



FOCAL POINT: China Edition

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US-China Build Leads Trade Mission to China

The US-China Build Program led a trade mission of 20 U.S. exporters of wood-based building materials to China from November 4–15. The group met with over 400 developers, architects, construction professionals and government officials in Shanghai, Beijing, Guangzhou, and Chengdu to promote wood frame construction and US building materials. Seminars about wood frame construction were accompanied by mini-trade shows



US-China Build, AF&PA and mission members display their materials at the Chengdu International Building Materials Fair

where U.S. companies displayed their materials and met with seminar attendees. Seminar presentations provided information about wood-frame home design, structural design, and

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US-China Build Program

The US-China Build Program was developed by Evergreen Building Products Association with federal support from the US Dept. of Commerce Market Development Cooperator Program and USDA Foreign Agricultural Service to promote the use of US building products in residential and light commercial construction market. Products and services range from structural materials and prefabricated home packages to products as diverse as paint and interior finishes, HVAC systems, appliances, or wood treating. For more information about how your company can participate in US-China Build Program and opportunities available to US exporters in China's housing market, contact Rose Braden at (206) 543-0700 or rbraden@uschinabuild.org.



Gateway To Bring Asian Construction Professionals to U.S.

On January 16-17, construction professionals, importers, and designers from China, Japan, and Korea will visit Seattle, Washington to learn more about wood-frame construction and US building materials at the 2003 EBPA Winter Gateway Program. Attendees will visit mixed-use residential developments in the Seattle area, tour the Seattle Design Center, and meet with U.S. building materials suppliers at a mini-trade show and reception to be held on January 16th.

This is the fourth year that EBPA has offered the Gateway program. The Winter and Summer Gateway programs together attract over 250 construction and design professionals to the U.S. each year. The 2003 Winter Gateway immediately precedes the National Association of Home Builders (NAHB) International Builders Show, to be held Tues., Jan. 21 –Fri., Jan. 24 in Las Vegas, Nevada. The combination of the two events should be a significant draw for overseas visitors.



Summer Gateway attendees learn about Structural Insulated Panel construction at Premier Building Systems.

Groups from the three target markets will participate in customized tours to suit their areas of interest. For exam-

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Advice for Exporters: Introduction to Credit Insurance

By Richard Day, CNA Credit

Many US based firms are faced with a recession-plagued domestic market for their goods or services. In their search for new business, some have begun to reach out to China and other emerging overseas markets. Since these new exporters are concerned with the increased risk of foreign receivables, they often use the traditional Letter of Credit (L/C) or cash in advance.

Credit insurance is another option available to exporters. Credit insurance has been used in the U.S. since the 1800's, yet it has been more frequently used in Europe to ensure payments across borders, legal systems, and languages. It has been less commonly used in the U.S. due to common legal systems, yet it is becoming more widely known as U.S. exporters expand into new markets.

Many companies have products or services that are of interest to Chinese customers and are competitive in the world market. However, requiring letter of credit prepayment terms from creditworthy foreign companies can place U.S. exporters at a competitive disadvantage on price and customer goodwill. Prudence dictates that an exporter of goods or services protect themselves in some way. Credit insurance offers exporters an attractive option if they find that an L/C or pre-payment does not suit their situation.

For example, imagine you are a Chinese distributor or builder. You have located a product you wish to buy, which is offered by a U.S. company. But there is a French supplier who is bidding for your business as well. The U.S. company requires L/C or pre-payment terms. The French company offers net 30-day open account terms. The open account terms offered by the French company are more attractive and can ultimately help the French company secure the new account.

Credit insurance allows exporters to sell to overseas customers on insured, open account terms. For a fraction of one percent of its sales, companies can insure their receivables against losses due to insolvency, bankruptcy or past dues of its customers. In addition, companies regularly obtain information from the credit insurer about existing and prospective customers. This allows the exporter to negotiate contracts with potential clients from a position of knowledge and offer net 30-day terms.

Coverage is not limited only to well-rated accounts, but can also extend to marginal accounts. The policy covers credit losses resulting from sales made on open account terms with the actual risk of extending credit insured. In short, it's a guarantee that the seller (the policyholder) will be paid for merchandise shipped or services rendered.

Credit insurance is available through some insurance brokers or specialized credit insurers.

Government Credit Insurance Options

The Ex-Im Bank also offers credit insurance. Three policies, the Small Business Policy, the Small Business Environmental Policy and the Umbrella Policy, are geared specifically for small businesses that are beginning their export sales program. These policies may cover sales to one or many buyers and cover credit or political risks. Eligibility criteria differ for each type of policy.

There are some restrictions to the Ex-Im Bank's credit insurance program:

- 1) Products sold must be produced or manufactured in the United States.
- 2) For short-term sales, at least one half of the value (excluding price mark-up) must have been added by labor or material exclusively of U.S. origin.
- 3) Goods must be shipped from the U.S.
- 4) No value may be added to the product by the insured after export from the United States. The table below shows coverage available on medium-term exports with foreign content. Services must be performed by U.S.-based personnel or U.S. personnel temporarily assigned in the host country. Services may be performed in the U.S. or in the buyer's country. Exceptions to this rule may be made for goods supplied from Canada, Finland, France, Mexico, Sweden and Switzerland.

Foreign Content	Coverage
Up to 15%	All of the financed portion
16%-50%	Only the U.S. content
More than 50%	No coverage available

Since economic and political conditions vary widely among nations, the Ex-Im Bank has developed a Country Limitation Schedule, which details special conditions on short- and medium-term insurance covering the repayment risks on buyers in various countries. The schedule is updated when country risk perceptions change.

Ex-Im Bank terms and conditions are based on the applicant's terms of sale, experience with export credit sales, historical and anticipated export volume, foreign markets and the credit history of its buyers. Some policies may contain a Discretionary Credit Limit (DCL), which is an authorization to extend credit to a buyer, without prior approval from Ex-Im Bank, based on the needs and exper-

(Credit Insurance continued on page 3)

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tise of the insured. Buyers needing credit in excess of the insured's DCL authority may be covered under a policy through a Special Buyer Credit Limit (SBCL).

Ex-Im Bank policies typically cover 90 to 98 percent of the commercial risk and 90 to 100 percent of specified political risks. In addition to retaining a percentage of the risk on transactions, exporters also may be required to absorb the deductible on losses. There is no deductible for single-buyer or small business policies.

A note of caution: Under the Ex-Im Bank's credit insurance, coverage solely for political risks is limited and does not cover devaluation of a foreign currency as a risk of default. As the overwhelming majority of losses result from commercial default, the exporter should consider the appropriateness of obtaining a comprehensive policy. A "political risks only" policy is not subject to a first loss deductible.

For more information about credit insurance contact your insurance broker. For more information about Ex-Im Bank credit insurance go to: <http://www.exim.gov/minsprog.html>

Richard Day, manager of the Seattle office of CNA Credit, a leading international domestic and export credit insurer, contributed the information about private credit insurance for this article. He can be reached at 206-297-7900 or cnacredit-inswa@qwest.net.

What is US-China Build?

Evergreen Building Products Association (EBPA) received a \$354,375 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, is a cooperative effort of EBPA, AF&PA, Softwood Export Council, State of Washington Office of Trade & Economic Development, the Center for International Trade in Forest Products and the USDA Foreign Agricultural Service. The program promotes wood frame construction and US building materials in China through market education and trade promotion 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.



"Sourcebook" For China Available through US-China Build

The Center for International Trade in Forest Products (CINTRAFOR), in partnership with US-China Build, is creating the "China Wood and Building Materials Market Sourcebook," a resource for exporters exploring marketing opportunities in China. The free publication will be available on www.uschinabuild.org in January. The Sourcebook provides background information about the Chinese market, import data, information on domestic resources and constraints, competition, and specific information about the Shanghai, Beijing, Guangzhou and Chengdu housing and building materials markets.

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 9:00AM to 11:00 AM (PST). Companies 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 understand *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 recent changes to the national building code.

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

The U.S. Department of Commerce: At Your Service

By Patrick Smeller, U.S. Department of Commerce

No market in the world has captured the imagination of businesses more than China. With what is often touted as “the world’s largest market,” China seems to have just about everything a business is looking for: a red-hot economy, political stability and, most notably, a massive consumer base hungry for American products and technologies.



The U.S. Dept. of Commerce Market Development Cooperator Program helps fund and promote seminars and trade missions

But as with any developing market, doing business in China is not for the faint of heart. Though the opportunities in nearly every industry sector seem unlimited, your typical businessperson – regardless of nationality -- faces a number of daily challenges. Corruption, confusing laws and regulations, inadequate law enforcement, language barriers, customs regulations, and of course, the world’s largest bureaucracy all come into play one way or another for most.

There is no doubt that China’s recent entry into the World Trade Organization (WTO) will help improve the existing business climate, but at the same time it cannot and should not be considered the panacea for all business woes.

A sound business strategy is a prerequisite for business success in China, and *how* one works can make the difference between potential opportunities and actual sales. The experienced businessperson understands that, to be successful, working hard is important, but *working smart is absolutely essential*. This mantra is probably even truer for those doing business in China today.

Integral to this “work smart” strategy is information gathering. The U.S. Department of Commerce (DOC) has been offering a number of excellent services for years exclusively to U.S. companies that have helped take the guesswork and legwork out of exploring new markets. But with the advent of the Internet, initial due diligence through the DOC has become even easier.

For those who are new-to-export, a good starting point

would be to visit the Trade Information Center (TIC) at: “<http://www.trade.gov/td/tic/>”. Administered by the DOC’s International Trade Administration, this excellent website has a lot of information on just about all aspects of exporting, including how to get started.

For those who would like to learn more specifically about China, a useful electronic one-stop shop is: “<http://www.mac.doc.gov/china/chinagateway.html>”. As with the TIC’s website, the “China Gateway” has a number of helpful links containing the answers to almost any question concerning business in China.

Going through the above websites – just two of many administered by the DOC and its operating units – potential U.S. exporters can get a good feel for what to expect when conducting business abroad. More importantly, these excellent resources can help prepare new-to-market U.S. exporters for the next level of service: person-to-person assistance.

At your service is a vast network of DOC trade specialists throughout the U.S. and abroad all dedicated to assisting U.S. companies with their respective export programs.

Your local or regional U.S. Export Assistance Center (USEAC) is a good starting point. From the local USEAC staffer, you’ll be able to identify key DOC industry and country contacts as well as get more details about services that may further assist you. While several of these programs are fee-based, there are still plenty more offered absolutely free of charge.

Planning on traveling to China? Be sure to contact our China-based staff – in Beijing, Shanghai, Guangzhou, Chengdu, Shenyang, and Hong Kong – before setting out. The U.S. Foreign Commercial Service (FCS), the DOC’s international operations arm, was set up specifically to provide in-country assistance to U.S. companies. More information on FCS China may be found at: <http://www.buyusa.gov/china/en/>



U.S. Foreign Commercial Service officers regularly give presentations about China market outlooks to visiting US companies

The DOC is proud of its strong partnership with the Evergreen Building Products Association and welcomes all members and others representing U.S. firms to contact us anytime for further information on how the U.S. government may be of support to your U.S. export program.

For more information, contact Patrick Smeller at (202) 482-0133 or e-mail patrick_smeller@ita.doc.gov.

(China Mission continued from page 1)

proper selection and use of building materials. AF&PA, the Softwood Export Council, the China Ministry of Construction, the Center for International Trade in Forest Products, and USDA Foreign Agricultural Service co-sponsored the seminars. Additional sponsorship was provided by Marvin Windows and Doors.

Roger Williams, a principal of Mithun, a Seattle-based architecture firm, highlighted the longevity and design flexibility of wood frame construction during his presentations about the history of wood frame construction and master planned communities. Xu Fang, Technical Director of AF&PA's China Program, and David Cheney, a builder with extensive experience building wood frame homes in the US and Japan, explained structural aspects of wood frame construction. Presentations emphasized the importance of using grade stamped building materials and proper selection, installation, and care of wood building materials.



US mission participants met with seminar attendees at mini-trade shows in each city to introduce their products and services.

The presentations were particularly well received by Chinese architects in the audience. Several extensive question and answer sessions took place with questions ranging from how to use specific products to how to remedy design and performance issues.

Trade mission members also participated in the Chengdu International Building Materials Fair. The four day trade fair is the largest of its kind in Sichuan province, an emerging market for home construction and building materials within China. U.S. associations such as AF&PA, Softwood Export Council, Western Wood Products Association, and the American Hardwood Export Council distributed materials about U.S. timber species.

Hurd Millwork, Marvin Windows, Weather Shield Windows, Amarr Garage Doors, Premier Building Systems, Armstrong Homes, Craftek Inc., Dee Trading Roofing Materials, and the State of Idaho displayed products and distributed product literature at the event.

U.S. firms reported gathering several solid leads as a result of the mission. For more information about participating in the 2003 Technical Seminar & Sales Mission to China, contact contact Rose Braden at (206) 543-0700 or e-mail rbraden@uschinabuild.org.

(Gateway continued from page 1)

ple, Chinese attendees will be introduced to the latest innovations in home design and building materials. Presentations and site visits will address developing trends and consumer preferences with added focus on green building products. Attendees will visit housing developments and model homes to see examples of products and design principles.

Chinese Gateway participants will also visit the Seattle Design Center, a full-service exhibition center for interior decorating and design professionals featuring building materials manufacturing companies and product showrooms, for a first hand look at custom-made products and home furnishings commonly used in western-style homes.

Japanese participants will focus their attention on senior and high-density housing and visit finished projects and meet with architects specializing in these areas.

The 2002 EBPA Summer Gateway Program in August attracted 170 attendees from China, Japan, Korea, and Taiwan.

For more information about participating as an exhibitor in the mini-trade show contact Larry Kvidera, EPBA Program Manager, at (253) 396-0131 or evgreen@ep.org.

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: December 13, 2002

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

US-China Build Upcoming Activities

<p>Doing Business in China Internet Seminar</p> <p>Date: 9:00-11:00AM (PST) December 12, 2002</p>	<p><i>Find business solutions for successful ventures in China at this Internet simulcast seminar. Veteran exporters to China will share their knowledge of developing business relationships, brokering agreements, signing contracts, and distributing products in China. They will also field questions from the Internet audience. See the enclosed flyer for more information about the speakers or to register for the program.</i></p>	<p>EBPA Members: \$100</p> <p>Non-members: \$125</p>
<p>2003 Chinese Language U.S. Housing & Building Materials Directory</p> <p>Dates: Published 2003</p> <p>Listings Due: December 13, 2002</p> <p>Circulation: 2,500</p>	<p><i>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. 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.</i></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: January 16, 2003</p> <p>Registration Deadline: December 13, 2002</p>	<p><i>Join the Evergreen Building Products Association and 2003 Winter Gateway Program. 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.</i></p>	<p>EBPA MEMBERS ONLY</p> <p>Mini-Trade Show Display & Reception: \$80</p> <p>Reception Only: \$30</p> <p>Bilingual Interpreter: \$30</p>
<p>US-China Build Web Site Banner Ad (www.uschinabuild.org)</p>	<p><i>Harness the power of the internet with a banner advertisement on the English/Chinese www.uschinabuild.org website. 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.</i></p>	<p>EBPA Members: \$37/month</p> <p>Non-members: \$42/month</p>
<p>China Housing & Building Materials Newspaper</p> <p>Publication: April 2003</p> <p>Advertising Deadline: February 15, 2003</p>	<p><i>Advertise in this bi-annual Chinese-language newspaper and access over 5,000 Chinese buyers and end-users of building materials. This 16-page publication offers useful information for professionals involved in China's residential and light frame construction industry. The newspaper is distributed to Chinese developers, architects, wholesalers, and importers with a focus on the Beijing, Shanghai, Guangzhou, and Chengdu markets.</i></p>	<p>For an ad rate sheet, please see the events webpage under China Housing & Building Materials Newspaper or contact Rose Braden at rbraden@uschinabuild.org</p>

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

2003 Japanese Language Directory Of US Housing & Building Materials

Listings:

EBPA Members: \$100

Non-Members: \$125

US companies looking for a cost-effective means of promoting their products and services to the Japanese residential and light commercial construction market should consider a listing in this widely distributed resource for Japanese construction and design professionals.



The Japanese Language Directory of US Housing and Building Materials is made available in both print and on-line formats. 2,500 copies of the printed Japanese language directory will be distributed to buyers, importers, specifiers and end-users in Japan by way of direct mailing; distribution through professional associations and organizations; home shows, seminars and other housing industry special events; and to all inquiries for housing information to the WA State Japan Office. Listings will also be posted on the WA State Housing for Japan web page, which has averaged over 400 hits per month. Company directory listings on the web site are included in English and Japanese and can be updated to reflect staff changes, new product offerings, and new services.

For more information, or to request a listing in the directory, contact *Larry Kvidera, EBPA Program Manager*, at (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 offers 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 Winter Trade Show Schedule Announced

2003 Architecture & Building Materials Show —Catalog Display

Dates: Tues., March 4 - Fri., March 7, 2003

Location: Tokyo Big Sight, Tokyo, Japan

Cost: EBPA member—\$650, Non-member—\$750

With the cancellation of the Good Living Show, which was historically held in April, ABMS has become the major construction and building materials related exhibition scheduled in Japan in the spring. The show targets buyers of building materials and equipment for both commercial and residential construction. The 2002 show featured 210 exhibitors in 430 booths and together with other concurrent trade shows attracted 179,804 visitors.

Catalog companies are welcome and encouraged to man their displays, which will be located in a shared booth with EBPA and OTED. EBPA and OTED staff will arrange the displays and field inquiries for those companies that do not have representatives on hand.

2002 Results: The Pavilion at last year's show included 12 booths, 8 companies, and generated \$180,000 in direct sales and \$10.1 million in expected sales over the next 12 months (as reported by the 8 participating companies).

2003 HOMDEX—Catalog Display

Dates: Wed., Mar. 26 - Sun., Mar 30, 2003

Location: Seoul Trade Exhibition Center, Seoul, Korea

Cost: EBPA member—\$100, Non-member—\$125

EBPA, together with the State of Washington, will exhibit at the US Pavilion at HOMDEX 2003. Building materials manufacturers and exporters are invited to display product catalogs, company literature and product samples at the booth. WA State representatives will manage the catalog display for EBPA and field leads for participants during the show.

HOMDEX is a focused industry trade show targeting people involved in real estate development and residential construction. Exhibits feature a variety of products and services including: building materials & specialties, architectural systems and software, construction equipment & tools, home appliances & furniture and indoor & outdoor appliances

2002 Results: The three companies represented at the show generated 130 trade leads as a result of their participation in last year's program.

To register for these two events, contact *Larry Kvidera, EBPA Program Manager*, at (253) 396-0131 or e-mail evgreen@ep.org



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Cooperator Organizations:

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