

Overseas Market Information



USA

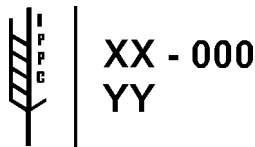
Implementation of Wood Packaging Material Certification (ISPM-15) in USA

Effective September 16, 2005, wooden packaging materials (e.g., pallets, crates, boxes, and dunnage) imported into the United States must be heat treated or fumigated with methyl bromide and marked with the International Plant Protection Convention (IPPC) logo and appropriate country code designating the location of treatment. Additional paper certifications will not be required. Implementation of the new requirements has been delayed one year from their date of publication to give affected parties time to comply with the new requirements. The approved measure that have been adopted are as follows :

- Heat treatment of wood packaging which requires heating of the timber to a minimum core temperature of 56° C for a minimum of 30 minutes (HT) or
- Fumigation, using Methane Bromide (MB) to the relevant specification.

ISPM-15 also recommends that wood should be debarked prior to treatment by an approved measure (DB). Following repair, the entire item of wood packaging must be re-treated and re-marked. This includes repaired, recycled and re-manufactured wood packaging material. For example, pallets marked HT that are repaired must be re-heat treated in their entirety (i.e., the complete pallet). The accreditation mark of the repairer must be applied.

Example of the WPM mark



- XX represents the ISO country code.
- 000 represents the unique number assigned by the national plant protection organization.
- YY represents either HT for heat treatment or MB for methyl bromide fumigation.

Exemptions

WPM made entirely of manufactured wood material (e.g. particle board, plywood, oriented strand board) and wine and whiskey barrels, or WPM made entirely of thin pieces of wood, (6 mm thickness or less) is exempted from the treatment and marking requirements. WPM made of Canadian origin wood is also exempted from the treatment/marketing requirements (7CFR 319.40-3). Since determining wood origin will be very difficult

and Canada is implementing ISPM-15 requirements, WPM arriving from Canada will be allowed to enter the U.S. without the IPPC mark. WPM from Canada will be inspected for pests.

Implementation Phases

The revised WPM regulation is effective September 16, 2005. During the 1 year of implementation phase, WPM may be imported if in compliance with either current import requirements or the international standard for WPM (ISPM-15). WPM imported from all countries **other than China or Hong Kong** must be : 1. Free of bark, or 2. Accompanied with documentation stating the WPM was treated with T404 (methyl bromide or kiln dried) or its equivalent, or heated to a minimum of 71.1° C for 75 minutes, or 3. Treated and marked in compliance with ISPM-15. WPM not in compliance with the above requirements must be treated, destroyed or re-exported.

Motor Vehicle Aftermarket Overview

The motor vehicle aftermarket is a significant sector of the U.S. economy employing approximately 4.6 million people. This industry encompasses all products and services purchased for light and heavy duty vehicles after the original sale including replacement parts, accessories, lubricants, appearance products, service repairs as well as the tools and equipment necessary to make the repair. Sales in the automotive aftermarket (cars and light trucks) totaled \$182.5 billion and are forecast to grow to more than \$ 140.1 billion by the end of 2004. In 2003, sales in the heavy duty vehicle aftermarket totaled \$ 62.1 billion.

Casting Imports in 2004

Imports of castings are forecast to increase to 2,602,000 tons in 2004, 18% of casting shipments in the U.S. As shown below, imports of gray iron castings are expected to rise to 1.4 million tons, 29% of total casting shipments. Aluminium die casting imports are forecast to increase to 19% of shipments. Imports are forecast to rise 5% per year for the next 7 years to near 3.0 million tons, which would amount to 20% of shipments.

Metal	Shipments	Imports	Imports' % of Shipments
Gray Iron	4,891,000	1,426,000	29
Ductile Iron	2,454,000*	406,000*	17
Malleable Iron	82,000	21,000	26
Steel	1,255,000	167,000	13
Aluminium Die Cast	1,364,000	255,000	19
Aluminium PM/Sand	1,045,000	185,000	18
Brass/Bronze	321,000	64,000	20

\* Not including pressure pipe.



EEPC INDIA



### Capacity Utilization

The foundry industry has undergone a tremendous change in the last 50 years caused by many technological and economic factors. In 1955, there were 6150 foundries in the U.S. It is estimated that the industry will decline to 2,480 foundries in 2004, comprised of 80% with less than 100 employees. Despite some new and expanded facilities, it is estimated that a loss of casting supply of 255,000 tons is to occur in 2004 vs. 2001. Below indicates the forecast capacity and utilization rates. A total of 3.3 million tons of surplus supply is forecast for 2004 with 2.3 million tons of that in iron foundries.

<i>Metal</i>	<i>Capacity (Tons)</i>	<i>Utilization (%)</i>
Iron	11,930,000	81
Steel	1,510,000	83
Aluminium	2,915,000	83
Copper-Base	400,000	80
Magnesium	140,000	94
Zinc/Lead	410,000	84
Other Non-ferrous	70,000	74
Investment	200,000	83
<b>Total</b>	<b>17,575,000</b>	<b>81</b>

(Source : EEPC Chicago Office)