomiyoshi Ogawa, MLIT Housing Bureau Deputy Director for Building Administration at the Canada Japan Housing Committee Meeting in Ottawa on October 17th. Thanks in part to Canadian lobbying efforts, MLIT announced measures to facilitate and shorten the building permit confirmation process. Initial implementation of the BSL revisions required building permit applicants that failed to submit all required documentation to withdraw their applications and re-apply with all required documentation. This process was problematic as builders experienced significant delays to only find out that the applications were incomplete and would need to be re-submitted. Under the new process announced, applicants who failed to initially provide all required documentation are now able to add required information without the need of withdrawing and re-submitting their applications. These new measures are expected to speed up the building approvals process and will come into effect at the end of November.

Wooden Livestock Facilities Increasing in Popularity

By Kevin Bews



In Japan, there is a growing interest in building livestock facilities from wood. In a unique example, like-new thirty year old preservative treated telephone poles combine with Canadian wood products to form innovative farm structures in Kanagawa Prefecture. On October 30, Paul Newman, Shawn Lawlor and Kevin Bews toured the Mitome Cattle Farm in Kanagawa Prefecture, which raises high quality Hayama beef to find out why.

Kevin Bews

SPF Manager, Canada Wood Japan
Email: bews@canadawood.jp

Kevin Bews, joined COFI/Canada Wood in 1998. He is a graduate of the University of Guelph, with a Bachelor of Commerce degree. He recently spent time in China attending the Canada Wood Asia staff meeting. He enjoys sports, traveling, and barbecuing.

Upcoming Events - Japan

Dec. 3-4

Building Standard Law Revisions for 2x4

Dec. 4

Western Red Cedar Educational Seminar, Tokyo

Dec. 6

Western Red Cedar Educational Seminar in Nagoya Dec. 15
Orange Pre-Cut Soh-Kai Tradeshow

Dec. 6-7

Plan & Design

Dec. 10-11

Building Standard Law Revisions for 2x4

Dec. 15

Orange Pre-Cut Soh-Kai Tradeshow

Dec. 10-11

Building Standard Law Revisions for 2x4

2008

Feb. 1-2

Japan Kenzei Show

Mar. 4-8

Nikkei Architectural and Building Material Show

According to Mr. Mitome, the owner of the farm, the main advantages of building with wood are that:

- Steel corrodes when it is exposed to ammonia gas from the cattle manure, which does not happen with wood.
- Wood reduces the stress levels of the animals, making them easier to raise and fatten, which contributes to a better quality of beef.
- Wood is more attractive and natural looking, and fits into the surroundings of the farm environment better.

Mr. Mitome is currently building three wooden structures (a warehouse, a feed and manure shed, and a cattle barn) on his farm. Along with Japanese cedar and recycled telephone poles, he is also using SPF, Douglas fir and Hemlock for construction of these innovative farm structures.



Mr Mitome of Mitome Cattle Farm in Kanagawa Prefecture recognizes the benefits of using WFC for his livestock facilities, rebuilding new structures with wood.



Wood reduces stress levels of animals, lasts longer and fits into the surroundings of the farm environment.



In the Spotlight—Canada Wood Staff Profile: Fumoto-san



Hidehiko Fumoto

Deputy Director and Manager
Technical Services,
Canada Wood Japan
Email: fumoto@cofi.org

Fumoto-san has been working on the COFI team in Japan for twelve years since 1995. He represented Canadian interests by serving on 39 committees established by Japanese ministries, architectural agencies and housing associations. .

Did You Know?

- The pine wood nematode, a microscopic worm carried by sawyer beetles, entered Japan in the early 1900s and has since killed large tracts of the country's pine trees. It entered Missouri in the US in 1979 and until now continues to decimate pines in several mid-western and eastern states.
- The Asian long-horned beetle, on the other hand, entered the US in 1996 and wiped out many hardwood trees in Chicago and New York.
- To remove the risk of pest spread, the International Plant Protection Convention (IPPC) in 2002 required that all Wood Packaging Materials be stamped with the IPPC mark after they have undergone methyl bromide (MB) or heat treatment (HT). Canada predominantly exports HD products as Methyl Bromide, which is hazardous to human health, is 60 times more damaging to the ozone layer than chlorine and is responsible for 5-10% worldwide ozone depletion. It also renders wood non-recyclable.



Hidehiko Fumoto "Fumoto-san" is a tireless champion of Canadian-style wood frame construction in Japan.

Hidehiko Fumoto, Deputy Director and Manager Technical Services, has been working on the COFI team in Japan since 1995. During this time, he represented Canadian interests by serving on 39 committees established by Japanese ministries, architectural agencies and housing associations. He monitored the various levels of revision work to Building Standard Law, Housing Quality Assurance Law and Japanese Agricultural Standards. His successful lobbying activities to the ministries have resulted in code and standard changes that benefited the market access of Canadian wood-based building materials to Japan.

Recently, Fumoto provided assistance to the Wooden Home Builders Association for the achievement of the first recognition of wooden post and beam construction as a quasi-fireproof structure in March 2005. Fire tests for this recognition were funded by the Canada Wood Program and Forestry Innovation Investment Ltd. (FII) of BC. This recognition enables post and beam houses to fall under the fire insurance category where insurance can be obtained at a 50% - 58% lower rate than the current category.

Fumoto played a key role in advancing the penetration of Canadian Wood products in the Japanese market. Some of his achievements include:

- Securing ministerial approval of the standard strength of Canadian Coastal structural lumber graded to a lumber grading rule called "JPS1" for Japanese wooden post and beam construction. This helped Canadian Western Hemlock be identified as a product with 30% higher design stress and 1.5 times higher rigidity than other Hemlock.

- Coordinating the ministerial approval of the horizontal application of wall sheathing plywood without blocking, resulting in its inclusion to the 2x4 specification manual of the Government Housing and Loan Corporation as a standard specification. This encouraged Japanese builders to use more Canadian plywood with the Canadian 4' x 8' size.
- Assisting the Ministry of Construction to assign higher design stresses for Spruce-Pine-Fir dimension lumber than those of other North American species.
- Providing Japanese builders and Canadian manufacturers with the guidance on indoor air quality regulation, implemented in July 2003.



Market: China



China Market Update

By Wayne Iversen



Wayne Iversen

Canada Wood Program Manager,
COFI Vancouver
Email: iversen@cofi.org

Wayne graduated from UBC with an MBA in marketing and BA in international relations. Wayne speaks fluent Mandarin and has recently celebrated 5 years as COFI's Manager of the Canada Wood Export Market Development Program. Away from work he enjoys many sports such as soccer and hockey as well as spending time with wife Karen and his five children.

China will present us with opportunities – opportunities that no one can predict; opportunities that can only be capitalized on if we are in the right place at the right time.

Lowgrades Account for Export Boom

In 2007, who could have ever predicted low-grade shipments increasing 500%, the Russian export tax hitting 25%, or the Central government's call for tighter energy efficiency requirements for new construction? Small victories like increased shipments are great, but as is so often the case, these 'victories' come from external factors well beyond our control. So if we aren't in control of our success in China, why are we there? Well, let's go back nearly forty years ago to Japan, prior to Japan's era of platform frame construction (PFC). Very simply put, two events were directly responsible for the success of PFC and the demand for Canadian forest products.

The first event (beyond our control) was the decision by the Japanese Ministry of Construction (MOC) to adopt PFC as a "new," lower cost and safer form of wood housing. The second event, which was within our control, was Canada's decision to launch the Cooperative Overseas Market Development Program (COMDP), a joint initiative of the federal and provincial (BC) governments and COFI. The combination of these two events together led to the tremendous growth; in 1995, forest products represented 42% of total Canadian exports to Japan. While China is definitely no Japan (the Japanese have always revered wood), China will present us with opportunities—opportunities that no one can predict; opportunities that can only be capitalized on if we are in the right place at the right time.

In the first three quarters of 2007, China's wood product imports grew 24.3% to 17.8 billion dollars. China's log imports grew 18% in volume (43% in value) from the same period in 2006. Softwood log imports grew 62% in volume (44% in value) 8.81 billion dollars. China's log imports were still mainly from Russia (69% volume) and saw an 18% growth in volume from the same period in 2006. Log imports for January to September 2007 for the main suppliers are listed in Table 1 below.

Table 1

Table 2

China Market Snapshot

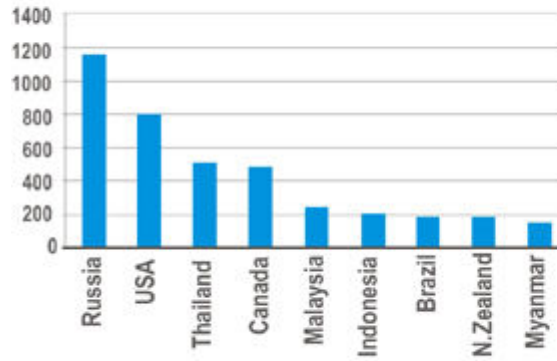
- 400 WFC starts
- Single family for the rich
- Can build up to 3 stories.
- 10+ builders
- Excess truss capacity
- Opportunity for MSR in Roof Trusses

Did You Know?

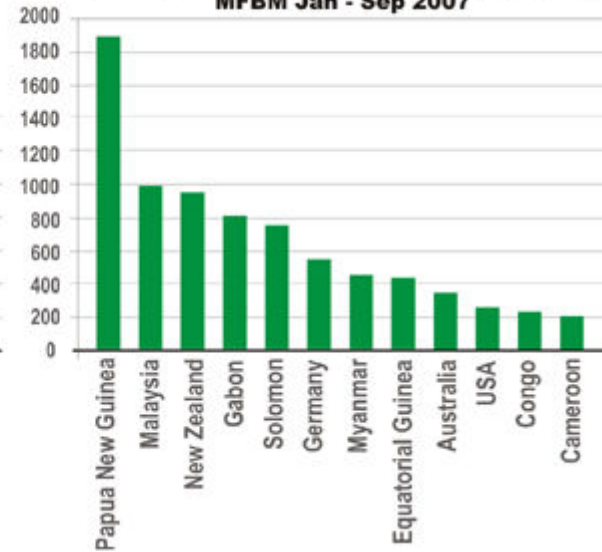
- Fire protection has always been a challenge in the remote areas of China. In China's southwest, the city of Chongqing is training seven monks and three lay Buddhists to protect their Jinyun Temple, an ancient wood architecture, from possible fires.
- The forest coverage in China and ASEAN member countries account for 68 percent of Asia's total and 10 percent of the world's total.
- Russia is the world's largest exporter of both softwood and hardwood logs.
- Softwood logs account for the bulk of this trade flow, and Russia accounts for roughly 40% of the world's total softwood exports.
- From an importer's perspective, Russia accounts for over 80% of the logs imported into Finland and China, and a large proportion of the logs imported into Japan and South Korea.
- Russia contains over 20% of the world's timber resource. Although much of the area is currently economically inaccessible, Russia's forest cover is greater than that of Canada and Brazil combined.
- While Russia's actual harvest in 2005 was only 132 million m3 compared to the Annual Allowable Cut of 564 million m3, the Federal Russian Forestry Agency estimates that the economically available harvest is still 250 million m3. The potential incremental increase of 120 million m3 represents roughly a 90% increase on the current harvest, or an amount equal to about 60% of Canada's national harvest.

Visit the Canada Wood China Web Site

**China Log Imports by Major Country of Origin
MFBM Jan - Sep 2007**



**China Sawnwood Imports by Major Country
MFBM Jan - Sep 2007**



Sawnwood imports grew 5% to 1.32 billion dollars from the same period in 2006. Sawnwood imports were mainly from Russia (1,155.0 thousand m3), the US (803.5 thousand m3), Thailand (512.3 thousand m3), Canada (489.8 thousand m3) and Malaysia (239.2 thousand m3). Other countries whose exports to China exceed 100,000 m3 are listed in Table 2.

Guangzhou Imported Timber Market Prices

Logs

Log Type	Dimensions	Yuan per m3
Larch	6m, 24-28cm diam.	1230
Radiata	6m, 30cm diam.	1300
Mongolian Scots Pine	4m, 30cm diam	1370
White Pine	6m, 24-28 diam.	1500
Korean Pine	4m, 30cm diam	1500

Sawnwood

Mongolian Scots Pine	4m, 5-6cm thick	1550
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Canadian Softwood & SPF

Canadian softwood shipments increased 93% in Q3 to 66,831 MFBM compared to the same period last year. This increase came mostly from SPF shipments which increased 390% in Q3 to 39,801 MFBM compared with the same period in 2006. SPF shipments consisted of mostly lower grades (economy & utility) to be used for remanufacturing, furniture and formwork applications.



Canada Wood
加拿大木业协会

**Got Feedback?
Tell Us What You Think**

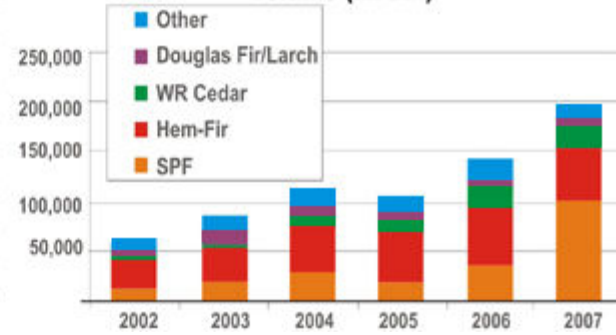
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SPF Shipments Jan-Sept 2006 vs. Jan-Sept 2007 Canadian Softwood Exports to China by Species
Volume (MFBM)



Russian Softwood Log export taxes:

On November 30, 2007 the Russian Federation (RF) Government approved the schedule of increasing log export duties, according to which from January 1, 2009 each cubic meter of exported unprocessed timber will cost the exporters up to EUR50. According to Russian Forest Ministry specialists, in 2009 the RF budget could get additional RUR18.2 billion only from the introduction of restrictive duties for round timber export. Currently exporters pay USD1.9 in Russia while they pay USD51 in Finland. According to Rosleshoz, exports of unprocessed timber will total 52 million cu. m in 2007.

The Russian Softwood Export Tax—A Quick Review

- 2005-Russian government announced 6.5% tax on logs.
- July 1, 2007-increased to 20% and minimum export tax amount is 10 euro/m3
- April 1, 2008-will increase to 25% and minimum export tax amount is 15 euro/m3
- Jan 1, 2009-will increase to 80% and minimum export tax amount is 50 euro/m3

Rome Wasn't Built in a Day; China Won't Be Either

By Paul Newman



Paul Newman

Executive Director - Market Access and Trade, COFI Vancouver
Email:newman@cofi.org

Paul Newman joined Canada Wood in 2003 and prior to that worked for COFI for 12 years. He also has experience working for a forest products firm and with the Canadian banking sector. Paul is a graduate of the University of British Columbia in wood science and Simon Fraser

As I packed my bags on the heels of four fascinating months working in Shanghai, I reflected on the challenges facing Canada in developing new Chinese markets for our wood products. On one hand, I was filled with optimism for our mission - due to crisis conditions facing China: excessive energy use, pollution and crumbling housing stock. Conversely, realities such as lack of knowledge and skills, a propensity to stick to familiar – if outdated – approaches and institutional prejudices tempered this optimism.

China is hurtling towards a cross-road where development will either transition to a more sustainable footing or an environmental catastrophe will be spawned by unbridled growth. Already public sentiment is beginning to push heavy on government in terms of unwillingness to live in an environment which has been degraded due to the excesses of capitalism. Over 50,000 acts of environmental protest were recorded in 2006 related to public opposition to developmental excesses. Moreover, given its unhappy ascension to the world's #1 ranked oil importer, China acutely realizes its shortcomings with regard to building performance.

At a Canada Wood sponsored forum on Nov 4-5 in Beijing, western partners from Canada, USA and Europe met with counterparts from China to discuss attitudes impeding

University in Business Administration. Paul is responsible for Canada Wood's Asian programs. He enjoys gardening, outdoor pursuits and reading.

It is critical that Natural Resources Canada's Canada Wood Export Program (CWEP) is renewed beyond March 31st, 2009. This seven year, \$55 million program has been central to our ability to concept and execute development plans for emerging markets.



Upcoming Events - China

Dec. 6-8

Wood Suppliers and Consumers Conference

Dec. 21

CW Awards of Excellence Ceremony

2008

Jan. 16-18

Landscaping Seminars

Jan. 21-25

Extended Guide to Good Practice Builder Training

Feb. 25-Mar.14

Launching of Canada Wood College

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expanded wood use. This strategic feedback will frame a campaign to persuade policy officials and others that wood can be part of the solution to China's sustainable development. The discussions led to some interesting findings:

- Chinese thinking is clouded by concerns over self-sufficiency; a hold-over from past eras and at odds with China's trading position in the world.
- Wood construction is not necessarily seen as relevant to China's needs.
- China considers costs from short-term perspectives only. Long-term impacts and savings are poorly understood.
- The environmental repercussions of China's economic miracle are perceived as a serious problem, even by the public. Curbing of high polluting industries and building systems is inevitable.
- Chinese government may play less of a key role than we think.
- Energy efficiency is the issue of day.



On the right track: Paul Newman reports Canadian style WFC is gaining acceptance and recognition in China, but continued success depends on sustained efforts to keep programs running and Canadian products and technology in the minds of Chinese consumers.

In order to succeed under these circumstances Canada needs to focus on:

- The contribution of wood to a sustainable society must be effectively articulated and communicated.
- The accommodation of Chinese forestry and forest products in any 'pro-wood' strategy.
- Successful concepts must be localized and seen as Chinese.

'Selling' government is important but the private sector more so.

We are on the right track in China. CW is cooperating with other supplying regions such as the USA and Europe. CW programs have expanded beyond 'villas' to roofing systems for apartments and infill walls and floors for concrete structures (see article). CW delivers job-site tech transfer to builders and users of structural wood. CW offers innovative courses and training. Key codes are in place. 'Guan xi' with key government agencies is good.

Our ability to maintain our programs, to carry on despite naysayer's and slow initial uptake is the key factor for success. The counsel of Chinese participants on Nov 5th was that events are moving in our favour and only time, patience and ingenuity is required to attain our goals. It is thus critical that Natural Resources Canada's Canada Wood Export Program (CWEP) is renewed beyond March 31st, 2009. This seven year, \$55 million program has been central to our ability to concept and execute development plans for emerging markets. CWEP enabled the locating and staffing of offices in target markets. CWEP funded front-end work such as the codes and standards, has provided Canadian expertise to avoid building quality failures and market research designed to target and fine-tune programs. Together with funding from BC's Forestry Innovation Investment (FII) program, CWEP has given the industry the wherewithal to tackle new markets. Without

CWEP backing none of this work would have been possible. Industry must sing its praises and show politicians that we value these investments: without them the future looks bleak.

Canada Wood Launches Promotion on Wood Truss and Infill Wall System

By Leonard Mao



Leonard Mao

SPF Manager,
Canada Wood Beijing
Email:mao@canadawood.cn

Leonard Mao, joined Canada Wood in 2004. He is a graduate of Nanjing University of Science and Technology in China with major in material science and international trade. He has recently been spending time in Chongqing organizing the recently held truss and hybrid building seminar for builders and architects. Leonard enjoys swimming, and travelling.

There were an incredible amount of interest in our Canadian products and technology as large numbers of developers, builders, designers and architects visited our booth.

Did You Know?

- Indonesia, despite its relatively small economy, is the world's third largest CO2 emitter after the United States and China because of deforestation.

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Canada Wood makes a major splash at the 6th China International Exhibition on Housing being recognized as among the top 10 new building technologies to promote in China.



Canada Wood personnel worked hard to answer questions, and handed out over 1500 literature packages to enthusiastic developers, builders and architects.

On Nov 14th in Beijing, Canada Wood launched a major promotion on wood roof trusses and infill systems by participating in the 6th China International Exhibition on Housing. This is the only home show hosted by Ministry of Construction, P.R.C. each year and the most influential. Paul Newman of CW and Lisa Dou of FII outlined the campaign to 15 journalists assembled at a media event held during the event's press conference. Coinciding with the show, the China Real Estate Association held its annual conference making it easier for the developers from all over China to visit the displays. The Canada Wood display focused on wood trusses placed on concrete structures and wood infill wall systems as an alternative to brick infill for concrete frame buildings.

There were an incredible amount of interest in our Canadian products and technology as large numbers of developers, builders, designers and architects visited our booth. The building envelope concepts exhibited at the show (wood truss and infill wall system) were



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recognized by the show organizers (The Center for Housing Industrialization Ministry of Construction, P.R. China; China Real Estate Association, and China Architectural Culture Center) as one of the top 10 new building technologies to promote in China.



Canada Wood Beijing Staff (L to R) Haiyan Zhang, Shino Zhou, Leonard Mao are grateful recipients of the MOC Certificate

MOC Awards Canada Wood Certificate Another milestone achievement for Canada Wood was its recent certificate issued by the Ministry of Construction in China. The Chinese government now recognizes "the wood-frame construction, wood-truss roof and light building envelope system", certifying it as "Key Recommended Building Technologies" in China.

This is an important recognition that indicates progress being made to bring Wood Frame Construction into the mainstream in China.

In the Community: International School Walks on Wood

By Greg Hoing



Greg Hoing

Director – Training & QA,
Canada Wood Shanghai

Email: hoing@canadawood.cn

Greg joined Canada Wood in 2006. He is a graduate of the Douglas College Business Management program. He has recently been spending time planning for the Canada Wood Awards of Excellence for Wood Frame Builders in China. When Greg is not working he enjoys golf, squash and spending time with

Community contributions are an effective way for an international organization to develop a positive reputation with local people and government officials in China. This is what motivates Canada Wood to seek out both large and small community support and charity programs. There was recently an opportunity to help a school in Shanghai complete the landscaping at their newest elementary campus. Canada Wood's Technical Department occasionally creates nice wooden structures for trade shows and seminars. Once a structure has served its purpose as a demonstration piece, it is not always practical to store it. One good option is to make the demonstration projects available for donation to carefully chosen recipients. In the last week of September, Greg Hoing, Deputy Managing Director for China, decided to do just that.

his family.

*We are very grateful for
this generous donation
from Canada Wood
that all students
will be able to enjoy.*

Canada Wood Quality Assurance Team

Making a Difference in China

Wood Frame Construction Technical Support



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Good Neighbours: Canada Wood donates a large, versatile, landscaping deck display, made from pressure treated SPF, to the grateful staff and students of Yew Chung School in Pudong, Shanghai.

Canada Wood donated a large, versatile, landscaping deck display, made from pressure treated SPF, to the Yew Chung School in Pudong, Shanghai. David Daly and Brad Spencer volunteered their time on a sunny Saturday to modify and assemble the deck next to the school's athletic field.

John Drummond, the Headmaster at Yew Chung said, "This week saw the official handing over of the wooden walkway that has been donated to our campus by Canada Wood. This walkway will be the foundation for a relaxation area where in future we hope to add a trellis with vines growing over it to provide shade for students in the summer months and shelter in the winter months. We are very grateful for this generous donation from Canada Wood that all students will be able to enjoy. "

This donation is an example of a small deed producing positive results. The staff at Canada Wood felt good about helping the kids and they enjoyed being a good neighbour. The students and teachers at the Yew Chung School now have a nice new wood deck to compliment their new school grounds and they subsequently got to learn about Canadian wood products through a story that was run in their school paper. This was really a win-win transaction.

Builder Profile Mr. Pu

By Lance Tao



Lance Tao

Director of Communications of
Canada Wood,

What's on the Mind of One of China's Leading Wood Frame Builders

Mr. Pu is leading a well-known local WFC building company in China. He used to work for Canadian companies like CRB, Plastic Homes and Clark Co. He started building wood frame construction in 1984 when he was assigned to a WFC project by chance. He gained his WFC building experience from 2 Canadian experts on a training course. To date, he manages 100 employees and builds around 30 houses each year.

Q: Do you have trouble finding skilled labour capable of building with wood?

A: No, I think the skilled labour situation is better right now compared to what it was before. Every year Canada Wood experts help the industry train skilled workers and that really helps the labour pool grow. However, sometimes it depends on how much the

Canada Wood Shanghai
Email:tao@canadawood.cn

Lance comes to Canada Wood with extensive experience in public relations. Prior to Canada Wood, he worked for Edelman Public Relations Worldwide, the world's largest independent PR agency and Citigate Dewe Rogerson, a UK-based PR agency specialized in financial communications.

As communications director based from the Shanghai office, Lance is responsible for building Canada Wood's brand and image within China.

Everybody was impressed with Canadian technologies as well as the comfort, the spacious feelings and the flexibility in design that wood frame construction offers.

Russian Export Duty Increase

- MOSCOW, November 30. The Russian Federation (RF) Government approved the schedule of increasing export duties for round timber, according to which from January 1, 2009 each cubic meter of exported unprocessed timber will cost the exporters up to EUR50. According to Russian Forest Ministry specialists, in 2009 the RF budget could get additional RUR18.2 billion only from the introduction of restrictive duties for round timber export. Currently exporters pay USD1.9 in Russia while they pay USD51 in Finland. According to Rosleshoz, exports of unprocessed timber will total 52 million cu. m in 2007.

Source: IA REGNUM

developer is willing to pay the workers.



First-Hand Information: Mr. Pu, prominent WFC builder offers his valued insights on the China construction market and Chinese attitudes on building with wood.

Q: What are the smallest and largest projects you have worked on?

A: We used to do mainly smaller homes, but we are advancing quickly. Right now our projects are averaging around 330m2.

Q: What cities have you worked in?

A: Our projects are mostly located around Shanghai, but we are tapping into the booming markets in Beijing, and Guanzhou. Actually, we are now working on a few projects in these two new markets.

Q: What are the biggest challenges you face on every project?

A: I think the biggest challenge is the quality of design drawings. Sometimes the design drawing is poor, but since the plans have already been filed and accepted we have no choice but to follow them.

Q: What are the biggest challenges for WFC as an industry?

A: I think it still comes down to how to manage people's perception of wood as construction material. A lot people are still concerned about the fire issue, durability and environmental impact of deforestation.

Q: How do you think WFC compares to traditional construction methods?

A: It is no doubt that WFC is much more energy efficient, built much faster and poses less damage to the environment. However in China, the industry is quite concerned about decisive factors like cost, design capability and appearance.

Q: What are the best uses for WFC in China?

A: I think in China WFC is good for tourist areas and rental houses. It's also good for the countryside areas where detached homes are more common.

In the Spotlight – Canada Wood Staff Profile: Haiyan Zhang



Haiyan Zhang

Technical Director,
Canada Wood Beijing
Email: zhang@canadawood.cn

Haiyan's educational training includes:
Masters of Business Management
Beijing Technology and Business
University Bachelor, Civil Engineering,
Tsinghua University College, Civil
Engineering, South East University

Technical Transfer Clinic Building Stairs

Establishing *Quality* as a Core Value

Canada Wood's quality assurance
campaign engages homebuilders in
China with several unique programs...

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the next edition.

Haiyan attributes her affection for Canada to her previous work at the Housing Industrialization Promotion Center (HIPC) of the Ministry of Construction. In 1997, the Ministry of Science and Technology of China (MSTC) partnered with the Canadian International Development Agency (CIDA) to conduct a joint research project on energy efficiency in buildings. The project lasted seven years and the HIPC was assigned by the MSTC as one of the Chinese participants. During that period, Haiyan experienced advanced Canadian approaches in the field of structural energy efficiency. Haiyan was impressed by the Canadians' friendly, straightforward demeanour which made her decision to join Canada Wood, on a summer day four years ago, an easy one. She saw it as an opportunity to tackle a new career challenge as well as a chance to absorb more Canadian culture. Haiyan currently works in Canada Wood's Beijing office where she is responsible for code acceptance and government relations. Although Haiyan had a good deal of experience promoting new materials and products to target markets at the HIPC, she soon realized that wood frame construction presented unprecedented challenges in China such as overcoming the technical barriers from lack of building and fire codes, incompatible design tools and construction processes, and low awareness of WFC among Chinese government officials, industry leaders and consumers.



Haiyan currently works in the Canada Wood's Beijing office where she is responsible for code acceptance and government relations.

Haiyan is enjoying the professional development that goes along with meeting these new challenges. Her diligence, patience and meticulous approach have produced positive results. Haiyan has made significant contributions in establishing The Truss Code, The Timber Construction Technique Standard and the updated GB50206. Her goal on all these initiatives was to reduce the technical barriers for WFC in China. Haiyan is also active in a university outreach project that adds a wood frame design component to the architecture curriculum at Tsinghua University. Currently, Haiyan is working on a fire research program and performing research on the Tsinghua Energy Efficiency report.

Haiyan believes that wood frame construction will gain a foothold in China not only because of the benefits of wood but also as a result of consistent, effective marketing strategies. Timber structures once prevailed in China. This fact can be used to help contemporary Chinese home buyers understand and accept the general concept of wood frame houses. Another important marketing focus is to educate Chinese developers about

opportunities to use wood in hybrid building systems. Meanwhile the demand for wood in interior finishing and landscape applications is really taking off". As we chip away at the market barriers, we have many reasons to believe that WFC will eventually win the hearts of Chinese people. Apart from work, Haiyan enjoys spending time with her 7 year old son and her husband who is a nuclear power engineer (and whose job is still a mystery to Haiyan).



Market: Korea



Korea Market Update

By Mr. Tai Jeong



Mr. Tai Jeong

Technical Director,
Canada Wood Korea

Email: jeong@canadawood.or.kr

Tai Jeong joined Canada Wood in 2006. Tai brings over 20 years of technical expertise in wood design and construction to the Canada Wood team. Tai is an accomplished building professional, having worked as an architect for 15 years, and is a registered contractor. In his time away from the office, he enjoys singing and sports.

The Korean real GDP expanded 1.4 percent in the third quarter compared with a 1.8 percent gain in the second quarter owing to the strong growth in consumer spending, which offset a slowdown in exports and falling corporate investment. On a year-on-year basis, the GDP grew 5.2 percent, outpacing a 5 percent annual growth in the second quarter. The unemployment rate in October dropped to 3.1 percent, the lowest since December 2002. A pickup in consumption driven by consumer confidence caused by a spike in job growth helped stoke Korea's fastest annual economic growth in almost two years in the third quarter. Local household expenditures increased at a higher rate than their income during the third quarter. Household income rose by an average of 7.4 percent from the same quarter last year while living and tax expenditures rose respectively 8 and 14 percent during the same period. Korean exports climbed to a record in October as higher shipments to China and Europe helped cushion the \$887 billion economy from a slowdown in U.S. demand. The Korean won climbed beyond 900 versus the U.S. dollar for the first time since August 1997. Despite these promising results, the Korean economy in the fourth quarter of 2007 and next year are being threatened by the following reasons:

- Global financial uncertainties
- Ongoing U.S. credit crunch concerns
- Decrease of exports due to slowing U.S economy
- Record high oil

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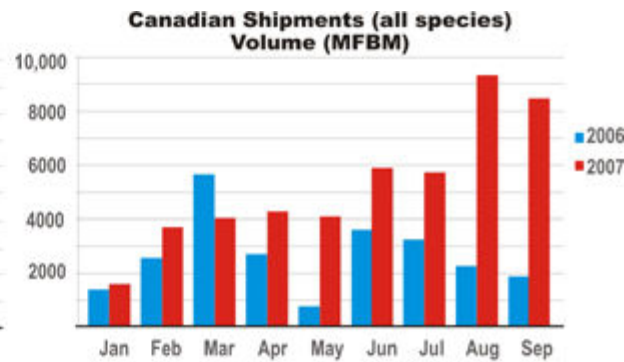
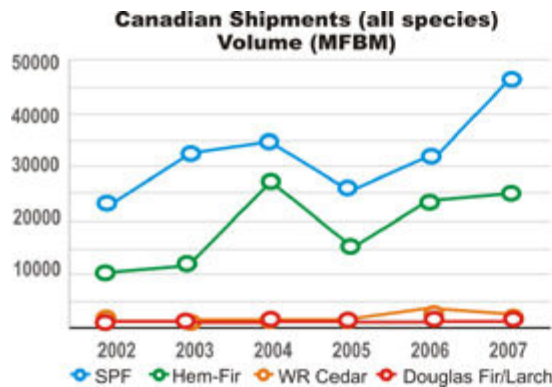
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(Source from BOK statement and preliminary data)

(Household income: Source from the National Statistical Office's quarterly report on household accounts)

Korean Housing Market Update

By Tae Ik Hwang



Tae Ik Hwang

Technical Consultant, Canada Wood Korea

Tae Ik Hwang began to work as the Technical Consultant for Canada Wood Korea from March this year. Before joining Canada Wood Korea, he used to work for Korea Wood Construction Association (KWCA) as a technical director. Lately, he has been assisting Tai Jeong for the fire resistance tests of wood wall assemblies with Korea Technical Group.

The housing market in Korea is experiencing a surge of activity this past year. Building permits and building starts for the first nine months of 2007 increased to 21.2% and 24% respectively to 165,612 buildings and 131,324 buildings. The residential building permits and housing starts increased to 38.5% and 43.3% respectively to 53,516 buildings and 45,428 buildings compared with the same period of 2006. Increased activity is due to the continuous increase in Gross National Income.

Both building permits and starts for wood frame construction during the January-September period dramatically rose to 85.4% and 86% respectively to 6,491 buildings and 5,044 buildings compared with the same period of 2006.

(Source: Ministry of Construction and Transportation)

Korean Wood Market Update:

Korean imports of logs for the first nine months of 2007 compared with the same period of 2006 increased 27.2% to US\$ 684,181,000. Of this total, Canadian log imports rose to 33.3% to US\$ 52,035,000 accounting for a 7.6% share in the total Korean log import market. As a result of the unstable supply of Canadian logs caused by the prolonged industry strike and price weakness of Canadian logs caused by a rise in the Canadian loonie, Canadian log imports in September 2007 sharply decreased to 37% compared with the same month of 2006. This indicates a slow increase in cumulative Canadian log imports for the first nine months of 2007.

Korean lumber imports for the first nine months of 2007 compared with the same period of 2006 rose 23.2% to US\$ 225,237,000. Canadian lumber imports increased 31.7% to US\$ 36,382,000 accounting for 16.2% of total lumber imports.

Canadian softwood lumber imports for the first nine months of 2007 marginally rose to 16.2% to US\$ 33,536,000 accounting for 29% of total softwood lumber imports with reflecting difficulties in Canadian softwood lumber imports caused by temporary mill shutdowns from July.

(Source: Korea Customs Service)

Current Situation of 2X4 Housing Market



Upcoming Events - Korea

Dec. 7

2007 Korea Wood Design Awards - Award Ceremony

Dec. 17-21

Material Sampling with KICT for Fire Tests (KICT: Korea Institute of Construction Technology)

Dec. 27

CW Technical Seminar for MSMF WFC at AT Centre in Seoul

2008

Jan. 3

Landscaping Seminars

Jan. 7-18

Fire Test at KICT

Jan. 17

CW Technical Seminar for Fire Performance of WFC at KICT

Jan. 21 - Feb.1

BCIT Multi-Family Construction Training in Vancouver

Feb. 13-17

Participation in 2008 Housing Brand Fair at COEX, Seoul

Feb. 13-17

Super E House Opening Ceremony

Feb. 14-15

Joint Technical Seminar with KWCA during 2008 HBF at COEX, Seoul

Mar. 21

CW Technical Seminar during 2008 Seoul Living Design Fair at COEX, Seoul-

Did You Know?

- COFI in partnership with Korean Wood Building Design Association will start its WFC Inspector Training Course is December 8, 2007 to February 16, 2008. (For 10 weeks).
- COFI has successfully conducted two pilot fire tests for 2x4 wood framed wall assemblies at Korea Institute of Construction Technologies. These tests were intended to prove fire resistance performance of wood framed wall assemblies listed in Korean standards. Two 2x4 wood framed walls were built with No. 2 grade, Canadian S-P-F lumber by attaching two layers of 12.5 mm thick fire rated gypsum wallboards. The test was extremely successful!

Visit the Canada Wood Korea Web Site



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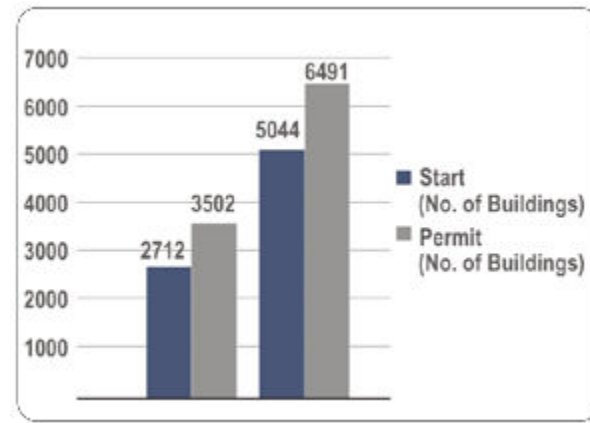


Figure 1: Wood Building Permit and Start

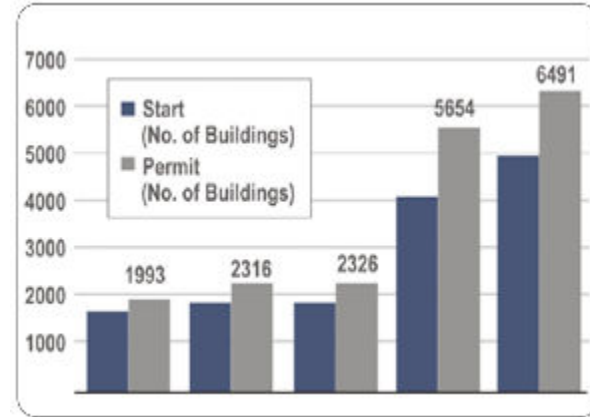


Figure 2: Wood Building Permit and Start (2006 and 2007 YTD September 30)



Figure 3: Artist rendering of SK ApelBaum (\$1.3 Million dollar and up WF House). SK is one of top 10 construction companies in Korea, developing a community of 123 detached wood frame houses.

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Figure 4: Kingswood sample house, Sam Jung Construction is developing a luxury retirement community of 125 detached wood frame houses.

After years of slow or flat growth, the wood construction market took off in 2006. Building permits and starts for wood buildings more than doubled in 2006 compared to those of 2005 (Fig 1), and the growth continues in 2007.

The numbers of wood building permits and starts reported year-to-date ended September 30, 2007 compared with those of 2006, show robust growth of 85.4% and 86% respectively (Fig 2). One of the most important contributing factors to this growth of the WFC* market is the healthy indoor environment that wood frame houses provide to consumers. In Korea, the wood frame house has become synonymous with a healthy house. Wood is viewed as a healthy and natural construction material. Healthy house is one of the biggest concerns of Korean consumers as "Sick House Syndrome" and the toxicity of concrete, which is the most common building material in Korea, has come under scrutiny by the media.

Recently, the Ministry of Environment has announced that it will launch an official investigation on toxicity of cement and concrete, which are believed to be one of the major causes of atopic dermatitis which affects roughly 30% of all elementary school children in Korea. An even more encouraging trend is that Korean consumers are now buying multi-million dollar wood frame houses without any hesitation and these luxury houses are being developed in more than one hundred-unit gated communities for primary or retirement homes.

This scale of construction will certainly attract more major construction companies and developers into the wood frame housing market, who have been sitting on the fence. It is hard to put figures on Korea's 2X4 industry, because the industry is small and fragmented. However, the Korea Wood Construction Association estimates that there are about 200 ~ 300 WFC companies with business registrations and a much larger number of builders operating without any business registrations. However, major construction companies like SK Construction and Sam Jung Construction have begun to participate in the market. Their role in the fast growing market will be crucial in delivering high quality homes and expanding into the multi-storey, multi-family market. Also there are about 80 large and small wood frame building material distributors in Korea, and it is estimated that the total wood frame building material market will become a US 1 billion dollar market when the 2X4 housing starts reach 10,000 per year.

Canada Wood Conducts Two Fire Tests at KICT

By Mr. Tai Jeong



Mr. Tai Jeong

Technical Director, Canada Wood Korea

Email: jeong@canadawood.or.kr

Tai Jeong joined Canada Wood in 2006. Tai brings over 20 years of technical expertise in wood design and construction to the Canada Wood team. Tai is an accomplished building professional, having worked as an architect for 15 years, and is a registered contractor. In his time away from the office, he enjoys singing and sports.

Canada Wood Korea is planning to conduct 10 main fire tests in January, 2008 at the KICT in collaboration with the Korean wood industry to make three year valid certifications for wood framed assemblies

Canada Wood Korea has successfully conducted two pilot fire tests for 2x4 wood framed wall assemblies at the Korea Institute of Construction Technology in October, 2007.



Canada Wood Korea Fire Tests Conducted at KICT: Two 2x4 wood framed walls, one for interior and the other for exterior wall, were built with No. 2 grade, Canadian S-P-F lumber by attaching two layers of 12.5 mm thick fire rated gypsum wallboards

These tests were intended to prove fire resistance performance of wood framed wall assemblies listed in the KS F 1611-1 by conducting tests with the revised fire testing method in order to maintain the said standard to be used by the Korea wood industry for their MSMF WFC projects. The fire testing method standard, the KS F 2257-4* had been revised in 2004, and the KS F 1611-1 was established based on the 1999 version of the KS F 2257-4.

Two 2x4 wood framed walls, one for interior and the other for exterior wall, were built with No. 2 grade, Canadian S-P-F lumber by attaching two layers of 12.5 mm thick fire rated gypsum wallboards. The test results of these two walls successfully showed the similar result data as the previous ones acquired based on the former KS F 2257-4.

The KICT is the government-sponsored research institute who is entitled as an official laboratory for fire and acoustical tests by the Ministry of Construction and Transportation.

Canada Wood Korea is planning to conduct 10 main fire tests in January, 2008 at the KICT in collaboration with the Korean wood industry to make three year valid certifications for wood framed assemblies and revise the KS F 1611-1 to include more variety of wood framed assemblies which will meet both fire and acoustical requirements targeting MSMF WFC application.

(KS F 2257-4: Methods fire resistance test for elements of building construction - specific requirements for load bearing vertical separating elements)

Korean Code Experts Visit Canadian Testing Centres

By Mr. Tai Jeong





Mr. Tai Jeong

Technical Director, Canada Wood Korea

Email: jeong@canadawood.or.kr

Tai Jeong joined Canada Wood in 2006. Tai brings over 20 years of technical expertise in wood design and construction to the Canada Wood team. Tai is an accomplished building professional, having worked as an architect for 15 years, and is a registered contractor. In his time away from the office, he enjoys singing and sports.

Canada Wood Korea is planning to conduct 10 main fire tests in January, 2008 at the KICT in collaboration with the Korean wood industry to make three year valid certifications for wood framed assemblies

Did You Know?

- Korea's state-run Korea Development Institute last month upgraded its economic growth forecast for 2007 to 4.9 percent from 4.4 percent. The economy will expand 5 percent in 2008, it said.
- The Korean public's perception of wood frame homes is generally positive. Korean people view wood homes and wood in general as healthy and aesthetically pleasing. However, the high cost of building materials and restrictive financing limits single-family home ownership to the affluent.
- Both Korean and Canadian respondents agree that European, and Italian manufacturers in

COFI/Canada Wood Korea brought Korean government officials and Korean Technical Group members to Vancouver and Ottawa for a week long mission. The key goals were to demonstrate advanced Canadian technology in sound and fire performance of wood framed assemblies, to show them the tire drop test for impact sound and to provide an opportunity to experience Multi-Story Multi-Family Wood Frame Construction (MSMF WFC). Korean delegation members included the Head of the AIK's Deliberate Council in KS for Fire Safety in Building, Head Researchers from the KICT, and two Korean Technical Group members who are working closely with COFI/Canada Wood Korea for the development of WFC code and standards. The KICT is a government sponsored public research institute acting as the construction material accreditation board of the MOCT. The mission included 2 days in Vancouver to visit the COFI Vancouver office, Forintek and MSMF construction sites learning about BC forestry, forest products, green construction and wood related research projects from Forintek.



The "Tire Drop Test" for Impact Sound

The remaining 3 days in Ottawa was dedicated to learning about the current research project being conducted at NRC-IRC by Dr. Trevor Nightingale to identify the key noise control parameters for low frequency impact sound insulation.

The delegation also toured other NRC-IRC facilities relating to buildings such as the National Fire Laboratory, indoor ventilation and air quality laboratories. On the final day of the mission, the group had the pleasure of meeting with Dr. Jim Mehaffey at Forintek learning about

Forintek's fire research programs and the model for the fire-resistance of light-frame wood assemblies. The mission was ended with the visit to WFC site in Gatineau.

particular, are more aggressive in their approach to the Korean market, which has translated directly into greater market share. Canadian companies can increase their sales if they market their products in Korea more aggressively through increased advertising and builder training.

- The official opening of the CMHC's Super E Demonstration project in Korea is tentatively scheduled for February 13-17, 2008 during Housing Brand Fair 2008.
- Korea is holding the 12th round of free trade talks with Canada. Since they launched trade talks in July 2005, the two countries have come close to agreement in the services, investment, communications, financial and dispute settlement sectors. But they failed to find common ground in several knotty issues on forest products and automobiles. The last round of talks was held in Ottawa in October.



Presentations from NRC-IRC Scientists

During the meetings with NRC-IRC scientists, Dr. Min, the Research Head of the KICT, indicated that he will brief the MOCT and the NRC-IRC visit will be declared an “official visit”. The Korean delegates also provided some very valuable comments, especially regarding possible approaches for acceptance /listing of the results acquired from tests done at NRC-IRC.

COFI/Canada Wood Korea is currently developing fire and sound performance standards for wood framed assemblies to expand the Korean WFC market from single family construction sector to a MSMF/commercial construction sector. Wood use in the MSMF sector is currently prohibited by fire and sound performance requirements regulated in the Korean building code.

COFI/Canada Wood Korea is planning to conduct a series of fire tests for wood framed assemblies at the KICT laboratory and, further, to develop fire and sound performance standards related to WFC in collaboration with the mission delegates.

The Korean wood building market is now entering an era of 10,000 buildings per year. And in line with the meaningful sign by US\$ 20,000 GDP per capita mark, more and more developers are in the process of considering MSMF WFC projects. The Korean wood industry foresees that the new market for multi-family housing can be generated when the market size of wood framed buildings reaches to 10,000 buildings per year. The future of the new 2x4 multi-housing market in Korea is dependent on our effort to this code and standards development.

**WFC: wood frame construction *MSMF: multi-storey, multi-family*

**AIK: Architectural Institute of Korea*

**KICT: Korea Institute of Construction Technology*

**MOCT: Ministry of Construction and Transportation*

A Little Goes a Long Way! Media Interest has Million Dollar Payoff

By Wayne Iversen

For the past couple of years, we've been working closely with Korean media to write wood and building articles in related publications. As of this month, Korean media on our behalf



Wayne Iversen

Canada Wood Program Manager,
COFI Vancouver

Wayne graduated from UBC with an MBA in marketing and BA in international relations. Wayne speaks fluent Mandarin and has recently celebrated 5 years as COFI's Manager of the Canada Wood Export Market Development Program. Away from work he enjoys many sports such as soccer and hockey as well as spending time with wife Karen and his five children.

*For the first time,
Korean journalists would
gain first hand exposure to
the full spectrum of the
world of Canadian wood:
from the forest resource,
and sustainably
managed forests,
lumber manufacturing
wood products,
green buildings,
wood construction*

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have published more than a million dollars in free "wood is good" advertising! So when a group of local media asked us to host six journalists in Vancouver for a week, we enthusiastically accepted. For the first time, Korean journalists would gain first hand exposure to the full spectrum of the world of Canadian wood: from the forest resource, and sustainably managed forests to lumber manufacturing, and green buildings. After a week in Vancouver, the group of journalists returned to Korea on Nov 23rd, but not before gaining a new appreciation for the Canadian wood industry. Each journalist has plans to write their take in upcoming issues of their respective publication which include:

- **Casa Living**
Lifestyle magazine; 20-30yrs women. 80,000 circulation
http://www.casa.co.kr/company/living_intro.jsp
- **Architecture and Culture**
Architectural magazine, designers. 25,000 circulation
<http://www.archious.com/front/php/newpage.php?code=3>
- **Plus**
Architectural magazine, designers of all ages. 25,000 circulation
<http://www.pluszine.co.kr/main.php>
- **Space-Design**
Architect, living magazine, 35-45yr professional men. 30,000 circulation
<http://www.spacea.com/kor/main.asp>
- **Maeil Business**
Leading daily business newspaper, business professionals. 1 million circulation
<http://english.mk.co.kr/>
- **Green Friendly House**
Leading magazine eco-friendly lifestyle, 40yrs+ . 20,000 circulation
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It is worth noting that since the media campaign ramped up activities in 2006, softwood shipments have gone up by 83 percent (from 27million board feet at end of 2005 to a projected 50 million board feet in 2007.)



Canadian Industry Exposed: Korean media group tours local sawmill on mission, gaining first hand experience they will write about in subsequent articles.



Hands On Training : Korean media group are briefed on Canadian Building Materials.



Tae Ik Hwang

Technical Consultant, Canada Wood Korea

Tae Ik Hwang began to work as the Technical Consultant for Canada Wood Korea from March this year. Before joining Canada Wood Korea, he used to work for Korea Wood Construction Association (KWCA) as a technical director. Lately, he has been assisting Tai Jeong for the fire resistance tests of wood wall assemblies with Korea Technical Group.

Did You Know?

- Korean carpenters are either good at concrete work (very rough carpentry) or good at finish work (very fine carpentry); they are less skilled with framing. Framing training, in addition to instruction regarding proper handling and storage of materials is critical to the long-term success of wood frame construction in Korea.

There are moments in life that you feel that everything seems to have changed overnight. The moment came during an October day to me. A tour of a few wood frame construction sites revealed to me how fast the Korean wood framing construction market is growing and, at the same time, how fast it might be outgrowing itself. The case in point is a gated community of more than 100 high-end wood frame single detached houses located at the outskirts of Seoul, designed by a renowned architect and being developed and constructed by the consortium of a group of leading wood frame construction companies and a Chaebol. Sound like a winning combination in every aspect? Yes, it has all the right ingredients we have worked hard for in Korea. WF houses for primary residence use, large scale of construction, and the participation of a big builder; a stepping stone to an even bigger residential market share and expanding beyond single family housing market into much anticipated multi-storey multi-family housing market, and establishing wood frame construction as a mainstream construction method. But there is a missing element: properly engineered drawings with details. Housing and small buildings can be built without a full structural design using prescriptive requirements, but these houses are not the ordinary gable roof houses we see every day. These are houses with complicated load paths due to cantilevers, large openings, offset walls between floors and are very vulnerable to lateral forces. The architect's signature design is being translated into wood frame construction without the proper structural design, even though it falls outside of prescriptive boundaries and must be designed by design professionals for structural integrity.

However, the higher level of expertise in design and construction required for buildings with complicated configurations and irregular shapes, and for lateral force resisting system is still lacking in Korea. And the industry, as a whole, is still fragmented and very cost competitive, not an environment conducive for quality construction. There is a danger of WFC market expanding too fast to the point where it might become a victim of its own success by failing to meet the challenges and to deliver quality houses.

So how do we guide this burgeoning industry to the next level of market development without outgrowing itself or losing the momentum? How do we assist them to become a self-sustaining industry?

In the Spotlight—Canada Wood Staff Profile: Tai Jeong

By Mr. Tai Jeong



Mr. Tai Jeong

Tai, is the Director of the Canada Wood Korea program, bringing over 20 years of technical expertise in wood design and construction to the CW team. Tai graduated from the New York Institute of Technology with a Bachelor of Architecture degree and had practiced as a professional architect in the States of Massachusetts and California, U.S. for over 13 years. During this period, he has designed and built many wood framed condominiums and multi-storey, multi-family buildings.

He came back to Korea and joined the AF&PA*-Korea in 1999 for 6 and half years as Technical Director and also served as Korean Representative of the APA. While Tai was

Technical Director, Canada Wood
Korea

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Tai Jeong joined Canada Wood in 2006. Tai brings over 20 years of technical expertise in wood design and construction to the Canada Wood team. Tai is an accomplished building professional, having worked as an architect for 15 years, and is a registered contractor. In his time away from the office, he enjoys singing and sports.

Did You Know?

- Korea will contribute US\$4.4 million towards a Trust Fund to better the environment in North Korea. The project will tackle forest depletion, declining water quality, air pollution, land degradation and biodiversity in DPR Korea. The past decade has seen declining forests in DPR Korea due to timber production, firewood consumption, wild fires and insect attacks associated with drought, population growth and conversion of land to agricultural production. To counter this, the country has encouraged community, youth and children's groups to establish tree nurseries and to participate in campaigns such as the National Tree Planting Day on March 2 every year.
- Korea is now holding talks with Canada on to set new import conditions, which could lead to the eventual lifting of the four-year ban on Canadian beef. Canada was recently given a 'controlled risk' classification by the World Organization for Animal Health (OIE), placing it in the same classification as the US with regard to BSE. This technically allows it to export all beef to Korea, with the exception of specified risk materials.

working for the AF&PA, he had conducted series of fire tests in Korea and developed the KS F 1611-1*, the one and only Korean Industrial Standard for fire resistance performance of light-frame wood structure. Through series of technical seminars and lectures for over 9 years from 1999, Tai has been training thousands of wood related professionals and produced many professional WFC* trainers who are currently taking an active part in education nationwide.





United Kingdom Market Update

By Patrick Cooper



Patrick Cooper

Market Development Coordinator,
Canada Wood UK

As a professional forester, Patrick has accumulated broad and international experience working for government, NGO and industry bodies, involved with forest management, certification and the timber trade."

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European market conditions are expected to weaken slightly during the winter months, leading to a drop in sawn timber prices followed by a degree of recovery. The market is characterised by diminishing construction activity in the USA and in Europe, a weak US dollar that hinders European sawmilling industry exports to non-EU markets, and brisk growth of sawn timber output - particularly by Germany. The result is that supply is outstripping demand, and mills are selling to whoever they can. Reports suggest that softwood trade in the UK has barely reached levels normally expected for this time of year. Importers now find themselves over-committed, with stocks arriving at relatively high prices in a market where price levels have fallen.

Rising stocks at Baltic mills, under current market conditions, are allowing importers to negotiate price reductions for future shipments. Prices for CLS have already dipped from summer highs of around £155/m³ to figures closer to £140/m³ in recent weeks. The drop in sawn timber prices will be modest if Russian roundwood can no longer be economically used after the beginning of 2009, due to the high export duty which will be in force then. The impending duty may lead to increasing demand for roundwood and sawn timber at the end of 2008, as European and Asian sawmills, plus consumers of sawn timber, begin building up stocks ahead of 2009.

The UK is now committed to meet the EU target to generate 20% of its energy from renewables by 2020, compared with perhaps 5% today. Bio-fuels, including sawdust, chips and pellets have a part to play, and in spite of a preference for indigenous supply, imports are required in a variety of forms. Prenergy, a developer, has recently been given permission to build a 350MW wood-chip fuelled electricity generating plant in Port Talbot, South Wales. The £400m plant will generate enough clean electricity to power half of the homes in the region, and is intended to contribute around 70% of the Welsh Assembly's 2010 renewable electricity target. The wood fuel is expected to come from sustainable sources in the US and Canada.