



# FOCAL POINT: China Edition

5631 Tacoma Mall Blvd., Suite #4, Tacoma, WA 98409 Phone: (253) 396-0131 Fax (253) 396-0132 www.uschinabuild.org

## Sales Mission Results in \$3 million in Expected Sales

In September, representatives from eleven US building materials companies met with almost 350 Chinese construction professionals during the fifth annual US Housing & Building Materials Seminar Series and Sales Mission. This year's mission traveled to Guangzhou, Qingdao, and Shanghai where US representatives gave presentations about their products and displayed their samples at mini-trade shows. The US participants said they anticipate sales totaling \$3 million within the next year as a result of their participation.



Almost 350 Chinese construction professionals met with US companies at this year's China seminar series.

Staff from USCB and the Evergreen Building Products Association coordinated the events, which were co-sponsored by the American Forest & Paper Association, the US Department of Commerce, the Foreign Agricultural Service,

*(Sales Mission continued on page 3)*

### US-China Build Program

The US-China Build Program (USCB) is a non-profit business assistance program managed by Evergreen Building Products Association. US-China Build receives support from the American Forest & Paper Association, the US Dept. of Commerce Market Development Cooperator Program and USDA Foreign Agricultural Service. The program 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.



## Energy, Infrastructure Priorities in Five-Year Plan

According to the August 2006 Foreign Commercial Service building materials market report, energy efficiency, green construction, and infrastructure expansion are top priorities in the Chinese government's 11th five-year plan. The plan outlines government goals and projections for China's economy, industry, and social welfare systems for 2006 to 2010.

The Economic Research Institute of the Development Research Center of the State Council predicts that growth in China's residential construction market will remain steady. The interior finishing market in residential and commercial projects is projected to reach \$666 million by 2010.

### New Energy Efficiency Certification

Reducing energy consumption continues to be a priority for the central government. China's government aims to reduce energy consumption by 50% by 2010. In 2006 the central government established "Building Energy Efficiency Administration Regulation" (BEEAR). BEEAR, which mandates that all new buildings follow government energy efficiency standards in their design, construction, operation, and renovation. The regulations requires that all wall materials, insulation, doors, windows, lighting, and heating and air conditioning systems have an inspection certificate, product specification, and product label that certifies that the product meets local energy efficiency standards. Once installed, the products must be tested on site and the results sent to a local quality testing institute. More information about testing standards for windows are included on page 2.

*(China Five-Year Plan continued on page 2)*

### TABLE OF CONTENTS

Window Certification Standards	2
US Pavilion at Shanghai Trade Fair	3
Advertising in China Newspaper	4
Shanghai Home Starts Increase	4
US Logs & Lumber Fill Russian Shortfall	5
USCB Attends Plumbing Assoc. Meeting	5
Upcoming Activities	6
EBPA News	7

*(China Five-Year Plan continued from page 1)*

Lighting, which government officials estimate represents 13% of China's total energy consumption, is also a target for reducing energy consumption. Officials estimate that energy consumption in this sector can be reduced by 70-80% by replacing ordinary incandescent lights with high-efficiency energy saving fluorescent lights. They also estimate that energy used to power traffic lights can be reduced by 90% by replacing incandescent lights with LED lights.

The five-year plan also outlines steps to promote the use of energy efficient lighting in public and commercial buildings and energy efficient machinery at manufacturing facilities.

### Infrastructure Expansion

Improvements to transportation infrastructure are another important component in the central government's plan to foster economic growth. The five-year plan includes the addition of 11,000 miles of passenger railway lines and 11,000 miles of coal and cargo lines. The government of China also plans to add 1,600 miles of light rail lines and upgrade existing railway stations. By 2010, the central government aims to add 650 deep water ports on the Changjiang River area and the Pearl River region. When the ports are completed, China will have 1,750 deep-water ports.

### Leading Suppliers

While most lower quality building materials used in China are produced domestically, China relies heavily on imports for higher quality building materials. Imported building materials are valued for international recognized quality standards, brand names, and international business standards. FCS advises US firms highlight the international standards their products abide by, quality control standards and practices, and state of the art research and development and processing technologies, which many smaller Chinese firms lack.

The Foreign Commercial Service building materials market update is available online at: [www.ep.org](http://www.ep.org) on the "Market Info" page.

The report includes market data including import statistics for leading US building materials, lists of China's largest building materials manufacturing firms, market analysis and suggestions for US suppliers, and a list of upcoming trade shows.



## Chinese Window Standards Affect Imported Windows

During the 1980s, the Chinese government phased out state-provided housing as a way to lessen the government's financial burden and stimulate the economy by encouraging private home ownership. At the time, most of China's housing stock was poor quality and since consumers didn't own their own homes, they had little or no incentive to make improvements.

China has come a long way since this time. Rising consumer incomes and the idea of homes as investments has greatly improved housing quality. As Chinese consumers flooded the housing market, the range of building materials available in the marketplace has increased greatly. In an effort to improve and standardize building materials quality the government of China introduced national standards for various building materials. While these standards have been in place for several years, local governments in many cities are just now starting to enforce the standards and require product testing. According to US window suppliers, certification on a per-project basis has only begun to be enforced this year.



*Windows, like these Pella brand windows installed in a single family home in Chongqing, in western China are required to undergo local product testing.*

### Window Standards

The government of China has several window standards. During the 1980s, the central government introduced national standard for steel windows. In 2002, the standards were broadened to require testing of all domestically produced and imported aluminum and vinyl clad wood windows for wind resistance (GB/T 7106-2002), air infiltration (GB/T 7107-2002), moisture resistance (GB/T 7108-2002), insulating properties (GB/T 8484-2002), and sound resistance (GB/T 8485-2002). In 1994 industry standards for vinyl windows (JG/T3018-1994) were introduced, and in 2000 standards for wood windows (JG/T122-2000) were introduced. By 2003, standards were developed for aluminum windows (GB/T 8479-2003).

All national standards for building materials are developed and approved by the Standardization Administration of China. Standards are monitored by provincial and city governments.

*(Window Standards continued on page 6)*

(Sales Mission continued from page 1)

the Chinese Council for the Promotion of International Trade (CCPIT) and the Shanghai Building Materials Trade Association.

The theme of the seminars was "Using US Building Materi-

als and Systems to Improve Housing Performance". US representatives gave presentations about topics including insulation technologies, window designs and functions, waterproof roof coatings, design and technical aspects of wood frame construction, and treated wood.

#### 2006 Sales Mission Participants

?State of Idaho Trade Promotion Office  
 ?Weather Shield Windows  
 ?Pella Windows  
 ?Andersen Windows  
 ?Weyerhaeuser/Trus Joist  
 ?WFI Global (Geothermal Heating)  
 ?HMI Worldwide (Cellulose Insulation)  
 ?Cox Industries (treated wood)  
 ?United Coatings (Paint & Coatings)  
 ?Gulf South Forest Products  
 ?APA—The Engineered Wood Assoc.  
 ?Vanport International (wood prods.)

*Percent of respondents indicating reasons they attended the US housing and building materials seminars (multiple answers allowed). N=195*

Obtain newest update of new construction technology and products	30%
Learn about treated wood for outdoor use	17%
Learn about design and construction of wood frame housing and hybrid structures	16%
Understand US energy efficient products and technologies	14%
Understand more about the use of wood in interior design	14%
Meet US cos. & collect product information	12%

Each seminar was also accompanied by mini-trade shows featuring the US companies. Interest in the displays was strong and US company representatives said that they received a large number of questions and a high level of interest in their products.

Chinese attendees rated the seminars and mini-trade shows highly. According to 195 completed surveys, 90% of survey respondents rated the seminars as "good" or "excellent". The seminars continue to be an important educational tool for US companies. A large number of seminar attendees (43%) were already familiar with US building products through past use, yet slightly more attendees (57%) had no prior experience with US building materials. This percentage is similar to that reported in past seminars, indicating that attendees rely on the seminars as an introduction to US building materials as well as a way to learn about new products and technological developments.

## USCB Organizes Fifth Annual US Pavilion at Shanghai Trade Show

In May, US companies exhibited their products in the fourth annual US pavilion at the Shanghai International Construction & Building Materials Trade Fair. This year's pavilion covered over 1,000 square feet and included internationally known companies such as Masonite, Andersen Windows and Laticrete International. The Idaho State trade office also represented Boise Cascade, log home and insulation manufacturers, and other Idaho building materials suppliers.



The Shanghai International Construction & Building Materials Trade Fair, which welcomed 56,187 visitors in 2006, is China's largest building materials trade fair. The show included 1,238 companies in the 590,000 square foot exhibition area.

US-China Build is now preparing a US pavilion for the May 23-26, 2007 show. Several 16' by 6 1/2' (108 square foot) booths are available decorated booth area or raw floor area. Each decorated booth includes carpet, walls, electrical hookup, and signage. Furniture and lights are available for an additional fee.

#### Booth Prices

Raw space: \$1155 per 10m2 booth

#### Decorated Space

108 ft<sup>2</sup> Booth: EBPA Mbrs: \$1900; Non-Mbrs: \$2000

161ft<sup>2</sup> Booth:

EBPA Members: \$2775; Non-Members: \$2875

**Registration Deadline:** February 15, 2007. Space fills quickly, so reserve early.

Seminar attendees were also asked to indicate why they attended the seminars. As shown above, a large percentage of attendees use the seminars as a source of information about new construction technologies and energy efficiency and as a way to learn about new products and suppliers.

## Advertise in the Chinese Housing & Building Products Newspaper

Reach thousands of potential business contacts by advertising in Issue 11 of the Chinese-Language US Housing Industry & Building Materials Newspaper.

Each issue contains information about US building materials, energy efficient products, project profiles, industry innovations, and question and answer columns. The paper is mailed to 7,500 Chinese companies, posted on the USCB-Chinese-language website, and distributed at trade shows and seminars in China.



### Ad Rates

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

The Spring issue will also be distributed to building materials specifiers and distributors at the Shanghai International Construction and Building Materials Trade Fair. The trade fair is the largest in China and features a wide range of building materials. More information about the show is available on page 3.

Order Deadline: February 1, 2007  
Payment Deadline: February 5, 2007  
Ad Copy Deadline: February 5, 2007

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

## Shanghai New Home Sales Increase

Excerpted from the Shanghai Daily, September 2, 2006

After reaching a five-month low in July, sales of new homes in Shanghai rebounded in August. According to eHomeday.com, new home sales increased 14% between July and August to 18.9 million square feet (1.76 million square meters).

A new tax on homes sold within two years of their original purchase date, which was intended to curb speculative real estate investment, initially reduced the supply of existing homes for sale in the downtown area. Facing a supply shortfall consumers have begun purchasing newly built condominiums outside of the city core. Developer-offered incentives and discounts have also boosted new home sales in outlying areas. Since new home sales in suburban areas of Shanghai made up the bulk of the home sales in the last quarter, while the sale of new starts increase, developer discounts lowered the average sale price tallied. Average home prices per square meter in Shanghai declined from US\$1,167 in June to US\$908 in August.

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

In September, USCB released the third annual Chinese-language Directory of US Building Materials Suppliers and Service Providers. Forty-nine US companies ranging from architects to suppliers of lumber, plumbing, insulation, and other building materials participated in this year's directory. The directory was mailed to select developers, architects, and design companies in China and distributed at the September USCB/AFPA Seminar Series held in Guangzhou, Qingdao, and Shanghai. Copies of the directory will continue to be distributed at trade shows, seminars, and to individuals who make inquiries to USCB about US building materials.



The directory is also available as in Chinese and English on the USCB website. The searchable database allows users to easily find particular products or companies. The online directory can also be updated throughout the year to reflect product and staff additions or changes.

To view the 2006-07 directory online, visit

[www.uschinabuild.org](http://www.uschinabuild.org)

## Russian Log Export Regs Signal Opportunity for US Exports to China

New restrictions on Russian log exports are expected to create opportunities for US logs and lumber in China say analysts from the Foreign Agricultural Service (FAS). According to the newly released FAS *Solid Wood Products Annual*, log exports from Russia to China are expected to decline in 2007, yet China's total log imports are forecast to maintain and even increase log and lumber imports from the US increase. Softwood and temperate hardwood lumber exports from the US to China are expected to increase 20% as Russian supply declines.



Tropical hardwood lumber imports are expected to decline 16% due to harvest restrictions and other reductions in hardwood lumber availability in Southeast Asia. China is expected to make up the supply shortfall by increasing harvests on domestic forests, which are allowed under the most recent five-year plan. The 11th five year plan, which was released in 2006, increased the domestic logging quota to 248 million cubic meters. Increased domestic harvests and imports are projected to help domestic processors increase log and lumber production by 6-10% in 2007.

According to the China's Sixth Forest Inventory Report (China's most recent forest inventory), China had 175 million of hectares of forested area in 2003, or 18% of the country's total land area. Domestic forests contained 12,456 million cubic meters.

China's domestic processors are heavily reliant on plantations for fiber. In 2005, plantations occupied 55 million hectares. Although experts doubt the central government's forecast that China will be able to meet demand with supply from plantations by 2015, plantation area will increase as the government converts inefficient or sparsely planted forests into plantations.

Log and lumber imports from the US are forecast to show continued moderate growth, driven by China's demand for furniture wood and wood for interior décor.

To read the entire report, which contains an analysis of the market for US wood products in China, information on the domestic forest situation, and trade data, visit the FAS website at:

[www.fas.usda.gov/ffpd/attache-reports.htm](http://www.fas.usda.gov/ffpd/attache-reports.htm)

## USCB at Plumbing Manufacturers' Meeting

In October Rose Braden spoke to the Plumbing Manufacturer's Institute (PMI) fall meeting about the US-China Build Program (USCB) and its activities for US exporters in China. Ms. Braden also presented an overview of China's building materials market, including consumer profiles, regulatory changes, and obstacles and opportunities for US exporters.

The meeting included discussions about issues affecting US plumbing manufacturers including the California lead bill, which would reduce the allowable lead level in plumbing and pipe fittings, clean water regulations, green building regulations, and new market trends. Michael Colopy, a nationally acclaimed speaker on foreign affairs and political consultant with International Commerce Consultants, Inc. spoke about political trends in China and their effects on US industry. Speakers from the National Association of Homebuilders, the EPA, NASA, and other notable organizations spoke about technological and regulatory developments.

The Plumbing Manufacturers Institute's (PMI) member companies produce most of the nation's plumbing products. PMI is a source for industry and market information and a coordinating and decision-making body for dealing with industry issues. It is active in many arenas as it helps develop and maintain standards and codes, and works closely with federal, state and local governments.

### Recommended Reading

Each year, Mr. Colopy provides PMI members with a list of recommended reading about China. This year's list included:

- *One Billion Customers: Lessons from the Front Lines of Doing Business in China*, by Jim McGregor  
*Perhaps the best illustrative presentation yet of what it means to launch an enterprise in China.*
- *Oracle Bones: A Journey Between China's Past and Present*, by Peter Hessler  
*A moving, informative and highly readable documentary of the practical impact of China's accelerating economic transition between 1999 and 2004, viewed through the experiences of a handful of individuals and recounted by an astute and articulate interpreter of ground-level life in modern China.*
- *China Syndrome*, by Karl Taro Greenfeld  
*A quasi-murder mystery of the new globalization era, reported by one of the best journalists working today, about the Chinese origins of SARS crisis and the unfolding political deceits that alarmed the world.*

## US-China Build 2006 Activities

<p><b>Spring Chinese-Language US Housing &amp; Building Materials Newspaper—Issue 11</b></p> <p><b>Release Date:</b> March 2007</p> <p><b>Registration Deadline:</b> February 1, 2007</p>	<p><b><i>Reach thousands of readers by advertising in the Chinese-language US Housing &amp; Building Materials Newspaper.</i></b> The newspaper is mailed to a database of 7,500 Chinese construction professionals and distributed at the US Pavilion at the Shanghai International Construction &amp; Building Materials Trade Fair and other trade events.</p>	<p><b>For ad rates, please see:</b></p> <p><a href="http://www.uschinabuild.org">www.uschinabuild.org</a> Events &amp; Registration page</p>
<p><b>US Pavilion: Shanghai International Construction &amp; Building Materials Trade Fair</b></p> <p><b>Date:</b> May 23-26, 2007</p> <p><b>Registration Deadline:</b> February 15, 2007.</p>	<p><b><i>Display your products at China's largest building materials trade fair in the USCB US Pavilion.</i></b> The 2006 show was attended by over 56,187 industry professionals and covered 590,000 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><b>Booth Space</b> 16' by 6 1/2' (108 ft<sup>2</sup>) booth EBPA Members: \$1900 Non-Members: \$2000</p> <p>161ft<sup>2</sup>/15m<sup>2</sup> Booth: EBPA Members: \$2775 Non-Members: \$2875</p> <p><b>Catalog Space:</b> EBPA Members: \$450 Non-Members: \$550</p>
<p><b>China Business Development Mission</b></p> <p><b>Dates:</b> May 28-June 1, 2007 <b>Location:</b> Shanghai, China</p> <p><b>Registration Deadline:</b> May 1, 2007</p>	<p><b><i>Join USCB in this one week mission to China to learn about China's building materials market and meet key business contacts.</i></b> 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><b>EBPA Members: \$650</b> <b>Non-members: \$750</b></p> <p><b>Each additional company member: \$250</b></p>

(Window Standards, continued from page 2)

### The Certification Process

Prior to final construction approval, developers are required to submit testing reports for all building materials used in the project to the local construction commission. Tests and certification documents, which cost approximately \$375 per certification are paid for by the materials supplier. Testing is typically carried out by a third-party testing organization designated by the local government construction commission. The testing facilities test the entire window system, as opposed to its components.

There are 170 government-approved building materials testing organizations located across China. A full list of these testing organizations (in Chinese) can be found at: [www.cnca.gov.cn/rkkg\\_4\\_1.htm](http://www.cnca.gov.cn/rkkg_4_1.htm). In addition, the Certification and Accreditation Administration recommends two testing labs for certifying windows, listed below.

### Window Certification Organizations in China

Kang-Ju Construction Parts Certification ([www.chinahouse.com.cn/index.htm](http://www.chinahouse.com.cn/index.htm)) Kang-Ju (Health Living) Construction Parts Certification is certified by Kang-Ju Construction Parts Certification Center. The organization is owned by the China Housing Industry Promotion Center of the Ministry of Construction. Kang-ju is a third-party certification company that certifies windows, doors, coatings, and water-proofing materials.

### China Certification Center for Quality Mark

([www.cqm.com.cn](http://www.cqm.com.cn)) The China Certification Center for Quality Mark was established in 1991. It now has 26 subsidiaries, branch offices and representative offices around China. The third-party certifier provides certification for a range of industries including agriculture, transportation, and industrial sectors.

## Architecture & Construction Materials Trade Fair

March 6-9, 2007  
Tokyo, Japan

**A**rchitecture and Construction Materials 2007 (ACMS) is a must for companies interested in new opportunities in Japan's commercial and residential construction markets. ACMS 2007, to be held in Tokyo, targets primary decision makers involved in planning and development, design and construction of medium- to large-scale commercial and residential projects including: hotels, mansions, hospitals, light and heavy commercial buildings, churches, schools, condominiums among others. Now in its 13th year, ACMS has become a first-tier trade event for the construction and building products industry in Japan. The 2006 show featured 283 companies in 590 booths.

In 2006 three companies exhibited in four booths with EBPA & WA State. Pavilion participants reported \$87,000 in direct sales and expected \$1.34 million in sales over the 12 months following the show.

Booth packages are sold out for the 2007 show, but catalog space is still available. Catalog displays have dedicated space in the EBPA booth to exhibit product catalogs and company literature. Small samples can also be accommodated. US companies are welcome and encouraged to have representatives at the booth to hand out literature and answer questions. EBPA and WA State representatives will be on hand to distribute catalogs and collect business cards from visitors if a company representative is unable to attend.

### Catalog Display Price:

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

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

### EBPA Releases New Website

**E**BPA is pleased to announce the completion of its newly designed website. Available in English and Japanese, the new site is easy to navigate and includes information about upcoming EBPA activities, US and Japan members, past issues of the Focal Point: Japan, and industry links. The site also includes monthly market reports about Japan, China, and Korea.

Visit the website at [www.ep.org](http://www.ep.org)

## US Products Well Received During Japan Sales Mission

**E**BPA, in cooperation with the Washington State Dept. of Community, Trade & Economic Development, led a delegation of US building materials manufacturers and Japanese distributors to Miyazaki, Kagoshima, Kumamoto, Nagasaki and Fukuoka from October 16 - 20.

The eight companies participating in the program gave presentations to the Japanese audience about a wide variety of products and services, including: wood moulding, doors, roofing, and exterior surfaces. Two feature presentations focused on the development of the CPM system in the US and practices for improving efficiency and avoiding problems during the construction of wood-frame homes.



Nearly 150 Japanese builders, architects and building materials distributors attended the seminars. The overall response to the program was very positive. Nearly all of the seminar attendees rated the seminars either excellent or fair. According to the attendee survey responses, over half of the respondents have used imported building materials. Respondents also said that the number one reason for attending the seminars is to learn more about new building products and construction technologies.

The 2007 Spring Building Materials Sales Mission is tentatively planned for early April. Locations will be announced at a later date.

### EBPA Annual Meeting - Save The Date -

The EBPA Annual Member Meeting will be held Tuesday, December 12, 2006. The meeting will include a luncheon. Members will review progress made over the past year and consider plans for 2007.

Radisson Hotel Gateway  
Seattle-Tacoma Airport  
Seattle, WA

More Details to Follow



**Evergreen Building Products Association**

"Promoting US Building Products to the World"



**Evergreen Building Products Association**  
"Promoting US Building Products to the World"

PRESORTED  
STANDARD  
US POSTAGE  
**PAID**  
TACOMA, WA  
PERMIT #1347

**Evergreen Building Products Association**  
5631 Tacoma Mall Blvd., Suite #4  
Tacoma, WA 98409

**RETURN SERVICE REQUESTED**

#### Contact Information

**Rose Braden**

**Program Manager, US-China Build Program**

520 SW 6th Avenue, Suite 810  
Portland, OR 97204  
Tel. 503-248-0406 Fax. 503-248-0399  
Email: rbraden@uschinabuild.org

**Ellen Xin**

**Program Coordinator, US-China Build Program**

Rm 3703, Building One  
Grand Gateway Center  
1 Hongqiao Road  
Shanghai, PRC 200030  
Fax. (86-21) 6270-5555  
Email: exin@uschinabuild.org

**Larry Kvidera**

**Program Manager, Evergreen Building Products Assn.**

5631 Tacoma Mall Blvd, #4  
Tacoma, WA 98409  
Tel. 253-396-0131 Fax. 253-396-0132  
Email: evgreen@ep.org

#### USCB Organizers:

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

#### USCB Partner Organizations:

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

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

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

- Searchable Directory of US Exporters to China
- USCB Chinese-language Housing Newspaper
- Past editions of the Focal Point newsletter
- Links to other China-related websites

