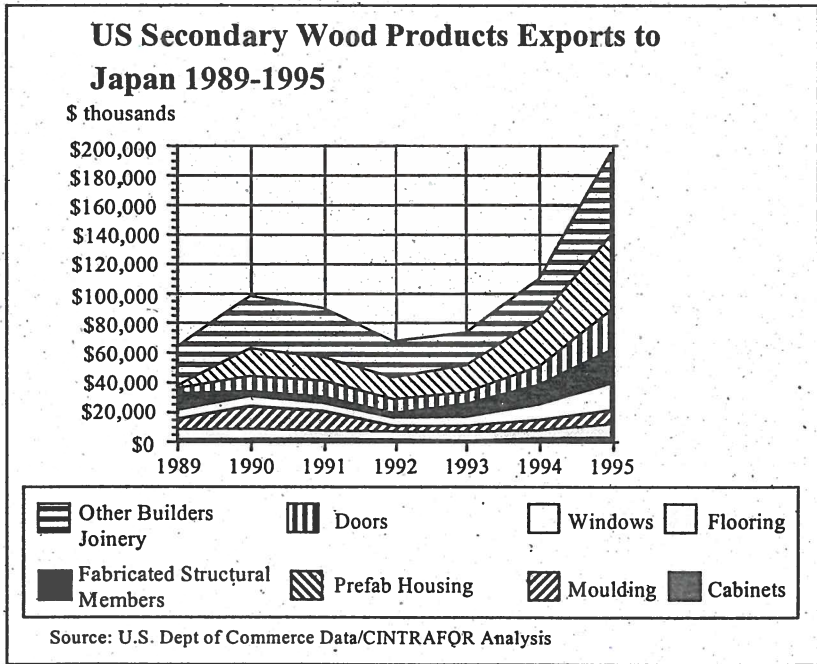


U.S. Housing Export Opportunities to Japan Conference

The Center for International Trade in Forest Products hosted the Housing Export Opportunities to Japan Conference for wood products exporters and builders interested in the Japanese housing market. Representatives from the U.S. and Japan governments, trade associations, and builders and architects, spoke to the audience about regulatory changes in the Japanese housing market. The Conference also provided companies interested in exporting to Japan with information about market entry and considerations for long term success in a market that requires commitment and quality.

An important building materials trade conference was held in Seattle on September 12 and 13 to focus on new opportunities for exporting building materials and housing to Japan. U.S. Ambassador Walter Mondale and high ranking Japanese representatives joined successful U.S. building exporters to share their insights on the deregulation of Japan's housing and building materials markets and what it can mean in the future.

Ambassador Mondale proposed the Conference to demonstrate that a breakthrough was more than in the making. While there have been announcements of trade breakthroughs before, this announcement was backed by robust export statistics and visible cooperation between U.S. and Japanese officials. Presenters from the Japanese government, included Shoichiro Umeno, Executive Director, Housing Urban Development Corporation, Tokyo, Matsuki Mihara, Counselor Director, Tokyo Home Corporation, and Yin Matsuno, Ministry of Construction. Officials in the U.S. Foreign Agricultural Service, the U.S. Department of Commerce, and Foreign Commercial Service, representatives from regional trade associations, and experienced exporters also shared their success stories while cautioning new exporters to do their homework on learning how to participate in the Japanese market.



CINTRAFOR provided U.S. export statistics indicating 200 percent gains in secondary manufactured products to Japan since 1989 with an 80 percent gain in 1995 alone. Doors, windows, joinery



products, fabricated structural products, structural panels, pre-fabricated homes, and cabinets all experienced strong growth.

The increase in these exports can be attributed to the Japanese government and the Ministry of Construction's (MOC) decision to deregulate housing and building materials markets, as part of a plan to lower the cost of new homes. Analyses by the MOC of comparative building costs between the U.S. and Japan concluded that construction projects which use domestic building materials are approximately 2.5 to 3.0 times the cost of building with imported building products. The Ministries of Construction, Justice, Health and Welfare, and International Trade and Industry, are supporting the "Emergency Priority Program for Reduced Housing Construction Costs." The goal of this program is to lower the cost of new homes by one-third by the year 2000 by encouraging building products imports and sponsoring programs to teach Japanese builders 2 x 4 home construction techniques. The superior performance of U.S. 2x4 construction during the Kobe earthquake also influenced the government's decision to transfer U.S. home building technology to Japanese builders through increased imports.

Significant highlights of the Conference included an announcement by the American Forest & Paper Association (AF&PA), the largest association of forest products firms in the U.S. The AF&PA announced that Japan's deregulation efforts have been significant and that Japan should be dropped from the Super 301 trade protectionist watch list under which countries who fail to open their markets are subject to sanctions from the U.S.

As part of the move to familiarize Japanese builders with U.S. construction techniques and building products, Washington State's Department of Community, Trade and Economic Development is sponsoring U.S. construction system technology training in Japan in cooperation with several of the experienced exporters in the Evergreen Partnership—the value-added export association for the region.

The Conference's keynote speaker, Rick Holley, CEO for Plum Creek Timber Company, emphasized the importance of Japan's change in construction standards as they move toward performance-based rules. Lumber grades from the Western Wood Products Association (Portland, OR) have been recently recognized in Japan, and lumber and plywood products from most other U.S. grading associations will likely be recognized in the near future.

Throughout the Conference, U.S. exporters shared their knowledge about factors that contributed to their success, and several trade agencies explained their role in opening the market and the services they provide to new exporters. The Conference concluded with open question and answer sessions on design, construction, materials, and distribution, each with spirited interchanges between firms that have experienced success and those still learning.

With over 40 speakers and moderators with extensive experience in every aspect of the business, the Conference drew an attendance of 300 as it showcased the dramatic progress being made with the PNW's leading trading partner. In support of the conference, the Japan-America Society in Seattle hosted a dinner at which Ambassador Mondale spoke. An overriding theme of the Conference was that developing a strong relationship with Japanese customers takes time but can be rewarding, culturally and commercially.