
NEWS RELEASE

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Ministry of Forests and Range

MORE FUNDING FOR MARKETING WOOD PRODUCTS IN CHINA

VICTORIA – Building on another record year for lumber sales into China, Forestry Innovation Investment (FII) has increased funding for China marketing by 17 per cent and sharpened the focus of its joint market development strategy with industry and the federal government, Forests and Range Minister Pat Bell announced today.

“We want to take advantage of the excellent reputation we’ve established in China as a world leader in wood products and building technology,” said Bell. “This increased funding allows us to pursue some tremendous near-term commercial opportunities – like roof trusses, infill walls and partition walls – as we continue to develop longer-term prospects like multi-storey wood frame construction. This more comprehensive marketing strategy will help us stay out in front of the competition.”

B.C. softwood lumber exports to China in 2009 have already hit an all-time annual high, 860 million board feet to the end of July, with five more months still to go in the sales year. Lumber exports to China have surpassed those to Japan for the first time ever, making China the number one off-shore market for B.C. in terms of volume.

To add to the momentum of the record-breaking sales, total funding through FII has been increased to \$5.06 million in 2009-10, up 17 per cent or \$726,000 over the previous year (2008-09). Combined with funding from industry and the Government of Canada, more than \$13 million is being directed to China marketing activities in 2009-10, up from \$8.6 million in 2008-09.

“The work in China is a great example of federal, provincial and industry collaboration,” said Bell. “By working together – Canadian forest companies, the Government of Canada, and the Province of British Columbia – we’re moving faster and making more inroads than we’d ever be able to accomplish separately. Funding from all parties has increased more than 50 per cent over the previous year.”

Natural Resources Canada, FII and industry recently updated their market development strategy for China. The revised strategy enhances the promotion of wood-truss roof systems and seeks to increase the demonstration of wood use for interior partition walls and exterior in-fill walls in concrete structures. British Columbia aims to take recent commercial roofing breakthroughs in Shanghai and transfer that success to other parts of the country such as the Beijing-Tianjin Corridor in northern China and the Sichuan Province in west-central China.

The strategy also calls for training and technology transfer programs with a wider scope, more interaction with mid-size and larger developers and designers, and an expanded government relations presence.

Working collaboratively with Canada Wood Group, FII expects to complete construction on a number of wood frame community infrastructure demonstration projects. FII also anticipates substantial support for the demonstration of wood frame housing in farming villages.

For more information about Forestry Innovation Investment marketing activities in China, visit <http://www.bcfii.ca/>.

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BACKGROUND

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KEY MARKET DEVELOPMENT STRATEGIES FOR CHINA

Forestry Innovation Investment (FII) and Natural Resources Canada, in co-operation with the B.C. forest sector through the Canada Wood Group, have an updated market development strategy to foster increased sales of forest products in China. The strategy includes the following goals and action plans:

- 1. Target the marketing of various species and grades of B.C. lumber to the areas with the greatest potential demand.**
 - Council of Forest Industries is promoting the use of spruce/pine/fir in earthquake reconstruction, and in urban re-roofing projects.
 - Coast Forest Products Association is promoting hemlock for aesthetic applications and treated hemlock for landscaping.
 - Promoting the use of lumber for interior partition walls and exterior in-fill walls in concrete structures.
 - Planning the first multi-storey, multi-family housing project in Shanghai based on a hybrid design of concrete and wood.

- 2. Promote the demonstration projects in the Sichuan earthquake zone to Chinese officials and developers.**
 - The Canada-B.C. Wenchuan Earthquake Reconstruction Project is a three-year, \$8-million project to rebuild public infrastructure using wood-frame construction:
 - The first project, the Dujiangyan Xiang'e primary school, was completed in time for the new school year that started Sept. 1, 2009.
 - Designs are now approved for the second project, the Mianyang Special School for the Disabled, with rebuilding scheduled to begin this fall.
 - Concept drawings for the third project, the Beichuan Leigu Town Central Elderly Care Centre, have been completed and approved.
 - Chinese officials have provided positive feedback on the energy efficiency and seismic performance (earthquake resistance) of the B.C. designs.
 - Leveraging Chinese interest by promoting the use of wood frame construction for low-rise, multi-family structures and single-family housing in rural areas.

- 3. Market B.C. as a supplier for the major reconstruction effort leading up to Expo 2010 in Shanghai.**
 - Shanghai's plans for refurbishing large areas of the city include renovating apartment buildings. Shanghai recently approved a B.C.-designed wood truss roofing system for use in these renovations. This major opportunity will be capitalized on by:
 - Developing software to make it easier for designers and architects to use the new roofing system.
 - Promoting the cost-competitiveness of wood roof systems compared to alternatives such as steel.
 - Promoting the energy efficiency and environmental merits of building with wood – an area of growing interest for Chinese officials.

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4. Increase recognition of Canadian wood and wood applications as inexpensive products that can be used in diverse ways.

- Branding Canadian wood as a cost-competitive, climate-friendly building solution with significant seismic benefits and application to a wide range of needs.
- The Coast Forest Productions Association and the Western Red Cedar Export Association will promote coastal species for landscaping and other applications.

5. Focus on larger buyers of wood products.

- With B.C. becoming well-established in China as a source of high-quality wood products, the emphasis is shifting to strengthening relationships with major buyers, including the China National Building Materials Group, a state-owned enterprise and holding company with 200 affiliates.

6. Continue technology transfer and training programs.

- Overcoming the skills gap in wood frame construction in China through technology transfer sessions and quality-assurance initiatives, and promoting the use of B.C. wood products in various applications.
- Adding more building, architectural and design experts to the on-the-ground team in China to meet the growing demand for wood applications.

7. Focus government relations on senior officials and decision-makers.

- Chinese officials are showing greater interest in wood frame construction and advanced wood technology. To leverage this increased interest, an industry trade mission is planned in November to build on the success of last November's trip led by the Minister of Forests and Range.
- Continued market research and collaboration by industry, FII and Natural Resources Canada is also planned to identify the best opportunities to further increase sales.

8. Continue work on updating Chinese building codes to make them compatible with B.C. wood products and designs.

- Working with Chinese officials to establish a codes and standards framework that favours the use of B.C. wood products in various applications, such as apartment building re-roofing projects.
- The next major initiative is to upgrade the codes to allow a mixed hybrid structure design of two concrete floors and up to four wood floors on top.

9. Broader geographic focus for marketing activities.

- B.C. focused on the Shanghai region to establish its original market presence, and is now extending marketing efforts to other provinces and cities in the northern and west-central regions of China.

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