

Southern Pine Council
International Program Update
As of January 1, 2019

Market	Constraint or Opportunity	Action	Upcoming Events
Caribbean	Misapplication of Southern Pine can cause premature failures and loss of market share to South American competitors.	SPC routinely holds technical training seminars in the region aimed towards builders and wood specifiers. SPC conducted seminars in the Dominican Republic and Jamaica in July 2018. The events were well attended with high interest among attendees. A report on the events is available to members.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
		Plans are underway to conduct technical seminars in the Caribbean in 2019. SPC is in contact with the International Code Council to partner with SPC on wood-frame construction seminars in the region. IF SPC receives additional Agriculture Trade Promotion funding, SPC will conduct additional seminars in the region.	
Cuba	While the U.S. has been allowed to export forest products to Cuba since 2000, exports remain constrained by state-controlled procurement policies and the inability to finance transactions or offer terms through U.S. banks.	Analysis of the potential for softwood lumber exports to Cuba shows shipments could equal that of the Dominican Republic should restrictions be fully lifted and the country becomes a true market economy. FAS disallows federally-funded export promotion in Cuba, but the 2019 Farm Bill allows that.	
Central America	Southern Pine exports to the region are growing but market development opportunities and key players are unknown.	SPC completed research on the potential for SYP export growth to the region, concluding that strong opportunities exists in Guatemala, Costa Rica, and Panama but limited opportunities elsewhere in the region. The full report is available to members.	
		SPC obtained additional funds to conduct technical seminars in the region. Plans are underway for training seminars in Costa Rica and Guatemala in January 2019.	
		SPC exhibited at the Expo CAPAC trade show in Panama City, Panama, in September 2015, September 2016, and again in September 2018.	
		SPC exhibited at the Expo Construction y Vivienda trade show in Costa Rica in February 2016, February 2017, and again in 2018.	
Colombia	Southern Pine exports to Colombia are growing but market development opportunities and key players are unknown.	Technical training/seminars took place in Medellin in February-March 2016, in Bogota and Medellin in November-December 2016, and in Bogota in May 2017. A report on the results of these efforts is available to members.	
		SPC exhibited at the Expo Camacol trade show in Medellin, Colombia, in August 2016 and in August 2018. SPC held a technical seminar in conjunction with the event in 2018.	
	The Colombian School of Engineering wishes to develop a wood design curriculum, paving the way for broader acceptance of wood in Colombia's building codes and standards.	SPC is conducting technical seminars in Colombia first targeting construction design professionals. Seminars took place in December 2016 and in May 2017. As training evolves, SPC will support the School of Engineering through technical seminars and training materials.	

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Chile	Chile could potentially be a growing emerging market for Southern Pine.	SPC exhibited in partnership with Softwood Export Council at the EDIFICA trade show in Huechuraba, Chile, Oct. 4-7, 2017. IF SPC receives additional Agriculture Trade Program funding, SPC will enhance its efforts in Chile.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
		SPC has received reports of Southern Pine shipments being delayed by customs in Chile over concern of it being treated with "bromate". SPC has requested USDA's officers in Santiago to weigh in on the issue and is monitoring it closely. Members are requested to inform SPC if delays occur.	
China	China's building code GB50005 has been revised to reflect design values of U.S., Canadian, and European softwoods.	SPC has worked with WWPA and China's Timber Code Committee to assure that Southern Pine design values are included. The new codes were recently released and include Southern Pine. The measure has passed public review and is now in the final stage for confirmation by their experts committee before publication.	
		China's enforcement on log imports has been enhanced -- particularly for logs being transshipped through Hong Kong -- due to concerns over imported pests. While exporters are strongly advised to check with their freight forwarder before making any additional shipments, SPC has available the official regulations on log imports. SPC and its consultant for China are closely monitoring the situation and will keep interested members appraised.	
	China is a strong and growing export market for Southern Pine lumber	SPC exhibited at the Interzum China trade show in Guangzhou, China, in 2016, 2017, and again in March 2018. Over 500 visitors attended SPC's booth at the exhibit in 2018.	
		SPC exhibited at the Sylva Wood trade show in Shanghai, China, in June 2017, and held a seminar on U.S. softwoods in interiors and decking. Over 60 quality contacts were made at the event.	
		SPC also participated in the June 2018 Sylva Wood trade show.	
		SPC exhibited at the Furniture Manufacturing and Supply trade show in Shanghai in September 2017 and in September 2018	
		SPC hosted in-bound trade Cochran mission of seven Chinese buyers in January 7-20, 2018 and also coordinated with EBPA for an inbound China mission March 6-14, 2018.	
		Effective September 23rd, China has imposed a 10% tariff on softwood lumber imports from the United States in retaliation to U.S. tariffs imposed on imports from China. Earlier in August China imposed tariffs on imported logs and hardwood lumber. Tariffs may raise to 25% on March 1st should a resolution not be met until then. SPC is monitoring developments closely and has polled members on the effect of the tariffs on their shipments to China. Most agree that 25% tariffs would severely curtail shipments to the market.	
		Four publications reprinted May 2018 in Simplified and Traditional Chinese: "Southern Yellow Pine Export Grades", "Southern Pine, Flooring Guide", "Pressure Treated Southern Pine", "Southern Pine Lumber"	
Egypt	Southern Pine exports to Egypt are growing but market development opportunities and key players are unknown.	SPC received Emerging Markets Program funding to assess the market for Southern Pine and set the stage for future promotional work. In-country interviews of Egyptian buyers took place in November 2017; the results of the research is available to members.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding

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		Following up, SPC conducted technical seminars in Cairo and Damietta November 5-9, 2018. The events were a big success gathering over 120 attendees. A report on the event is available to members.	
European Union	Export volumes to Europe has declined, but several niche opportunities remain	SPC exhibited at the Carrefour International du Bois trade show in Nantes, France, in June 2016 and June 2018.	
		SPC exhibited at the Timber Expo in Birmingham, England, in October 2016, October 2017, and again in October 2018.	
		SPC participated in the annual International Softwood Conference, gathering timber industry experts from throughout Europe to discuss industry trends and forecasts. A report on the deliberations is available to members.	
	The EU is proposing restrictions on the use of wood preservatives containing propiconazole, which could jeopardize exports of preservatively treated wood to the region	The Treated Wood Council submitted comments to the European Commission opposing the measure as it deviates from international standards and constitutes an unnecessary obstacle to trade. SPC will continue to monitor the issue and offer assistance to TWC.	
	The EU requires that lumber bundles be paper wrapped on five sides to guard against pinewood nematode.	A recent memo from APHIS clarifies that in addition to bearing a heat treatment mark, wood must be either free from bark, exported outside of the Monochamus beetle flight season, or wrapped on five sides. The clarification allows industry to export lumber without the added expense of a protective covering should either of the other factors apply. SPC will continue to monitor the issue and take action when needed. Members are requested to inform SPC should paper wrap being required unnecessarily.	
India	India is a niche market for Southern Pine lumber	SPC exhibited at the Delhiwood show in March 2017 and Indiawood show in March 2018. SPC members attending the trade show report significant sales as a result.	
		Publications have been reprinted for Mumbai Wood and Woodex – Hindi Species Guide and English Export Grades.	
		SPC launched an advertising campaign in India promoting Southern Pine in joinery as well as editorials on the Southern Pine industry that appeared in numerous Indian wood trade publications.	
		Through Emerging Markets Program grants awarded to the Softwood Export Council, a market assessment was conducted on India. The report is available to SPC members. As a follow-up, grants were obtained to conduct training and technical seminars in India on U.S. softwoods. Seminars took place in May 2018 in Mumbai and Kandla with over 100 attendees.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
		SPC, in coordination with FAS/Mumbai, assisted with an in-bound mission of Indian furniture manufactures to the southern U.S. April 8-21, 2018. Many SPC members hosted the group.	
	India's quarantine requirements are outdated and pose a barrier to imports.	India's Timber Merchant Association is urging India's Plant and Quarantine office to adopt globally recognized fumigation standards. The measure would reduce trade barriers. SPC reviewed the draft measure and is supportive. SPC will continue to monitor the standard.	

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Japan	Efforts are underway to amend Japan's design values for softwood lumber as well as its building codes for 2x4 construction, creating an opportunity to embed SYP design values in the country's codes and standards.	Japan's JAS 600 standard for structural lumber was amended to include SYP and Japan's 2x4 Home Builders Association is revising their publications to address the new values. SPC provided needed information to ensure that SYP is favorably listed. No further action required.	
	The U.S. risks losing share of the Japanese market due to subsidies and tariff disadvantages.	Research has recently been released outlining several areas where Japan provides subsidies to its forestry sector, wood processing industry, and builders. The research also identifies risks to U.S. competitiveness due to free trade agreements between Japan, the EU, and Canada. SPC is engaging Commerce and USTR negotiators on the issues.	
Korea	Korea is an important new emerging market for Southern Pine lumber	An in-bound mission from Korea attended the International Builders show and meet with SPC and its members in January 9-11, 2018.	
	Korea's Forestry Research Institute (NIFOS) is re-writing the country's wood product standards. It would not recognize U.S. lumber unless the U.S. industry seeks equivalency.	The U.S. convinced Korea to push implementation of the new standard past the January 1, 2016, target date. The process is on hold pending approval of Korea's General Assembly. Meanwhile, ALSC is engaging with NIFOS to assure that grades from all U.S. grading agencies (both structural and appearance) are recognized in the new standards. The U.S. received the newly established standards in October and is under review by ALSC.	
		The U.S. is also working to assure that the requirements for re-labelling/re-tagging of imported lumber does not pose unnecessary cost or burden. The importer will be responsible for re-labeling and the exporter responsible for providing info on equivalent Korean grade.	
	Korea's quarantine protocol requires that bundles be stenciled with a grading agency logo officially recognized by the country.	While some shipments without required markings have passed quarantine inspections, inspectors are now strictly requiring that bundles be stenciled. SPC recommends that exporters comply.	
	Korea's Act on Sustainable Use of Timber could restrict imports of softwood lumber from the U.S.	The new law, requiring Korean importers to document the legality of the timber they procure, entered into force in 2018. U.S. negotiators are seeking Korea's recognition of product imported from the U.S. as legally sourced. Forms attesting to the fact to accompany shipments to Korea are being developed; SPC is engaging with negotiators to reduce burden to U.S. exporters.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
Malaysia	Importers in Malaysia report being unable to source lumber kiln-dried to Malaysia's stringent heat treatment requirements of 165 degrees Fahrenheit for 4 to 18 hours.	While Western U.S. and Canadian mills may be unable to meet the requirement, Southern Pine mills can. SPC suggests tabling the issue and introducing importers to Southern Pine suppliers.	
		Malaysian quarantine officials are closely following the regulation and shipments WILL be denied without an import permit attesting proper heat treating or fumigation. Members are urged to consult their freight forwarder or contact SPC for additional details.	

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	Malaysia requires that the botanical name of the softwood species be listed on the act of sale and, among Southern Pine species, only <i>Pinus pilustris</i> is listed as approved.	Exporters are urged to list <i>Pinus pilustris</i> as the botanical name when shipping to Malaysia.	
Mexico	Mexico is a high-volume export market for Southern Pine, yet specifiers often misapply material and familiarity of grades and the durability of treated lumber is low.	SPC routinely holds technical seminars gathering importers and builders/specifiers throughout Mexico. Seminars were held in the Yucatan region (August 2015), Guadalajara and Cancun (June 2016), in Cancun, Tijuana, and Guadalajara (August 2017), and in Monterrey and Mexico City in May 2018.	
		SPC exhibited at the Technomueble trade show in Guadalajara, Mexico, in 2016, 2017, and again in August 2018.	
		SPC exhibited at the Expo Ferrerera trade show in September 2018.	
		SPC exhibited at the Expo CIHAC trade show in Mexico City, October 16-20, 2018.	
		SPC presented at a seminar sponsored by Mexico's importers association, IMEXFOR, in February 2017, and attended its meeting in 2018.	
	Mexico requires a Phytosanitary certificate for every container of imported wood, rather than a single certificate covering an entire shipment. The increased documentation has forced shipments into demurrage at a significant cost to U.S. exporters.	SPC is joining with other wood groups, SEC and AHEC, to encourage APHIS in Mexico City and Washington to push for electronic phytos covering an entire order. The change can only be made through government-to-government negotiations. Meanwhile, the International Plant Protection and Quarantine Convention (IPPC) has launched a pilot "ePhyto Hub" that will allow phyto certificates to be filled electronically. The pilot program currently does not include Mexico but will eventually once launched globally. SPC is monitoring this effort and will encourage that Mexico be included.	
	Mexico's quarantine agency, SEMARNAT, "officially" allows wood dried to 18% or less to be imported with only a heat treatment certificate.	While the regs "officially" do not require a phyto for imports of KD-18 material, exporters report inconsistency in enforcement. SPC is getting conflicting views from SEMARNAT and recommends that members provide phyto certificates for all KD lumber.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
Middle East	The Middle East is an important emerging market for Southern Pine lumber	SPC exhibited and conducted seminars at the Dubai Wood trade show in April 2016, March 2017, and exhibited again in March 2018. SPC members participating report significant sales resulting from participating in the event.	
Pakistan	Southern Pine exports to Pakistan are increasing sharply; buyers are requesting more information on Southern Pine grades and characteristics	Through Emerging Markets Program grants awarded to the Softwood Export Council, a market assessment was conducted on Pakistan. The report is available to SPC members.	

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		As a follow-up, grants were obtained to conduct training and technical seminars in Pakistan on U.S. softwoods. A first seminar was held in Dubai in conjunction with the Dubai Wood Show in March 2018.	
		SPC hosted a in-bound trade mission from Pakistan in July 2018, including seven buyers.	
Peru	Southern Pine exports to Peru are growing but market development opportunities and key players are unknown.	SPC received an Emerging Markets Program (EMP) grant to assess the market and determine what technical assistance is needed to grow exports. Research was completed in November 2015 with recommendations to conduct technical seminars. SPC received a second tranche of EMP funding to conduct additional seminars/training.	
		SPC, in coordination with APA, assisted with a wood frame construction demonstration project in Lima and accompanying training seminars in May 2018.	
	Efforts are underway to insert Southern Pine lumber design values in the country's building codes, giving the U.S. industry a competitive advantage over Chilean softwoods.	Peru's building code officials initially wanted to test Southern Pine to establish their own design values, a costly process that could take years. SPC and FAS convinced Peru to accept design values already established and well documented by U.S. laboratories.	
		SPC has contracted a technical consultant based in Peru to shepherd the process through committees and a draft proposal of adjusting U.S. softwood species in-grade test data to fit the Peruvian code is still underway. SPC is coordinating with FAS/Lima, WCLIB, and SPIB and us working to assure that SYP design values are included.	
		Towards this end, in August of 2018 SPC hosted an in-bound mission of Peruvian standards officials to address remaining questions to harmonize U.S. lumber grading standards with Peru's. A report with recommendations to the Ministry of Housing is complete and has been presented to the ministry with the assistance of FAS/Lima.	
	Peru requires that lumber imports be KD 18 or less	SPC's strategy is to convince the Peruvian government to accept U.S. grademarks (e.g., KD-19) thereby bypassing the KD-18 requirement	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
		SPC has polled several members on whether the KD-18 requirement is posing a problem. Most exporters hold that it's not; either what they ship is dried to a lower MC or the Peruvian importers manage to get shipments cleared without hold-up. Nevertheless, SPC seeks to raise the threshold to KD-19 while in the process of inserting U.S. species in Peru's building codes.	
Southeast Asia	Vietnam, Malaysia, Thailand, the Philippines, and Indonesia are all growing new markets for Southern Pine lumber, but awareness of this species in the region is low.	Through Emerging Markets Program grants awarded to the Softwood Export Council, market assessments were conducted on each of these markets. Many of which – Thailand in particular – show strong opportunities for Southern Pine. The reports are available to SPC members.	

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		As a follow-up, grants were obtained to conduct training and technical seminars in the region on U.S. softwoods. Funds helped SPC present at seminars in Surabaya and Semarang, Indonesia, in February 2017, in Bangkok, Thailand, in September 2017, in Kuala Lumpur, Malaysia, in October 2017, in Manila, The Philippines, in December 2017, and in Vietnam in April and July 2018. SPC held a second round of seminars in Thailand in August 2018.	
		SPC placed advertisements in the Indonesian wood trade publication "WoodMag"	
		Plans are underway to exhibit at the Architect Expo in Bangkok, Thailand, April 30-May 5, 2019	
		The American Softwoods Species Guide and SPC brochures were displayed at the Woodmag booth at the 2017 IFMAC and WoodMac show in Jakarta, Indonesia.	
Taiwan	Concerns over the durability of treated Southern Pine can cause loss of market share	SPC exhibited at the Taipei Building & Construction Expo in December 2015, 2016, 2017, and 2018.	
Worldwide -- Promotion	Buyers worldwide are often unfamiliar with Southern Pine grades, characteristics, and how to specify treated material	SPC maintains a library of numerous publications in multiple languages as well as a web presence to steer purchases to SPC members. A recent new title is "Furniture and Flooring Technical Report" in Spanish; work is underway to convert the "Southern Pine Use Guide" into metric and Spanish.	
		SPC collects hundreds of trade leads annually for distribution to members only.	
		In coordination with the Softwood Export Council, SPC has developed SYP sample displays for use at trade shows, seminars, and other events.	
		AMSO maintains in-country consultants in China, the UK (territories includes UK, Middle East and India), Mexico, the Caribbean, and Korea to serve as "boots on the ground" for guidance on opportunities and trade constraints in the target countries.	
Worldwide -- Market access	Tariff and non-tariff barriers threaten exports of Southern Pine lumber.	SFPA has been appointed to serve on the U.S. Commerce Department's Industry Trade Advisory Committee for Forest Products (ITAC-5). A position on the committee enables the Southern Pine industry to take direct and immediate action on trade barriers and help shape trade negotiations between the U.S. government and its trading partners. Representation on the committee is important as SFPA is the <i>only</i> group on the committee representing softwood lumber producers. SFPA was represented at a recent ITAC meeting and defended the interests of the Southern Pine industry in several areas.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
		An increasing number of countries are implementing policies and systems to verify the legality of wood entering their markets. Trading partners, particularly in Asia, are increasingly asking the U.S. to document laws that govern forest management practices in the U.S. and the required documentation that can prove legality of U.S. wood products. SPC and other wood trade associations are assisting USDA in providing a unified response to the Asia Pacific Economic Cooperation Expert Group on Combatting Illegal Logging (APEC EGILAT).	

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		With the exception of China (see above), forest product exports have not faced increased tariffs resulting from a "trade war" stemming from the White House's efforts to curb imports. The U.S. faces no new tariffs on exports to Canada, Europe, Mexico, and other trading partners. SPC is monitoring developments closely and welcomes input from members.	
		The U.S., Canada, and Mexico have recently completed re-negotiation of the NAFTA agreement (now called the USMCA). SPC engaged negotiators to ensure that tariffs on U.S. lumber exports remain at zero and to improve transparency on phytosanitary measures (eg., KD requirements for lumber).	
		The U.S. is entering negotiations on free trade agreements with Japan, the United Kingdom, and the European Union, presenting opportunities for further access to those markets and reduced tariffs. SPC is engaging with negotiators in the interest of the SYP industry.	
Worldwide – USDA/FAS funding	SPC receives roughly \$1.2 million in USDA/Foreign Agricultural Service funding to conduct its international programs	Obtaining funding and assuring the integrity of SPC’s programs is a constant and diligent effort. SFPA underwent an FAS audit in April. SFPA completed its Unified Export Strategy (application for funding) for 2019.	
		The 2019-2023 Farm Bill fully funds export development programs that SPC relies upon for its international programs. SPC is awaiting a funding decision for the upcoming fiscal year. In addition, SFPA has approval for Emerging Market Program funds in Central America.	
		Agricultural Trade Program (ATP) - USDA announced a \$12 billion package to assist U.S. agriculture producers facing decreased exports as a result of the trade war. The package includes \$200 million in additional funding to expand export markets. SFPA submitted an application for funding to undergo development work in Chile and enhance efforts in the Caribbean.	NOTE: 2019 events to be determined pending FAS announcement of FAS funding
		SPC completed an analysis of the return on investment of its international programs in 2016. In summary:	
		a. Twenty-five SPC members participated in the international programs;	
		b. 281 export trade leads were provided to SPC members; and	
		c. SPC members report over \$23 million in export sales resulting from their participation in industry trade shows and other events.	
		SPC received a \$18,500 <i>increase</i> in its 2018 FAS funding allocation, totaling \$906,319.	