



FOCAL POINT: China Edition

201-A Broadway, Tacoma, WA 98402

Phone: (253) 396-0131

Fax (253) 396-0132

www.uschinabuild.org

Gateway Attendance Sets New record

On August 19 and 20, EBPA welcomed 170 buyers, builders, developers, architects, and importers from China, Japan, Korea, and Taiwan to the 2002 Summer Gateway Housing Business Program. This year marked a record number of attendees, with more construction professionals attending this Gateway than any of the previous programs.

The theme of the Summer Gateway program was luxury housing. Participants spent two days visiting the Portland and Pierce County Street of Dreams, luxury housing developments in Portland, OR and Tacoma, WA.



Gordon Palmquist of Marvin Windows, a sponsor of the Gateway reception, reviews product literature with Chinese visitors

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In November 2001 EBPA received a \$350,000 grant from the US Department of Commerce to fund market development activities for US building materials in China. The program, known as US-China Build, promotes wood frame construction and US building materials in China through activities including technical transfer programs, trade missions, newspapers, and trade shows.



This newsletter is produced quarterly and includes information on the China market and US-China Build program activities available to US exporters.

US companies do not need to be members of EBPA or the US-China Build Member program to participate. For more information about US-China Build program activities, contact Rose Braden at (206) 543-0700 or rbraden@uschinabuild.org. or see our website at : www.uschinabuild.org.

Adoption of Wood Frame Code To Stimulate new Construction in China

A great deal of new activity has been taking place in China's wood frame housing market. Due in large part to developments in the Chinese building code, more builders and developers are looking to wood frame construction as an attractive alternative to western-style concrete villas, which have been the standard in high-end detached housing.



One hundred wood frame homes will be added to the existing 27 wood homes in the Huanshan Villa development in Ningbo, China throughout 2003

China is in the process of adopting two codes that apply to wood frame construction, the Timber Structure

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Advice for Exporters Shipping Logistics in China

By Jeanne Berg, All Freight International, Inc.

Miscommunication and logistics issues arise as two of the most prevalent problems associated with shipping goods to China. Delays related to proper routing, clearing customs, pilfering, import restrictions, and documentation most frequently occur after goods leave the U.S. and arrive in China. However, delays encountered in China can often be avoided by simply asking the right questions of the importer prior to shipments leaving the U.S. Some of the most frequently encountered issues are included in this article as well as some advice about how to avoid these mishaps.

- 1) English translation of city names may cause misrouting of cargo. Recently a shipment was sent to Zhuhai, a busy port where most steamships offer service. When the shipment arrived in Hong Kong, All Freight International learned the consignee needed the product at another Zhuhai port further up river. We held the shipment for clarification, then arranged for the carrier to reroute the cargo at extra cost. It took one week to sort these details out and complete the arrangements. The shipper absorbed the extra cost for trans-shipping. We have learned to clarify and confirm the routing with the consignee one last time.
- 2) All imports require an import permit. If the importer has not secured a permit, the goods may not be processed by the customs office in China. The importer may obtain a permit from a government agency directly, or they may contract with a local trading company. If working with a commercial company, the importer will pay approximately 1-3% of the value of the goods for the permit. The import permit, letter of credit, and shipping documents must all identify the importer with the same name and contact information. This issue has to be taken into consideration when preparing your letter of credit or it may cause an exception and impact payment.
- 3) Ask your customer where they want the goods to clear customs. While there are uniform rules governing customs release, each province enforces the rules differently. Some importers may have a better relationship with customs in one district than another. The customs office in a particular city may have better understanding of the client's product, easing the customs release process. Some areas may also have fewer import restrictions that makes importing goods easier.
- 4) Do not list the discharge port on bill of lading if you wish the goods to clear at the final destination, particularly if the discharge port is Shanghai. The discharge port is listed on the bill of lading to demon-

strate where the steamship line unloads the cargo from the vessel. It is usually not necessary for purposes of carriage, but carriers frequently list it. You may omit it as long as you use "final destination" on the bill of lading.

- 5) Some regions have environmental issues that impact the products they will allow to be imported or manufactured in their region. For example, many factories in China process scrap metals, extracting the valuable elements and selling them to others. The process often releases toxins into the environment that is damaging to the local ecology. In one such example, the regional government banned the import of scrap material effective immediately. There were hundreds of shipments already loaded into containers, on ships bound for China. All of these cargoes had to be rerouted to other cities that did not impose such restrictions. The shippers paid for the bill of lading changes and extra transportation costs.
- 6) Shipments can be subject to pilfering during transport. One exporter received a charge from the consignee in China because the product was lighter than manifested. The exporter disagreed but ended up accepting it on promise of reorders. The next shipment arrived light again even though the shipper took pains to weigh the goods before they left his premises. After investigating the matter, the exporter came to the conclusion that the goods were pilfered in China somewhere between discharge and delivery to the consignee.

For high value shipments, the consignee can arrange a security guard to accompany the freight. Another solution is to check to see if the goods are examined when they transit one province to another. One shipper rerouted his cargo to avoid a certain border crossing where Customs was known to examine particular shipments. Once the exams stopped, the shortages disappeared as well.

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Advertise in the Quarterly Focal Point: China Edition

Reach out to over 3,000 US building materials manufacturers, distributors and exporters with an ad in this national industry publication

5"x2" ad—\$250

2.5"x2" ad — \$150

For more information, contact
Rose Braden at (206) 543-0700
or rbraden@uschinabuild.org



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- 7) Quantities on all the customs documentation should match. If your packing list calls for 25,000 kg, then the bill of lading should list 25,000 kg. The Chinese Customs computer program rejects discrepancies and the cargo cannot be released until it matches. Corrected documentation will have to be obtained for which you will pay extra fees to cover the steamship line, forwarder, courier and storage at destination.

Since China's admission to the WTO, we are seeing more conformity in banking standards and hopefully, more customs procedure conformity will follow. However, local traditions have been long standing and need to be considered in the planning process. You will achieve the best results by asking the consignee for their preferences. If they don't know, hopefully they will educate themselves in order to answer your questions.

Jeanne Berg is the Vice President of Operations for All Freight International, Inc., based in Seattle, Washington. She can be reached at jeanne@allfreightintl.com.

2003 Chinese Language Housing & Building Materials Directory

The 2003 Chinese Language Housing Materials & Building Materials Directory for China will be used extensively to promote U.S. companies in China. U.S. companies can register now for a listing. See the enclosed flyer for sign-up information.

Printed Directory: 2,500 copies of the printed directory will be distributed by mail and at trade shows, seminars, housing industry events, and through the US-China Build and AF&PA offices in Shanghai and Beijing as well as U.S. Foreign Commercial Service offices throughout China.

Internet Directory: Companies will be listed in English and Chinese on the www.uschinabuild.org website. Company information can be updated regularly to reflect staff changes, new product offerings, and new services.

Cost: EBPA Members: \$100; Non-members: \$125

Order Deadline: September 31, 2002

For more information, contact Rose Braden at (206) 543-0700 or rbraden@uschinabuild.org

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Visitors also attended receptions and mini-trade shows in Seattle and Portland to meet with U.S. building products suppliers. Displays featured home packages, windows and doors, moldings, plumbing fixtures, and building materials consolidators.



Gateway attendees visit *the Oregon Craftsman*, a model home at the Portland Street of Dreams

The receptions offered U.S. companies time to meet informally with the large group of Asian buyers and network with other U.S. companies in attendance. Sponsors of the event also accompanied foreign participants on facility tours and construction site visits.



Gateway attendees view various styles of wood frame homes at the Portland Street of Dreams

Marvin Windows & Doors was the featured sponsor of the program. Other sponsors were: E.C. Ryan International, Premier Building Systems, Far-West Homes, Weather Shield Windows & Doors, Team Portland International, HMI Worldwide, and Norwood Corporation. Sponsors benefited from event signage at the mini-trade show and reception, recognition in seminar materials, facility visits with Asian participants, table-top displays at the mini-trade show, and contact information for Gateway program participants in advance of the event.

The 2003 EBPA Winter Gateway Program will be held January 16-17 in Seattle, Washington. The event will immediately precede the NAHB International Builders' Show in Las Vegas. For more information about EBPA Gateway Programs and sponsorship opportunities, contact Larry Kvidera, EBPA Program Manager, at (253) 396-0131 or evgreen@ep.org.

("New Construction" continued from page 1)

Inspection Code (GBJ 206) and the Timber Structure Design Code (GBJ 5). The Inspection Code, the first of the two codes to be passed, has already had a substantial impact on the wood frame housing market in China. Prior to the adoption of the Inspection Code, there were no inspection standards for wood frame structures, meaning that wood frame buildings could not legally be approved and certified. Without official certification, developers and builders have been unable to sell the houses they build. Instead, they have only been able to lease the homes.

The Inspection Code, adopted in early August, is primarily directed toward concrete construction, but in a landmark move, a chapter addressing 2x4 wood frame construction was included in the latest version. While the Inspection Code does not outline specific design parameters for wood frame structures, it details inspection methods and certification rules. It also includes a section that covers grading rules for dimension lumber and panel products. Not only does adoption of the Inspection Code allow builders to legally sell wood frame homes, it also allows builders and developers to point to a national standard when marketing wood frame projects.



Yishui Garden, a mixed development of concrete and wood frame homes in Nanjing, is slated for completion by September 2003

The Timber Structure Design Code, expected to be adopted by the end of 2002, details specific design values for building 2x4 structures. The Design Code will be more comprehensive and technically detailed than the Inspection Code, and the two will eventually be used in tandem. Since the majority of the suppliers and builders of wood frame homes in China are from overseas or have overseas ties, representatives from the U.S., Canada, Australia, New Zealand, and the E.U. have played a significant role in the development of this code. At the end of July, the Ministry of Construction convened a meeting of representatives from all interested countries and invited suggestions. Their comments will be incorporated into the next draft, which will be reviewed in September and hopefully adopted by the end of 2002.



Regent on the Park, built by Canadian builder Spruce Capital in 1988, includes 45 wood frame homes. Eight new wood frame homes are being added to the development.

The draft Design Code includes fire resistance requirements for wood frame construction. Assuming that this version of the code is approved without major changes, there will be no major barriers for wood frame construction from a design or construction perspective.

The adoption of the Inspection Code and the development of the draft Design Code have had immediate impacts on China's construction market. More developers and builders are willing to build with wood now that it is legally recognized. In the last three months contracts have been signed on a number of new projects.

A project under construction is the Yishui Garden development located in Nanjing. The Shanghai Zhongqi Building Company has been contracted to complete five wood frame houses by November 2002 in the 120 home development. The builder also recently signed a contract to complete an additional 15 wood frame houses by the end of 2003.

One of the larger wood frame homebuilders in China, Tecsun Homes, recently partnered with two large state-owned developers on two projects located near Shanghai and Beijing. The contracts for the Shanghai project, which will include 107 high-end American-style wood frame homes, were signed in July. Construction will start in September. Tecsun's second project, located near Beijing, will be a master-planned community of 190+ homes. The completion date for this project has not been finalized, but Tecsun plans to begin construction before the end of 2002.

Tecsun has a group of trained and experienced carpenters capable of training crews in wood frame construction techniques.

Zhuhai, in Guangdong province is the location of another large construction project. Construction of the Golden

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Gulf Golf Course Villas, a 326-home wood frame development is slated to begin in 2003. The developer, Zhuhai Providence Real Estate Development Co., a subsidiary of the Guangdong Development Bank, has been moving forward on planning the project. The community will feature a Colin Montgomerie designed golf course built entirely on reclaimed land. Developers in China often elect to build on reclaimed land because it helps to eliminate the possibility of land rights disputes.

The American Forest & Paper Association (AF&PA) Shanghai office has been closely involved in the planning of the Golden Gulf Golf Course Villas project. AF&PA’s technical director, Mr. Xu Fang, will evaluate the home designs and assist with training carpenters who will work on the project.

There are a number of other projects being planned around China. Paragon Wood Products is planning to

build three new projects in Kunshan (near Shanghai), Ningbo, and Shenyang. The Huanshan Villa development in Ningbo is entering its second phase. One hundred wood frame homes in the housing development will be added throughout 2003.

Red Leaf, a Canadian based builder has also been moving forward on some of its projects. Red Leaf is planning to build up to 70 new homes in their “Woodlands” project near Shanghai. The company is also planning to build 20 wood frame homes in a new development in Nanjing.

Once the final draft of the Design Code is made public, the trend will undoubtedly continue as the last regulatory barrier to the construction of wood frame housing will have been eliminated.

China Promotes Green Wood Products

During a green wood products conference held in August 2002 in Beijing, China’s manufacturers of wood products prepared to compete in the global market by using high quality and environmentally friendly processing technologies.



Conference attendees agreed that wood products produced in the future should be “double green”, meaning the manufacturing process and the products should both be environmentally friendly.

The China Environmental Labeling Committee, China’s environment and industry standard authority, urged manufacturers to upgrade the degree of environmental integrity of their products to qualify for the Committee’s green product certificate. The general secretary of the Committee predicted environmental protection will be a major consideration for the wood products industry as a result of China’s entry into the WTO.

China produced 3,729 million cubic feet of processed wood products in 2001, second only to the U.S.

Doing Business in China Seminar

December 12, 2002

The *Doing Business in China Seminar* will be broadcast live via the Internet on December 12th from 9:00 to 11:00 AM (PST). Attendees from throughout the U. S. will be able to view the broadcast and participate in on-line discussions during the seminar.

Speakers will discuss their first hand experiences with selling products in the Chinese market.

- Peter Brunner, Pacific Rim Sales Manager for Pella Windows, a successful exporter of wood windows to China, will discuss how Pella has succeeded in the Chinese market.
- Eric Ryan, President of E.C. Ryan, a marketing and distribution firm specializing in the sale of industrial technology and wood frame construction, will discuss the sales and buying process in China. He will also speak about how to develop working relationships and demystify *quangxi*, or connections, in business relations.
- George Good, US-China Build Program Coordinator based in Shanghai will give an update on progress in China’s wood frame construction market and changes to the national building code.

For more information about the speakers, topics and registering for this seminar, see the enclosed flyer or go to: www.uschinabuild.org/events.htm.

US-China Build Upcoming Activities

<p>China Sales Mission & Technical Seminar Series</p> <p>Dates: November 4-15, 2002</p> <p>Locations: Shanghai, Beijing, Guangzhou, and Chengdu</p> <p>Registration Deadline: Oct. 1</p>	<p><u>Meet Chinese companies and display your products at mini-trade shows held during this sales mission and technical seminar focusing on wood frame construction.</u> Seminars are expected to attract 120 participants in each city. U.S. companies will participate in mini-trade shows and business meetings with Chinese attendees. All presentation time slots have been filled, but space is still available for companies interested in participating in the mini-trade shows and business meetings. See the enclosed flyer for more information.</p>	<p>Mini-trade show and business meeting participation:</p> <p>EBPA Members: \$550</p> <p>Non-members: \$650</p> <p>Program fee does not include costs for shipping, airfare, accommodations, or meals.</p>
<p>2003 Chinese Language U.S. Housing & Building Materials Directory</p> <p>Dates: Published 2003</p> <p>Listings Due: September 30, 2002</p> <p>Circulation: 2,500</p>	<p><u>Get valuable exposure for your company with a listing in this one-stop Chinese-language guide of U.S. building materials companies and service providers.</u> The directory will be distributed to over 2,500 Chinese buyers and specifiers of building materials via direct mailings, trade shows, and at other related events. Companies will also be listed in the US-China Build Program on-line company directory, which includes a link to their corporate home page. See the enclosed flyer for more information.</p>	<p>EBPA Members: \$100</p> <p>Non-members: \$125</p>
<p>Doing Business in China Seminar</p> <p>Date: 9:00-11:00AM (PST) December 12, 2002</p>	<p><u>Find business solutions for successful ventures in China at this Internet simulcast seminar.</u> Veteran exporters to China will share their knowledge of developing business relationships, brokering agreements, signing contracts, and distributing products and discuss their experiences and field questions from the Internet audience. Please refer to page 5 for more information about seminar speakers. See the enclosed flyer to register.</p>	<p>EBPA Members: Internet Access—\$20</p> <p>Non-members: Internet Access—\$25</p>
<p>2003 Winter Gateway Housing Business Program</p> <p>Mini-Trade Show and Reception:</p> <p>January 16, 2003</p>	<p><u>Join the Evergreen Building Products Association and 2003 Winter Gateway Program.</u> Developers, builders, architects, and building materials importers from Asia will be in Seattle on January 16-17 for this two-day seminar and site visit program about residential construction. Display your company's products and meet with potential buyers at the mini-trade show and reception on January 16.</p>	<p>EBPA MEMBERS ONLY</p> <p>Mini-Trade Show Display & Reception: \$80</p> <p>Reception Only: \$30</p> <p>Bilingual Interpreter: \$20</p>
<p>US-China Build Web Site Banner Ad (www.uschinabuild.org)</p>	<p><u>Harness the power of the internet with a banner advertisement on the English/Chinese www.uschinabuild.org website.</u> The bilingual web site serves as the focal point for US and Chinese companies to access information about program activities and events, U.S. building materials suppliers, on-line product installation and maintenance manuals, technical information, and other resources. The site currently averages nearly 5,000 hits per week.</p>	<p>EBPA Members: \$37/month</p> <p>Non-members: \$42/month</p>

More information and sign up forms for all of the activities listed above are available at www.uschinabuild.org/events

Exhibit Opportunities still Available For 2002 JHS

Limited catalog display space is still available for US companies in the EBPA/Washington State booth at the 2002 Japan Home Show, to take place November 19—22 at the Tokyo Big Sight in Tokyo, Japan and the 2002 Osaka Home Builders Expo to be held November 26—27 in Osaka, Japan. The EBPA/Washington State Pavilion will be located within the US Pavilion at both of the events. Catalog display prices are:

Japan Home Show OR Home Builders Expo Osaka:
EBPA Members - \$600, Non-members - \$700

Japan Home Show AND Home Builders Expo
EBPA Members - \$1000, Non-members - \$1200

Companies participating in a catalog display will have dedicated space in the EBPA booth to display catalogs and products samples. Catalog participants are also invited and encouraged to have representatives distribute product literature and meet clients at the booth during the show. EBPA and Washington State staff will distribute catalogs and collect business cards for catalog companies if a representative is not available to man the display.

The Japan Home Show is the largest annual trade show and exhibition for the residential construction industry in Japan, attracting over 100,000 visitors every year. This year's event is expected to showcase over 500 firms in 800 booths exhibiting building supplies, housing equipment and systems, remodeling and renovation supplies and kitchen parts and equipment.

For more information or to reserve catalog display space contact Larry Kvidera, EBPA Program Manager, (253) 396-0131 or e-mail evgreen@ep.org.

Put EBPA to Work for YOU!

Evergreen Building Products Association (EBPA) is a private, non-profit trade association of companies and individuals from throughout the US who have an active interest in promoting export of US housing, building products and related services.

EBPA helps its members succeed in the international marketplace by offering programs and support services tailored to meet the market education, trade promotion and technology transfer needs of the industry.

Contact Larry Kvidera, EBPA Program Manager, at (253) 396-0131 or e-mail evgreen@ep.org to learn more about how EBPA membership can help your company meet its export goals.

EBPA Hosts Taiwanese Buyers' Mission Visit to Puget Sound

EBPA welcomed 16 Taiwanese builders and architects to the Seattle-Tacoma area for a five-day study tour about western-style wood-frame construction and US building materials from August 19—23.

The delegation, led by representatives of the Foreign Agricultural Service Agricultural Trade Office—Taiwan and the Washington State Trade Development Office—Taiwan and sponsored by the Softwood Export Council, participated in the 2002 EBPA Summer Gateway Program and spent the remainder of their visit touring construction sites and building products manufacturing facilities.



Taiwanese delegates inspect raw materials at Pabco Roofing Products production facility in Tacoma, WA

The purpose of the mission was to educate influential industry representatives and potential end-users of US building materials about the use of wood and wood-frame construction technology and other US building materials for residential and commercial construction in Taiwan. US companies who met with the group discussed key considerations involved in selection of their products for use in Taiwan (durability in a high moisture/termite environment and use in various construction formats [RC concrete, steel girder, wood frame) and provided an introduction to installation and proper maintenance of their products.

EBPA Welcomes New Members

EBPA is pleased to recognize the following new members who have joined the association over the last quarter:

New EBPA US Members:

- **Chemcrest Architectural Products**
- **Building Materials Consulting**
- **International Building Components**
- **E.C. Ryan International**
- **Domus-USA**
- **HMI Worldwide**
- **Hurd Millwork**

New EBPA Japan Members:

- **Gaku Shizen Kobo**
- **Harvest Home**
- **Winds**



201-A Broadway,
Tacoma, WA 98402

Phone (253) 396-0131

Fax (253) 396-0132

Email: evgreen@ep.org

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Contact Information

Rose Braden

Program Manager, US-China Build Program
CINTRAFOR
Box 352100
College of Forest Resources
University of Washington
Seattle, WA 98195-2100
Tel. 206-543-0700 Fax: 206-685-0790
Email: rbraden@uschinabuild.org

George Good

Program Coordinator, US-China Build Program
Room 306, 3F, Bldg. A, Far East International Plaza
#299 Xianxia Rd.
Shanghai 200051, China
Fax. (86-21) 6270-5555 Email: ggood@uschinabuild.org

Larry Kvidera

Program Manager, Evergreen Building Products Assoc.
201-A Broadway
Tacoma, WA 98402
Tel. 253-396-0131 Fax. 253-396-0132
Email: evgreen@ep.org

Cooperator Organizations:

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