Shipments of shingles and shakes were about 4.5 million roof squares in 1986 with over 90 per cent of Canadian production exported. Exports to the United States totalled 3.9 million squares in 1986, down slightly from 4.1 million squares in 1985. Canada has the largest reserves of western red cedar in the world and accounts for over three-quarters of U.S. consumption of red cedar shingles and shakes.

Asphalt shingles account for the bulk of the total U.S. roofing market. Western red cedar shingles and shakes currently account for only about 3.6 per cent of the total U.S. roofing market, down from 5.8 per cent in 1977. This market loss to other roofing materials, due in large part to fire safety concerns, reduced the total demand for western red cedar shingles and shakes and created new protectionist sentiments in the U.S. industry. As a result, the United States imposed a 35 per cent tariff on imports of western red cedar shingles and shakes in the summer of 1986 as a temporary safeguard action. Eastern Canadian producers were not affected. This tariff had the effect of driving up prices to the benefit more of U.S. timber owners than mill producers and further eroding market share to other roofing products.

A U.S. tariff, effective June 6, 1986, was imposed under Section 201 of the U.S. Trade Act. Under the terms of the original decision, the tariff will be maintained until December, 1988, then reduced to 20 per cent for the next two years and to eight per cent for the final six months. However, the President may, following the two-year review by the International Trade Commission, choose to eliminate the tariff rather than reduce it to 20 per cent.

On October 23, 1987, the Government of Canada entered into a $21 million market development program with the Fraser Valley Independent Shake and Shingle Producers Association of British Columbia. Both Canadian and U.S. producers will be involved and contributing towards a major promotional and educational effort to increase the demand for cedar shingles and shakes in the U.S. market.

Converted Wood Products

Converted wood products encompasses those industries which use primary wood products (lumber and wood-based panels) to manufacture products such as kitchen cabinets (20 per cent of production), prefabricated houses (15 per cent), windows (18 per cent), doors (14 per cent), and wooden pallets and boxes (seven per cent). There are about 1,900 producers located across the country. Employment in 1986 is estimated to be about 32,000. The industry is concentrated in Southern Ontario (35 per cent) and Quebec (25 per cent), while British Columbia accounts for another 15 per cent of production. For the most part, plants are located in or near urban centres to service local markets.

Many companies are small-to-medium sized and are not integrated with the primary wood producers. The industry's growth is dependent on highly cyclical home building and home renovation. A few leading companies account for a significant share of production which in 1986 amounted to an estimated $3.0 billion. Exports totalled $450 million and imports $233 million in 1986.