



FOCAL POINT: China Edition

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Golf Courses Communities Attract Wealthy Foreign and Chinese Golfers

Two decades after China's first golf course opened in 1984, China ranks fifth in the world and second in Asia in terms of the number of courses. In addition to the country's more than 200 golf courses, 500 to 1,000 more are under construction. Chinese and foreigners seeking world-class golf on courses designed by Jack Nicklaus, Vijay Singh, and Ernie Els are readily provided with all of the amenities of any top international course.



One of the 4,000 to 6,000 square foot home options at Mission Hills Golf Course.

These world class courses are also home to world class residences. Developers are building homes equipped with pools, separate Chinese and Western kitchens, media rooms, wine cel-

(Golf Course Communities continued on page 5)

US-China Build Program

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



China Building Materials Business Development Mission for US Exporters

Shanghai, May 14-19, 2006

Join USCB for this one-week mission to Shanghai to learn about China's building materials market. Mission participants will learn about consumer and developer preferences for building materials, how developers identify and source materials, and about the distribution system for building materials during a number of round table discussions with developers, architects, and distributors. The group will also tour single family and high rise developments and building materials factories.

What Past Participants Have Said:

"Learning about the business culture from the panelists was the most valuable part of the mission. The first hand experience provided by the mission beat any text book or publication available."

Tim Boerst, International Decorative Panels

Past US participants have represented all products used in residential and light-commercial construction including insulation, paint and coatings, wood and non-wood panels, concrete, lumber, windows, doors, packaged homes, electrical products, and plumbing materials.

Activities during the mission include:

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FCS Introduces China Business Info Center

China's growing economy presents a tremendous opportunity for US businesses. But doing business in China is challenging. What does it take to succeed and is your company ready?



The US Commercial Service's China Business Information Center is a new resource for China trade-related information. Get information and tools that will help sell your company's products and services in this huge market.

- Country-specific information
- Key industry information
- Exporting steps and tips
- Export leads
- Trade events
- Links to other resources

Visit export.gov/china, or contact the Commercial Service at 1-800-USA-TRADE to speak with one of their international trade specialists.

(China Mission Continued from page 1)

- Panel discussions with distributors and developers
- Meetings with home center purchasing agents and tours of building materials markets
- Tours of wood and non-wood housing developments and high-rise condominiums
- Meetings with US company representatives selling in China
- Briefings with US government representatives and Chinese housing policy makers
- Optional one-day factory tours

Pricing: The one-week program is \$650 for EBPA members, \$750 for non-members. Hotel and in-country travel reservations will be made for the mission members, but airfare, hotels and meals are not included in the participation fee.

Registration Deadline: May 1, 2006

For more information contact Rose Braden at (503) 248-0406 or rbraden@uschinabuild.org.

2006 Chinese-Language Directory of US Building Products and Service Providers

Promote your company in the 2006 Chinese-Language Directory of US Housing & Building Materials Companies, a listing of wood and non-wood construction materials suppliers and service providers. Now in its third annual printing, the directory is a cost-effective means to promote your company to an audience of builders, architects, building materials importers and related construction industry professionals throughout China.

Ten thousand copies of the directory will be printed and distributed through direct mailings, at trade shows and at US government overseas trade offices. Each listing includes a one-page profile in the printed directory and inclusion in the online-version.



The online version is available at: www.uschinabuild.org/USCompanyDirectory/EnglishDirectoryindex.asp.

Registration Deadline: May 30, 2006

Publication Release: June 2006

Price: EBPA Members: \$100, Non-members: \$125

For more information, contact Rose Braden, (503) 248-0406 or email rbraden@uschinabuild.org

SQUIRE SANDERS LEGAL COUNSEL WORLDWIDE

The Power of Global Resources

As one of the largest global law firms, Squire, Sanders & Dempsey L.L.P. advises clients on distribution, IP, customs and other issues associated with doing business in China.

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Soft Landing Expected in Chinese Real Estate

China Daily: January 19, 2006

Two years after analysts began predicting an economic "soft landing in China," a slowdown has finally begun. Industry analysts have said that while property price gains have slowed with only a few exceptions, a bubble scenario is unlikely for 2006.

According to analysts, the slowing real estate market is the result of government policies instituted in April 2005 to reign in real estate speculation and unsustainable growth (see Focal Point issue 16). The measures caused prices to decline in some cities that once led the China's housing boom, such as Shanghai and a few towns in the neighboring Yangtze Delta. "The sector is falling within the government's targeted range for price stabilization," said Gu Yunchang, secretary-general of the China Real Estate Association. According to official data, housing price growth in 70 cities slowed last year from 6.4% year on year in July to 6.3% in August, and 5.5% in September.

While price appreciation has slowed, Mr. Gu said the real estate industry will remain key to stimulating consumption and investment in China. The challenge ahead is to make it healthier.

"Despite the downturn in average statistics (in Shanghai), we notice there are still some projects, such as the Jing'an Four Seasons (a home project in downtown Shanghai), that are getting a good market response," said Michael Hart, China research chief in Shanghai for Jones Lang LaSalle, a leading real estate management and investment firm based in Chicago. He said the demand in Shanghai is still high, and he expects China's millions of affluent residents and investors to continue to drive the long term housing market.

Beijing Demographics Fuel Real Estate Market

Despite regional slowing, prices in Beijing are rising moderately and in Shenzhen, the country's richest city in terms of per capita income, prices have risen dramatically in the past several months and sales are robust.

Although the government's efforts to cool the market are paying off, some say continued growth will be difficult to restrain. "To understand the market you need to put average statistics aside and look at specific areas," Beijing's real estate tycoon Pan Shiyi said. "As far as the Beijing is concerned, there is no way prices will decline."

From January to September 2005 prices for yet to be finished housing in Beijing increased 25%. However, most of this increase occurred during the first quarter.

(Housing Soft Landing continued on page 4)

Strong Interest in US at Beijing Building Materials Show

Eight US building materials companies, US-China Build, and the American Forest and Paper Association participated in the US pavilion at the China Building 2006 trade show in Beijing on February 28-March 3. The show is northern China's largest building material trade and included a wide range of building materials such as bathroom fixtures, kitchen cabinets, hardware, wood products, stone and granite, lighting, coatings, flooring, windows & doors and security products. The US pavilion was organized by the Foreign Commercial Service, who received recruiting help from the US-China Build.

Tens of thousands of architects, developers, construction companies, interior designers, retailers, and traders attended the show. Visitors to the US pavilion were particularly interested in energy efficient building materials. Government regulations mandating higher energy efficiency in new construction and an interest in improving Chinese homeowners' living standards are stimulating interest in energy efficient and innovative building materials. A number of interior designers and builders were also interested in learning more about US wood species for interior use and treated wood for decks and landscaping.

Despite headlines that China's real estate market bubble has popped, Beijing developers said they expect demand and prices for new homes to continue to increase at a steady rate in spite of new government regulations to control unsustainable growth. Even as the Shanghai housing market slows, Beijing's market is reportedly stable.

US-China Build and its cooperators will have US pavilions at a number of upcoming trade shows including:

- **Shanghai International Construction & Building Materials Trade Fair**, May 23-26, 2006 (see pg 6 for more information)
- **Interzum Guangzhou** (furniture trade show), March 25-28 2006
- **China International Furniture and Woodworking Expo** (furniture trade show), Dalian, May 28-31 2006
- **Wood Mac China** (Wood Building and Furniture Trade Show), Shanghai, June 27-30 2006

For more information about these shows, contact Rose Braden at (503) 248-0406 or rbraden@uschinabuild.org

(Housing Soft Landing continued from page 1)

Home prices from August to September increased only 1%.

According to Pan, "The government initiated some restrictive policies at the end of March, and that had some repercussions in the market, especially on high-end properties". "But we see the market stabilized in September, and I think even in the worst scenario there will be no drops in price or transaction volume in the near term."

Pan's confidence is based on continued nationwide economic growth and a shortage of land in urban areas. According to a recent survey of 2,736 non-native Beijingers, 80% said they plan to buy property in Beijing for career development or investment.

Many local developers and homebuyers believe that Beijing's property boom will continue until 2008, fueled in part by new subway and infrastructure construction that will accompany the Olympics.

Cautious Optimism vs. Unrestrained Speculation?

Despite the buoyant outlook in Beijing and many other cities, some analysts remain cautious.

"Every industry has a cycle of ups and downs, and the real estate industry is no exception," said Yi Xianrong, a senior economist with the Institute of Banking and Financing under the Chinese Academy of Social Sciences. "Once the price goes too far from the general public's purchasing power, the situation will reverse and even the wealthiest developer won't be able to escape."

For more than five years, China's real estate investment grew three times as fast as China's gross domestic product, resulting in soaring steel and cement prices and power shortages, yet speculation continued unrestrained. In Shanghai, prices for many apartments doubled or tripled between 2003 and 2004. Stories that someone mortgaged five or more flats or villas for speculation were common at that time when prices increased almost every day and buyers lined up before every new project. The central bank said a bubble was already apparent in the Shanghai resale and luxury housing markets last year, where average prices increased 19% in the first quarter.

Property prices and the number of transactions in Shanghai have declined for several consecutive months. According to the National Development and Reform Commission, although the average home price in the 70 cities it surveys rose 0.5% between September to October 2005, Shanghai was one of only five cities that posted a decline.

Still, there are a few bright spots in the country's real estate sector. In Shenzhen, home prices rose an average

AF&PA China Technical Director Temporarily Replaces Director

Paul Boardman, Director of the American Forest & Paper Association China Office, announced his resignation effective April 1. Mr. Xu Fang, AF&PA's Technical Director, will serve as Acting Director as AF&PA searches for Mr. Boardman's replacement. While



Paul Boardman (left) will be temporarily replaced by Acting Director Xu Fang (right) while AF&PA searches for a new China office Director.

serving as Acting-Director, Xu Fang will continue to work with Chinese officials to promote US building systems in the Chinese building code and with Chinese builders and architects on technical transfer issues related structural and non-structural US wood building materials.

of 12% from the prior year to nearly \$80 per square foot. However, local media suspect that at least 30% of the purchases were made by speculators from neighboring Hong Kong and the mainland.

But the nationwide picture seems to be cooling. Although home prices remain considerably higher year-on-year, growth is nearing zero. According to the National Bureau of Statistics, property investment growth slowed considerably from 27% in the first quarter, as average growth from January-to-September turned out to be 22%.

"There was some blind and reckless behavior in the market, and after the government tightened regulations, the sentiment tended to be wait-and-see," said Gu. "But now the atmosphere is more rational, and the market is warming again." Su Jing, an analyst with the Beijing-based economic think tank Anbound added that "The government cannot afford to let the real estate sector collapse because that would dampen the overall economic growth and possibly even trigger a financial crisis."

(Golf Course Communities continued from page 1)

lars, game rooms, and servants quarters which fetch \$1 to \$3 million price tags.

While more than half of China's population lives in rural areas and earn third-world level salaries, China's growing wealthy class are buying homes and memberships at country clubs for recreation and business.



Sheshan golf club, near Shanghai, is attracting wealthy Chinese and expatriate golfers who pay \$2-3 million for luxury homes and access to the club's amenities such as a Nelson & Haworth-designed championship course and 18 room clubhouse, shown above.

At Mission Hills Golf Club in Shenzhen, the world's largest country club, half of the members live in Hong Kong, which is only a half hour away by train. However, as many as 3,000 of its members are entrepreneurs, executives, and business owners from mainland China, who pay \$25,000 a year (the equivalent of the annual salaries of 25 Chinese factory workers) for membership.



Homes at Sheshan golf course feature imported Pella windows, Amarr garage doors, Omega stucco, and Heat N Glo fireplaces.

Homes at Mission Hills fetch \$1.2 to \$1.8 million. However, club memberships clearly have their privileges. According to William Hong, a Mission Hills member and real estate agent who handles properties in Shanghai and Shenzhen, "There's a trend in China for picking up golf. For me, golf is a multifunctional tool. Getting into the high-end lifestyle helps you meet wealthier business people. It's easier to judge whether they're of good background."

Another high-profile course is Sheshan Golf Club, located 30 minutes from Shanghai, which features an 18-hole Nelson & Haworth-designed championship course. In November 2005, Sheshan was the venue for the November 2005 HSBC Championship, which hosted Tiger Woods and other top ranked golfers. The prestige of

membership and luxury amenities attract buyers able to pay \$2-3 million for homes at Sheshan.

As luxury courses such as Mission Hills and Sheshan attract China's new elite, some golf communities are also niches for imported building materials. Those who can afford membership to world-class golf clubs also have the finances and the desire for homes that rival those in any luxury community.

Homes at Sheshan include US products such as Pella Builder Series Windows, Omega stucco, Amarr garage doors, and Heat N Glo fireplaces.

While private home ownership and high quality housing is a relatively new concept to many middle-income Chinese,

and it is often difficult to convince developers of mid-priced homes that US products cost more but also provide better quality and durability, buyers at golf course communities have often traveled or lived abroad and expect quality features and finishes in their homes. Ms. Ming Fei of Sino-Westin Brothers Investment, the distributor for Pella and Omega in China, said that despite the selling price of the homes at these resorts, developers are still price conscious and not all are natural users of imported building materials. The sales process involves relationship building, trust, customer service, and education.

While Unifront's president liked the look of Pella windows used in the Orange County development near Beijing, he was initially deterred by the price. Pella and its distributor used their relationship of trust with the developer to educate him about the quality difference between Pella and similar looking locally produced windows. The process included tours of Pella's Iowa factories and showrooms, which ultimately made the difference to the developer. Pella continues to pursue more golf course and custom home projects.

Ms. Fei said that while more luxury projects are being built in China, the quality of domestically produced building materials is improving, and many of these products look very similar to their imported counterparts. Therefore, it has become extremely important to identify niches where imported products and quality are valued over lowest price.

US-China Build 2006 Activities

<p>US Pavilion– Shanghai International Construction & Building Materials Trade Fair</p> <p>Date: May 23-27, 2006</p> <p>Registration Deadline: One 10'x10' booth remaining</p>	<p><u>Display your products at one of China's largest building materials trade fairs in the USCB US Pavilion.</u> The 2005 show was attended by over 40,000 industry professionals and covered 540,000 square feet. Each booth includes side and back panels, company header, carpet, outlet, and electrical hookup. USCB representatives will staff a booth to distribute information and collect leads for companies with catalog displays.</p>	<p>Booth Space 96ft² (10'x10') booth EBPA Members: \$1,650 Non-Members: \$1,750</p> <p>126ft² Booth EBPA Members: \$2,150 Non-Members: \$2,250</p> <p>Catalog Space: EBPA Members: \$450 Non-Members: \$550</p>
<p>China Directory of US Building Products and Service Providers</p> <p>Registration Deadline: May 30, 2006</p> <p>Publication Release: June 2006</p>	<p><u>US housing and building materials manufacturers and exporters and their Chinese representatives are invited to promote their company in the 2006 Chinese-Language Directory of US Housing & Building Materials Companies, a listing of wood and non-wood construction materials suppliers and service providers.</u> Now in its third printing, the directory is a cost-effective means of promoting your company to an audience of builders, architects, building materials importers and related construction industry professionals throughout China. Ten thousand copies of the directory will be printed and distributed through direct mailings, at trade shows and US government overseas trade offices.</p>	<p>One Page Listing and Internet Listing</p> <p>EBPA Members: \$100 Non-members: \$125</p>
<p>China Business Development Mission</p> <p>Dates: May 14-19, 2006 Location: Shanghai, China</p> <p>Registration Deadline: May 1, 2006</p>	<p><u>Join USCB in this one week mission to China to learn about China's building materials market and meet key business contacts.</u> Mission participants will learn about the distribution system for building materials and consumer preferences during round table discussions with developers, architects, and distributors, and tours of single family and high rise developments and building materials factories.</p>	<p>EBPA Members: \$650 Non-members: \$750</p> <p>Each additional company member: \$250</p>

Canfor Establishes Wood Frame Training Program

In November Canfor, Canada's largest softwood lumber producer, signed an agreement with the China Academy of Forestry (CAF) to establish a 2x4 wood frame training program in China.

The non-degree training program, known as "Canfor College" is a collaboration between CAF, Canfor, and MiTek, an Australian connector plate producer. The program will receive additional sponsorship from Canadian Royal Group (door and window manufacturer), Owens-Corning, Dupont, Nichiha (Japanese cement siding manufacturer) and BPB (gypsum board).

The training program, which will be held alternately in Shanghai and Beijing, will offer three, three-month aca-

demical terms. The curriculum will cover basics of wood frame construction, 2x4 construction details, and interiors. All trainee expenses will be covered by Canfor College.

The program is intended to train carpenters to work in Sichuan and Fujian Provinces, where wood frame has not received much attention so far, but are regions believed to have good market potential.



Wood frame hybrid construction at Vancouver Forest in Beijing.

In 2005, Canada exported 343,000 cubic meters (145 million board feet) of softwood lumber to China, or 20 percent of China's imported softwood lumber.

Evergreen Building Products Association News

2006 Spring Building Materials Sales Mission to Japan

May 15 (Mon.) - 19 (Fri.), 2006

Akita, Yamagata, Saitama, Maebashi, and Yokohama

Presentation: EBPA Member: \$700, Non-member: \$800

Mini-Trade Show: EBPA Member: \$550, Non-member: \$650

Locate new distributors or expand your customer base in strategic cities throughout Japan from participation in the 2006 Spring Building Materials Sales Mission. The program is a focused, low-cost activity for US building materials manufacturers, exporters and their Japanese dealers to reach a pre-qualified regional audience of prospective buyers. In all, as many as 200–250 Japanese industry professionals are expected to attend during the five-day program.

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

Contact Larry Kvidera, (253) 396-0131 or e-mail evgreen@ep.org for more information.

Indian Manufacturers Show Strong Interest in US Softwoods at India Wood Show

From February 14-19, the Softwood Export Council (SEC) and several US wood products company representatives participated in the India Wood trade show in Bangalore. The show is the largest trade show for the furniture and millwork manufacturing industry in South India.

The American Softwoods booth received a large number of furniture manufacturers, millwork manufacturers, and distributors who expressed interest in US western species. All 3,000 copies of softwood literature were distributed in the first three days of the show and Craig Larsen, President of the SEC, said it was the best international show that he had attended in ten years in terms of number of visitors, interest level, and quality of sales leads.

Most of the lumber used in India is remanufactured in India's growing millwork and furniture industry. The darker color of Douglas fir was viewed positively since it has a similar appearance to high-quality teak, which is in high demand, but short supply due to India's timber harvest bans. Naturally decay resistant species are also of particular interest. India is a price sensitive market, but American Softwoods representatives tried to set US species apart from Radiata pine used for pallets and packaging materials. It appears, however, that there are manufacturers who are willing to pay more for superior quality products.

2006 EBPA Summer Gateway Program Welcomes International Visitors

July 17-18, 2006
Seattle, Washington

In July, EBPA will welcome builders, real estate developers, architects, and building materials importers from China, Korea, Japan, and Taiwan to the 2006 EBPA Summer Gateway Program. The delegations will tour the Seattle Street of Dreams and attend seminars by US construction professionals to learn about US building materials and construction methods.

The Gateway Program will also include a reception featuring table top displays by US building materials suppliers will be held for the delegations.

For more information about participating in the 2006 Summer Gateway Program, contact Larry Kvidera, (253) 396-0131 or e-mail evgreen@ep.org

Seminar Series: Craft & Construction in Contemporary Japan

The University of Washington's School of Architecture and Mulvaney G2 Architects will host a series of lectures featuring a number of prominent Japanese architects. Speakers will discuss construction and architectural design in modern Japan.

April 6: Waro Kishi, Kyoto K-Associates: *Recent Works*

May 4: Takaharu and Yui Tezuka, Tezuka Architects: *Roofless Architecture*

May 11: Yoshiharu Tsukamoto & Momoyo Kaijima, Atelier Bow Wow: *Transduction*

May 25: Hitoshi Abe, Sendai Atelier: *Architecture of a Boundary Surface*

Time & Location: 6:30pm, Henry Art Gallery Auditorium, University of Washington

Event info: www.ep.org/program_flyers/JapArchPoster.pdf



Waro Kishi, Principle with K-Architects will speak at the UW Japan Architecture Forum



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USCB Organizers:

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

USCB Partner Organizations:

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

www.uschinabuild.org

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

View New Content:

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

