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# **ADVANCING U.S. EXPORTS-BUILDING MATERIALS & WOOD TO GLOBAL MARKETS**

International Wood Products Association

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Cosmopolitan Casino & Resort

Las Vegas, Nevada

***Presented by***

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# *Presentation Outline*

1. National Export Initiative (NEI) Next.
2. Global Competitiveness of the U.S. Building Materials and Wood Industries.
3. Key Measures of U.S. Trade in Wood.
4. Leading Global Markets for U.S. Trade in Wood.
5. Global Demand Drivers for the U.S. Building Products and Wood.
6. Ways We Can Partner With You.



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NATIONAL EXPORT INITIATIVE  
**NEXT** 

- **NEI Next:** Announced by President Obama – May 2014.
- **Key Elements:**
  - 1) Customer-specific trade strategies (e.g., products, markets).
  - 2) Expanded access to USG information and data resources.
- **Goal:** To ensure American businesses are able to identify and pursue expanded overseas sales opportunities.



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# NATIONAL EXPORT INITIATIVE **NEXT**

## **NEI Next Strategies**

- 1. Identifying Potential Global Customers** – ITA will work with you to connect you with prospective business partners.
- 2. Trade Promotion** – ITA has trade promotion activities to increase foreign visibility of your products (trade shows, missions, etc.).
- 3. Opening New Markets** – Completing Major Trade Policy Negotiations:
  - 2009 Trans-Pacific Partnership (TPP).  
TPP Members: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, & Vietnam.
  - 2013 U.S.-EU Trans-Atlantic Trade and Investment Partnership (T-TIP).
- 4. Trade Finance** - Helping U.S. Exporters Obtain Export Financing.





# Globally Competitive

Leading Markets and Total U.S. Building Product Exports (2014\*)

Top Developed Economies		Top Developing Economies	
Canada	\$26.2 billion	Mexico	\$22.7 billion
EU	\$9.8 billion	China	\$6.5 billion
Japan	\$2.6 billion	Brazil	\$1.7 billion
Australia	\$1.3 billion	Saudi Arabia	\$1.6 billion
		India	\$776 million
<b>Total:</b>	<b>\$39.9 billion</b>	<b>Total:</b>	<b>\$33.2 billion</b>

Source: U.S. Department of Commerce, Bureau of Census, \*Annualized, based on data for Jan-Nov 2014

- In 2014, U.S. Building Products exports - \$92B to more than 105 world markets.  
**42% sector exports went to the leading developed markets**  
**34% went to the top developing markets.**
- On a level playing field, the sector is competitive in developed, emerging, or any other international market.



# U.S. Building Products

## Total Annual U.S. Exports

(2013: \$88 billion, 2014\*: \$91.8 billion **↑3.9%**)



### HVAC

2013: \$20 billion  
2014: \$20.5 billion **↑3.9%**

### Appliances, Lighting, Electr.

2013: \$23.1 billion  
2014: \$24.9 billion **↑7.7%**



### Non-ferrous Metal Products

2013: \$14.9 billion  
2014: \$15.2 billion **↑1.6%**

### Iron & Steel

2013: \$9.8 billion  
2014: \$9.9 billion **↑0.84%**

### Paint & Adhesives

2013: \$4.1 billion  
2014: \$4.2 billion **↑2.6%**



### Wood

2013: \$9.2 billion  
2014: \$9.9 billion **↑7.3%**

### Plumbing

2013: \$1.1 billion  
2014: \$1.05 billion **↓1.96%**



### Insulation

2013: \$1.04 billion  
2014: \$1.06 billion **↑11.2%**

### Concrete, Tile, Plasterboard

2013: \$1.03 billion  
2014: \$1.05 billion **↑1.5%**



### Glass

2013: \$1.1 billion  
2014: \$1.05 billion **↓4.7%**



### Doors & Windows

2013: \$790 million  
2014: \$816 million **↑3.3%**

### Cement & Asphalt

2013: \$522 million  
2014: \$535 million **↑11.7%**



### Stone

2013: \$224 million  
2014: \$234 million **↑4.4%**

### Miscellaneous Other

2013: \$755 million  
2014: \$819 million **↑8.4%**



\*Annualized based on Jan-Nov 2014 data

[Source: U.S. Census Bureau]

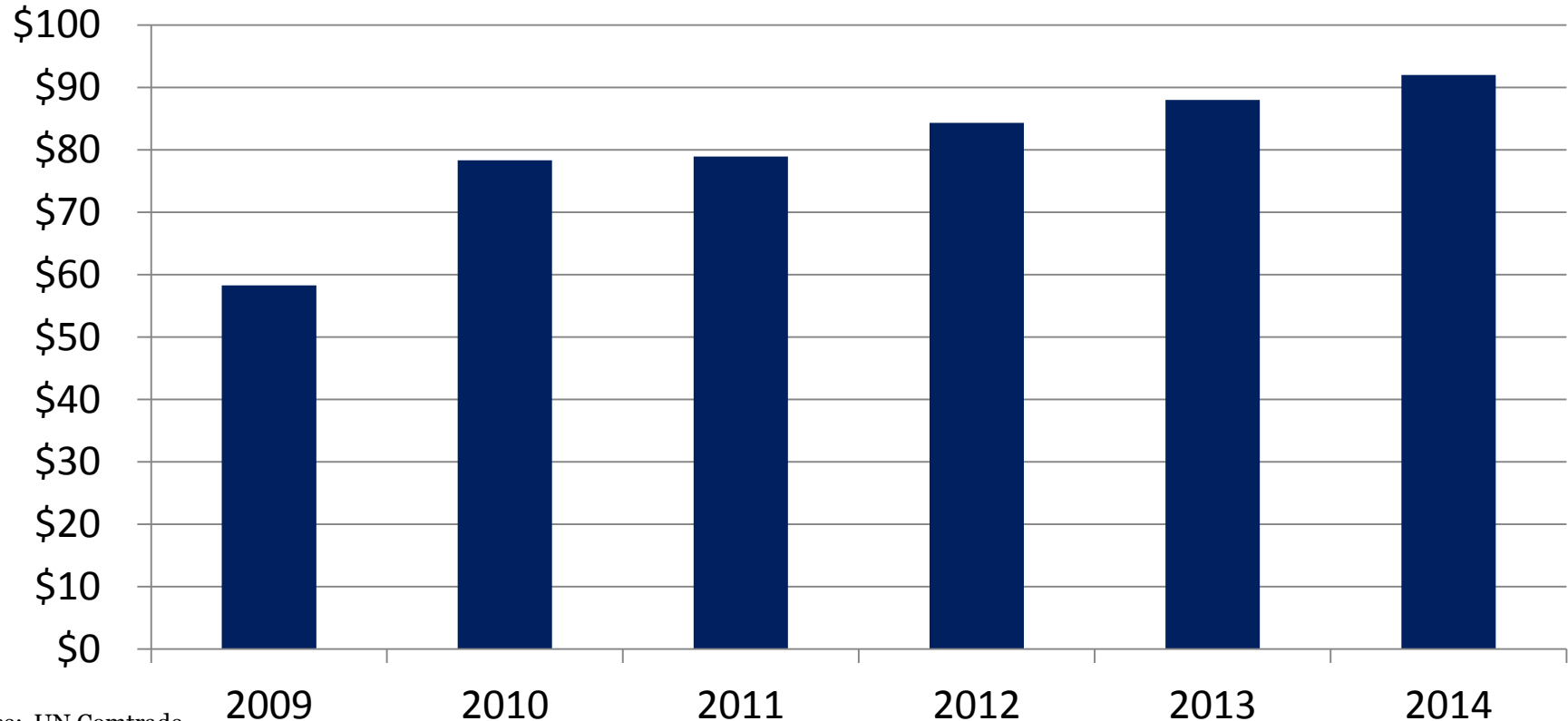


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# World Import Trends: U.S. Building Products

From 2009-2014, world imports of U.S. building products grew from \$58 billion to \$92 billion

World Imports (\$ billions)





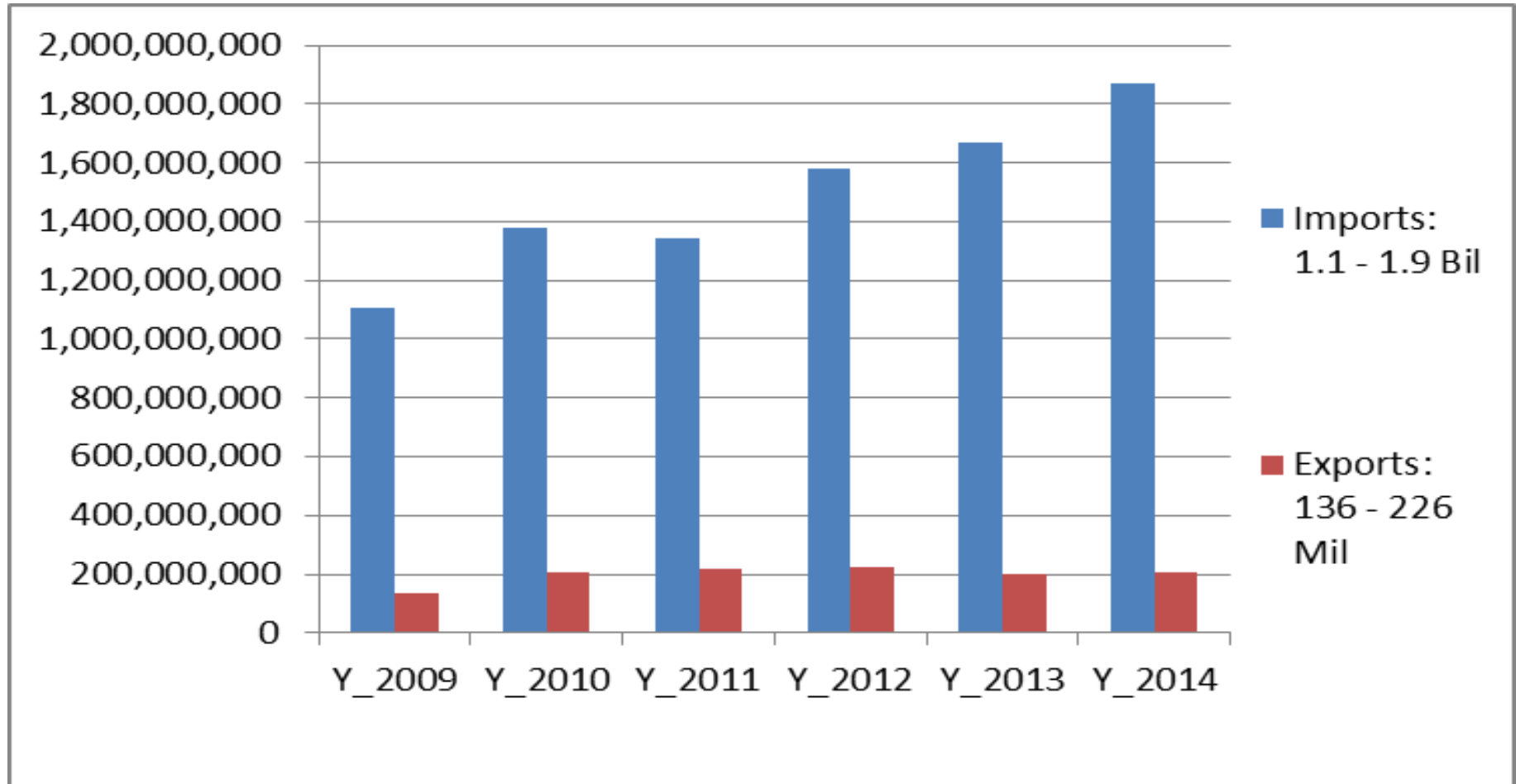
# Global Demand Drivers—U.S. Building Product Exports

- **Global Construction Growth Trends**
  - Global construction output growth of 67% between 2010 and 2020; far exceeds global GDP growth.
  - Much of this growth is in top export markets where U.S. building products compete.
  - China expected to hold position of world's largest construction market through 2020.
- **Trends in Sustainable Construction**
  - Global trend toward green building is intensifying; emphasis on energy efficiency.
  - Governments continue to incentivise and mandate green building; private sector buy-in has increased dramatically.
  - Global recognition of lighting's core role in improving building energy efficiency.
- **Transformation of Energy Mix**
  - As economies work to transition away from established sources of electric power, there is an imperative to embrace all opportunities to reduce energy demand.
  - Global recognition of the demand buildings place on energy supplies.



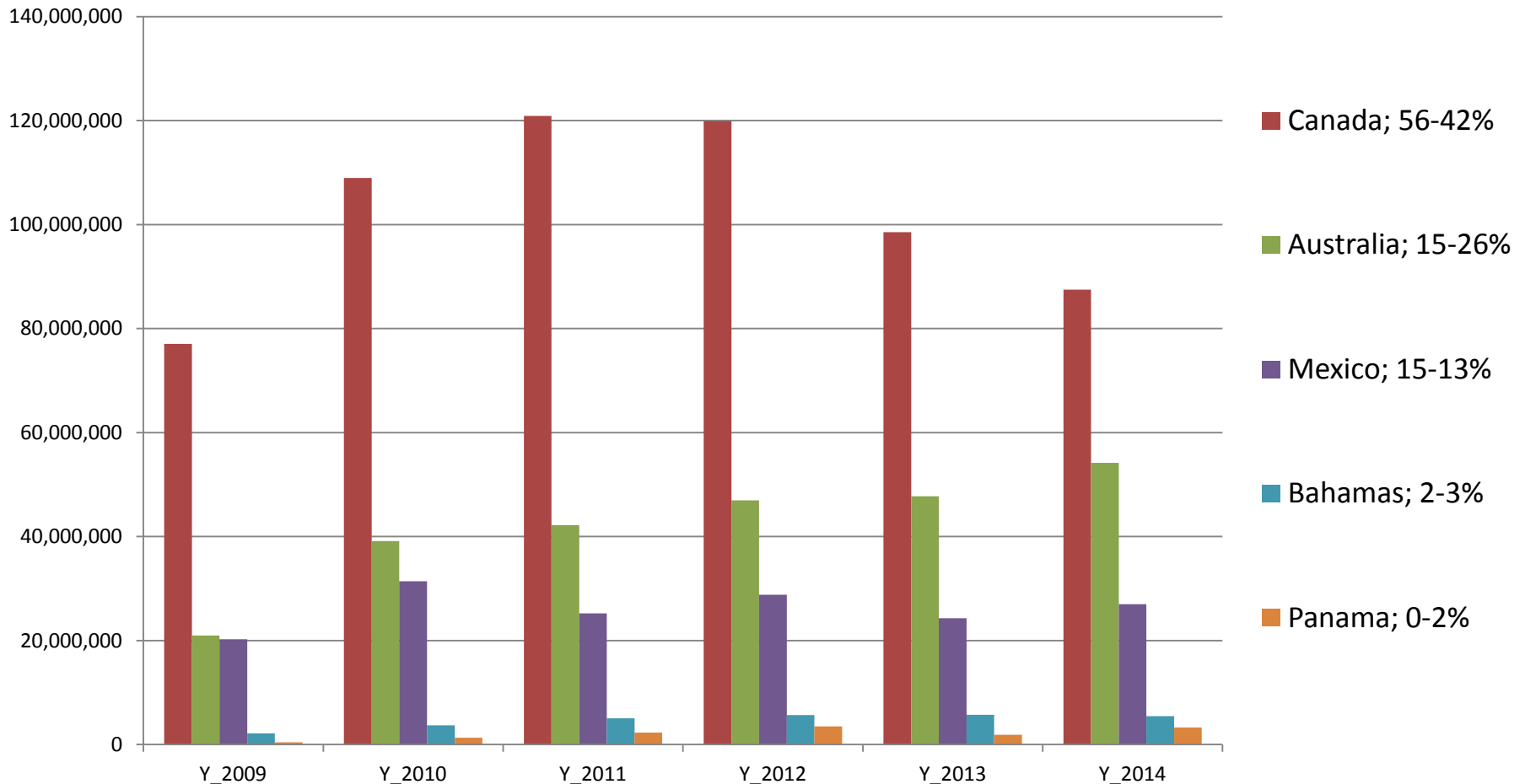


## Total U.S. Trade Laminate Flooring – USD





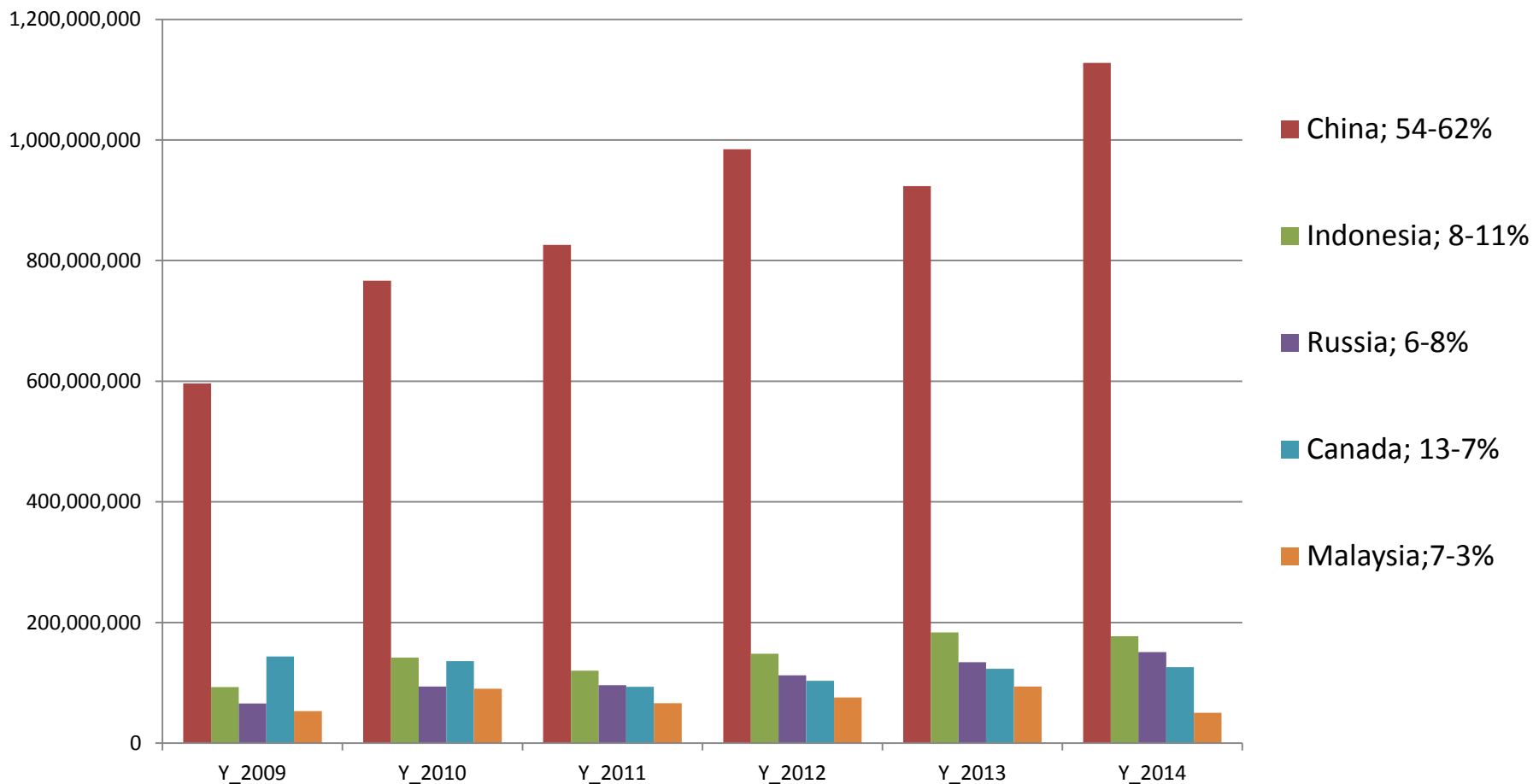
## Top 5 U.S. Export Markets Laminate Flooring – USD



Source: U.S. Census, includes HTS #'s 4412.31, 4412.32, 4412.94, 4412.99.

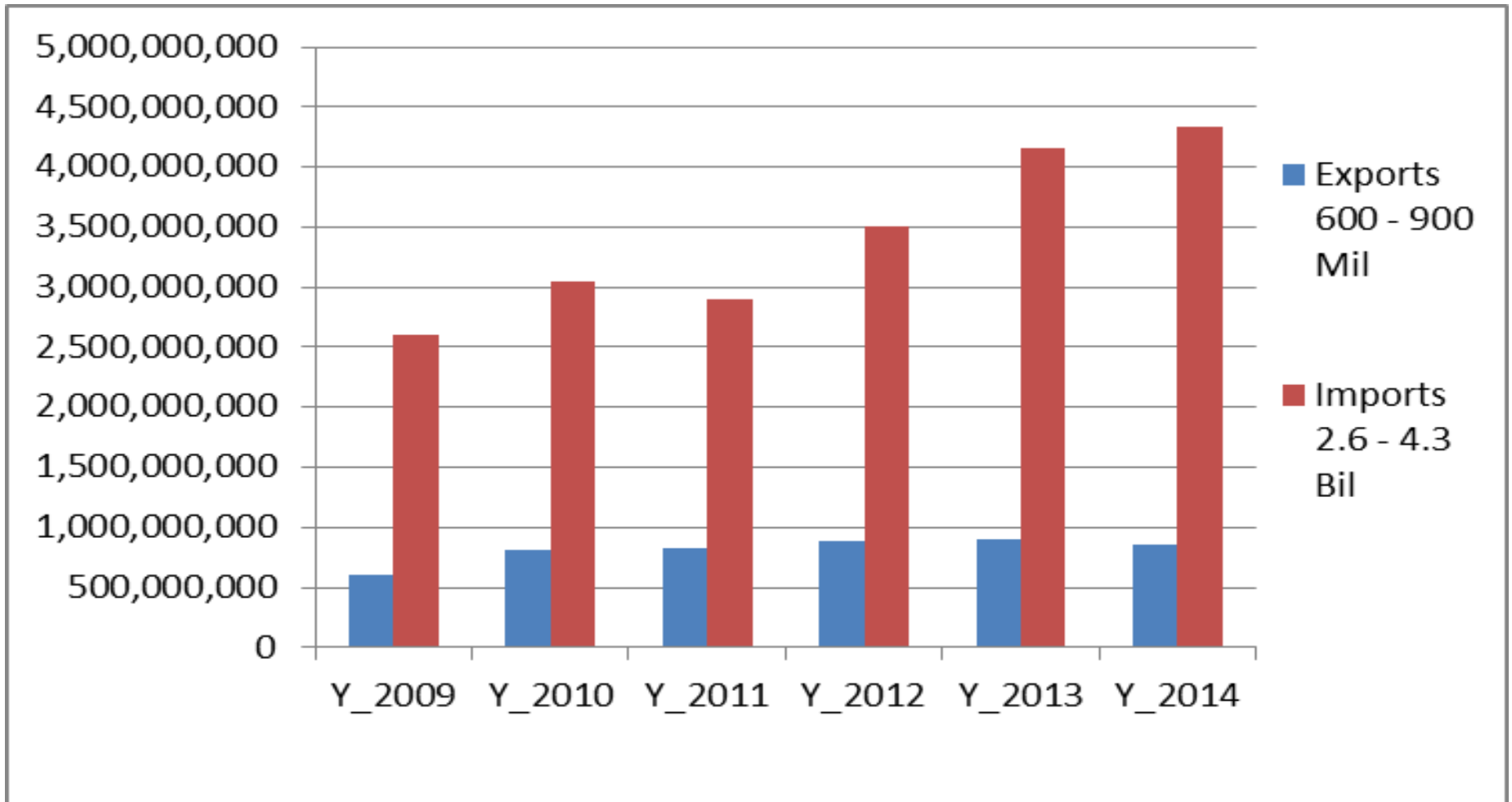


## Laminate Flooring Imports to U.S. Top 5 Countries – USD





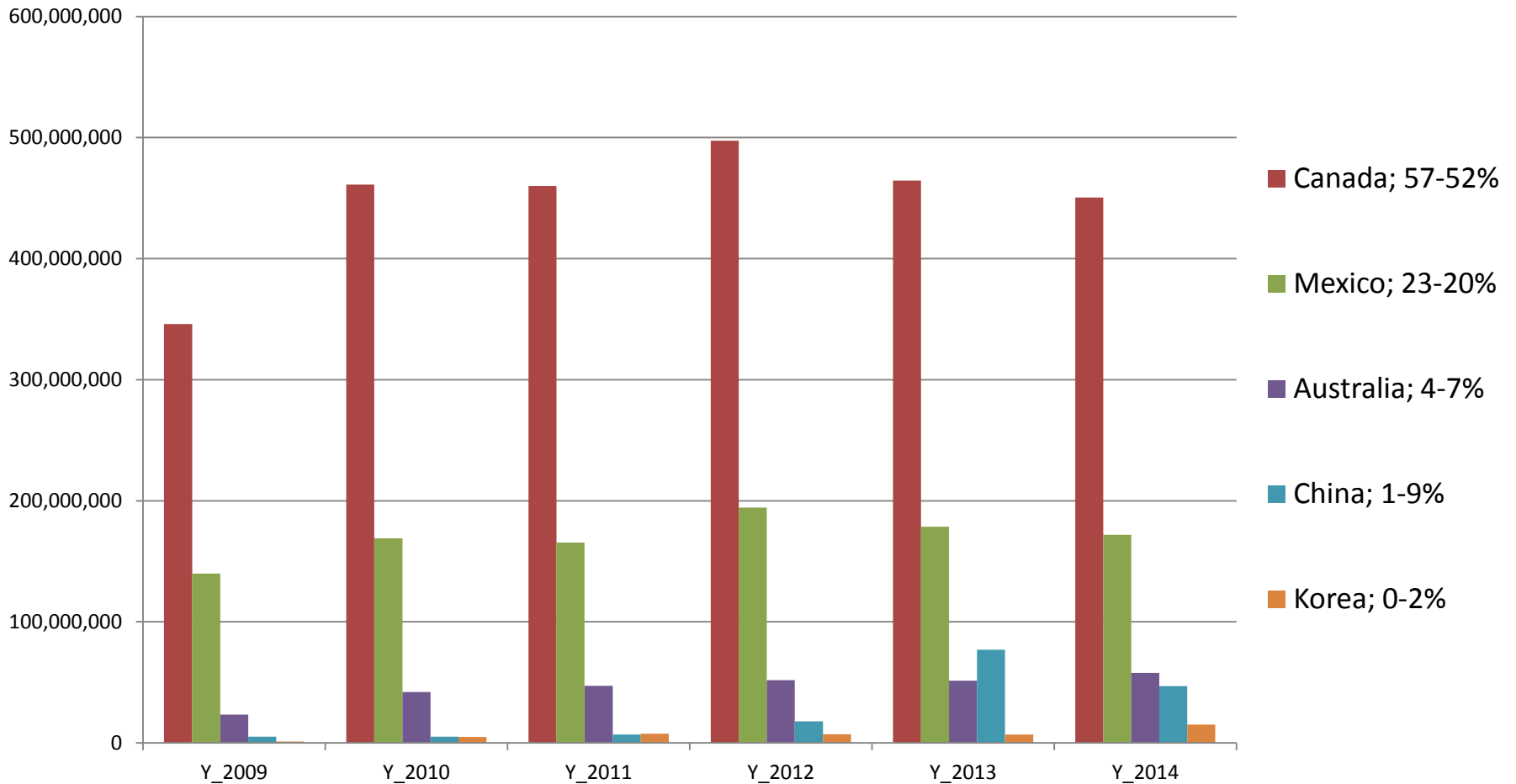
## Total U.S. Trade: Fiber/Particle Board, Plywood, OSB – USD







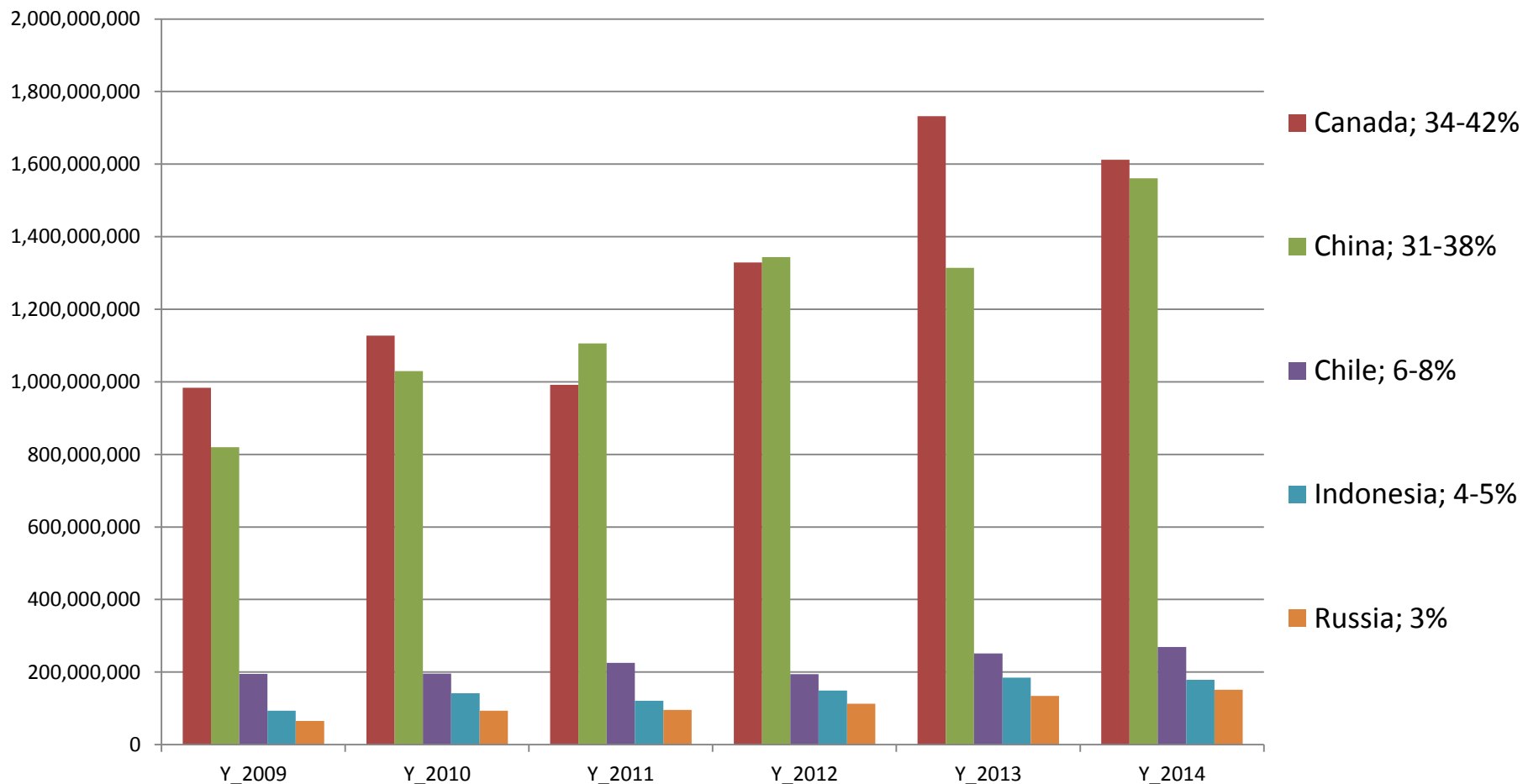
## Top 5 U.S. Exp. Markets Fiber/Particle Board, Plywood, OSB – USD



Source: U.S. Census, includes HTS #'s 4410, 4411, 4412.



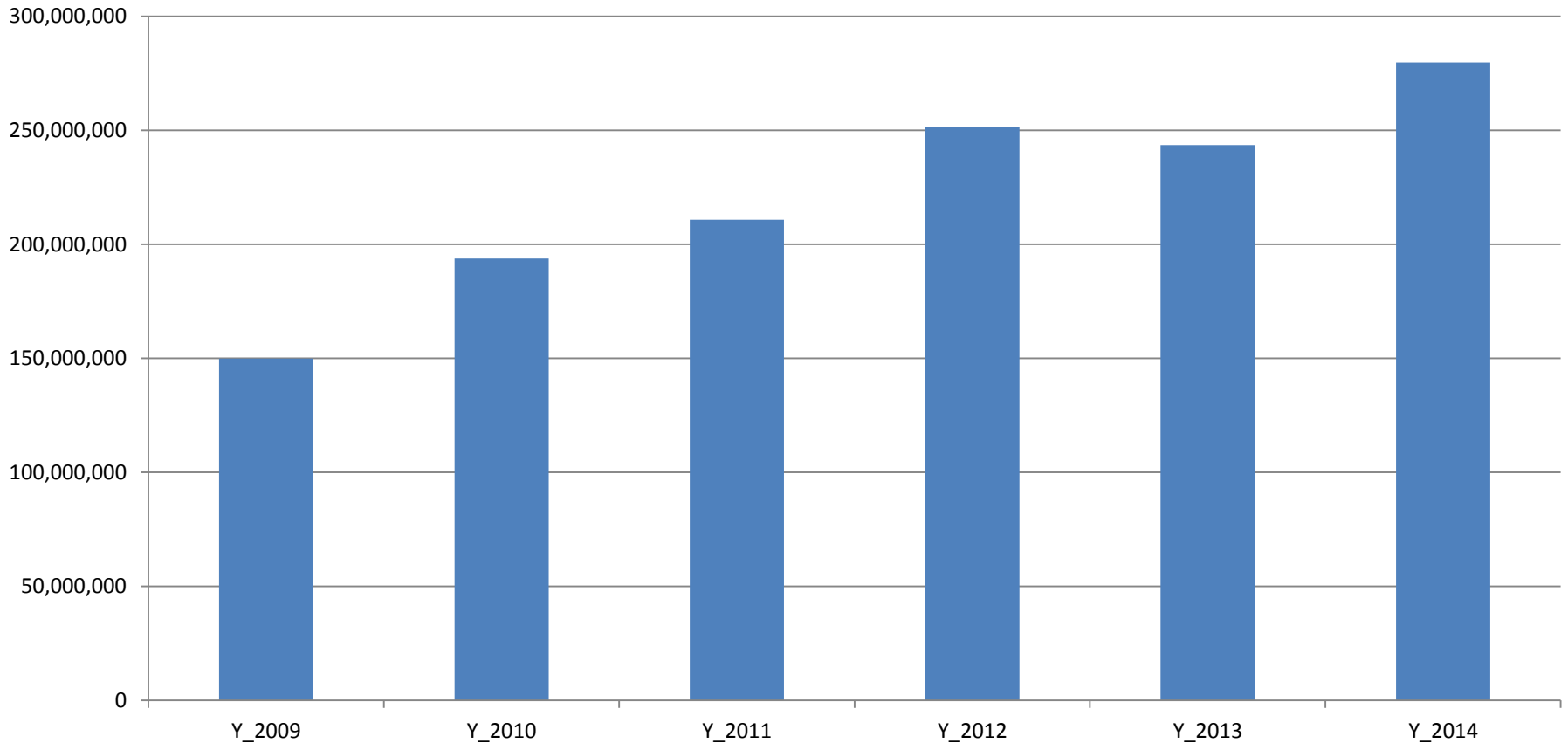
## Fiber/Particle Board, Plywood, OSB Imports to U.S. Top 5 Countries – USD



Source: U.S. Census, includes HTS #'s 4410, 4411, 4412.



## Total U.S. Imports of Tropical Wood



Top 10 Importing Countries account for 71-85% of U.S. Imports w/ Brazil & Ecuador 44-34% of U.S. imports (by '14 ranking: Brazil, Ecuador, Cameroon, Malaysia, Congo, Ghana, Indonesia, Fiji, Ivory Coast, Guatemala).

Source: U.S. Census, includes HTS #'s 4403.31 – 4403.49 (7 codes); 4407.21 – 4407.29 (9 codes).



## Demand Drivers – Construction

- The value of U.S. nonresidential construction spending rose 6.6 percent year-to-date in December 2014 compared to the same period in 2013.
- U.S. personal income rose 4.6 percent in December 2014 compared to the same month in 2013.
- The value of U.S. residential construction spending rose 3.8 percent year-to-date in December 2014 compared to the same period in 2013.
- Housing Transition for Older Adults – Residential real estate markets will shift over the next 20 years as Americans age 50 and older move toward retirement and sell their primary residences, according to RealtyTrac. A new report by Harvard University’s Joint Center for Housing Studies indicates that the number of people 50 and older in the US is expected to rise 20%, to 132 million, by 2030. The growing Hispanic population will fuel future home buying and push home values higher as the group flexes its nearly \$1.5 trillion in purchasing power annually. They’ll also remodel and in outfit their homes.





## Demand Drivers Continued...

- Demand for lumber and plywood can rise or fall sharply in local construction markets. In some markets, new home construction activity can vary by more than 30 percent or more in a 12-month period.
- The fragmented nature of the lumber and plywood industry makes predicting supply, which fluctuates monthly, difficult. Prices can change 10 or 15 percent in a short time.
- U.S. durable goods manufacturers' shipments of wood products, an indicator of demand for sawmills and plywood mills, rose 11.6 percent year-to-date in December 2014 compared to the same period in 2013.
- U.S. Residential Remodeling Market to Grow in 2015 — U.S. residential remodeling spending is expected to rise by 4 to 5 percent in 2015 and reach a value of at least \$330 billion, according to Harvard's Joint Center for Housing Studies — its highest level since 2007.



## Demand Drivers Continued...

- U.S housing starts and residential building permit activity increased in January 2015 compared to the same period a year earlier.
  - Permitting activity increased 11.3 percent, led by projects involving between two to four units, which rose 29.9 percent. Building permits for projects of five or more units grew 18.2 percent, while single-family permitting rose 4.6 percent.
  - U.S. housing starts saw a rise of 8.8 percent on strong growth for projects of five or more units, which increased 17.1 percent, followed by single-family starts which were up 4.9 percent.
  - Projects involving between two to four units saw gains of 2.1 percent. U.S. demand for single-family housing is growing, but supplies are tight and home prices are rising, according to the National Association of Realtors (NAR).
  - While interest rates remain low, some potential home buyers are postponing buying decisions due to a lack of new and affordable listings.



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# International Trade Administration

- Strengthens the competitiveness of U.S. industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of our trade laws and agreements.
- Works to improve the global business environment and helps U.S. organizations compete at home and abroad.



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# International Trade Administration

- **Industry & Analysis** – ITA’s industry, trade, and economic experts who advance the competitiveness of U.S. companies. I&A leverages ITA’s relationships with manufacturing and services industries to increase U.S. exports.
- **Global Markets** – ITA’s country and regional experts, overseas and domestic field staff provide U.S. firms with the full suite of country-specific export promotion services and market access advocacy, while promoting the United States as an investment destination.
- **Enforcement and Compliance** –enforces U.S. trade laws and ensures compliance with trade agreements negotiated on behalf of U.S. industry.





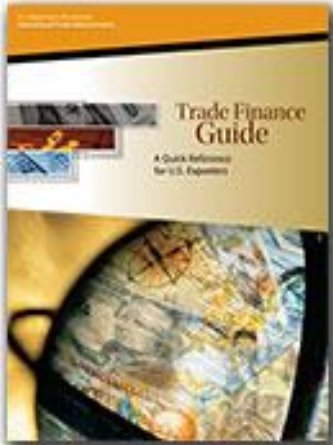
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## The Industry Trade Advisory Committee

### A Unique Public-Private Partnership – Industry’s Voice in U.S. Trade Policy

- Since 1974, the U.S. Department of Commerce and the U.S. Trade Representative (USTR) have worked side-by-side with business leaders who serve as industry trade advisors to the U.S. Government.
- USTR/Commerce jointly administer the Industry Trade Advisory Committee (ITAC) system to reflect today’s U.S. economy & vision for the future ([www.trade.gov/itac](http://www.trade.gov/itac)).
- Currently, approximately 370 industry representatives serve as advisors to Commerce and USTR with a diverse representation of private industries ranging from small to large companies and from all U.S. geographic regions.
- Commerce and USTR consider the ITACs to be an integral part of the U.S. trade policy-making process. Advisors have direct access to policymakers and negotiators to offer industry positions on U.S. trade policy and negotiating objectives.
- Related ITACs: ITAC 2 – Automotive Equipment & Capital Goods; ITAC 7 – Forest Products; ITAC 9 – Building Products, Construction, & Non Ferrous Metals.

# ACCESS TO EXPORT FINANCING



- Export Development and Working Capital Financing
- Facilities Development Financing
- Financing Your International Buyers
- Investment Project Financing
- Feasibility Studies



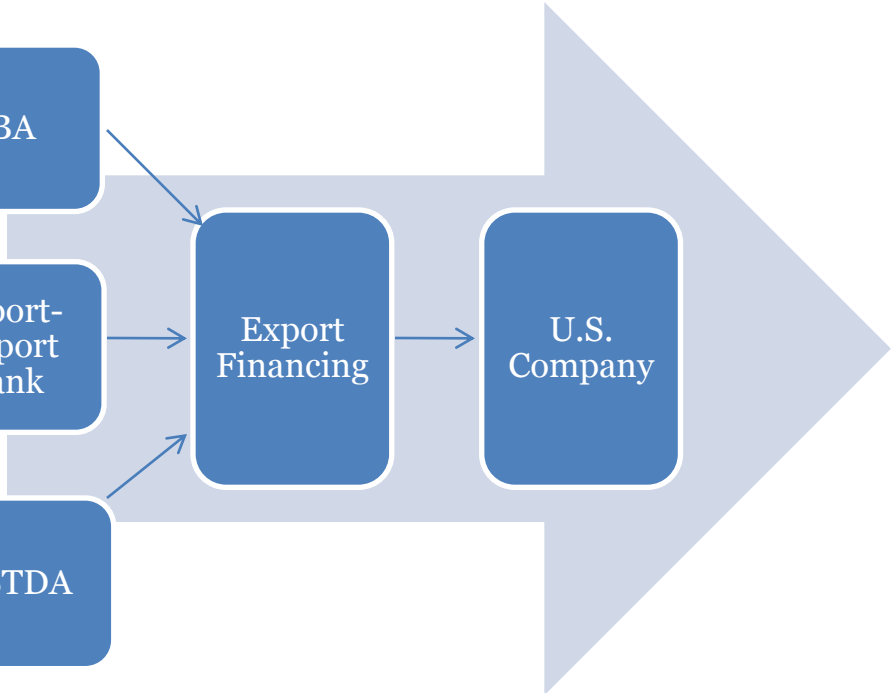
SBA

Export-  
Import  
Bank

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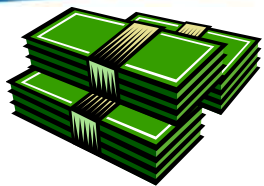
Export  
Financing

U.S.  
Company





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## **MARKET DEVELOPMENT COOPERATOR PROGRAM**

*Promoting Trade via Public-Private Partnership*

An MDCP award:

- Establishes a **partnership between ITA and non-profit industry groups** (trade associations, chambers of commerce) which are effective in reaching small and medium-sized enterprises).
- Includes **financial and technical assistance** from the International Trade Administration (ITA) - - individual **award limit: \$300,000.**
- Applicants compete for a limited number of MDCP awards by proposing innovative projects that enhance their industry's export competitive position.
- Industry groups pledge to pay a minimum of two-thirds of the project cost and to sustain the project after the MDCP award period ends.
- Funds usage: up to 3 years.
- Track record: avg. \$124 in exports for every \$1 of MDCP awards made.



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## **Related Building Materials and Machinery MDCPs**

- Portland Development Commission (PDC)  
We Build Green Cities Initiative (Japan, China, Columbia, Mexico)
- ASTM International MDCP  
Standards and Codes for Sustainable Construction (Gulf Region)
- International Association of Plumbing and Mechanical Officials  
Water For Indonesia Now (WIN)
- Evergreen Building Products Association  
U.S. China Build Program
- Association of Manufacturing Technology  
Technology assistance center in Sao Paulo Brazil – Machine tools
- Duquesne University Small Business Development Center (DUSBDC)  
Construction equipment and building materials in Latin America





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## *Data and Information Resources (Links)*

TradeStats Express (TSE):

<http://tse.export.gov>

Trade Information Policy System (TPIS):

[http://tpis.ita.doc.gov/TPIS\\_PUBLIC/](http://tpis.ita.doc.gov/TPIS_PUBLIC/)

FTA Tariff Tool:

<http://export.gov/fta/ftatarifftool/>

Trade Statistics Main Page:

<http://www.trade.gov/mas/ian/tradestatistics/index.asp>

U.S. International Trade Commission (ITC) Trade Data Web:

<http://dataweb.usitc.gov/>

Bureau of Labor Statistics (U.S. Department of Labor):

<http://www.bls.gov/data/>





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# Thank You

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