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### **Future Outlook**

Most segments of the forest industry are operating at virtually full capacity with record levels of production and profits.

Over the medium term, production and prices for pulp and paper are expected to stay firm since no major increases in world productive capacity are planned until the early 1990s. The medium-term outlook for wood products is not as favourable as for pulp and paper, since housing activity in North America is expected to decline over the next few years.

Over the longer term, leading international experts and forecasting groups are projecting world demand for forest products to continue to grow to the turn of the century, although not at the rate experienced over the previous two decades. Overall demand for paper and paperboard is forecast to grow two to three per cent annually, while the growth in consumption of wood products will be less (ie. one to two per cent per annum). Competition has increased in world markets and will continue to do so as new producers come on stream in both traditional and non-traditional producing areas.

Growth in demand will vary according to specific products. However, as a general rule, the highest growth will be recorded in higher value-added and specialty segments of each product category for the remainder of this century and beyond. Primary products, such as pulp, lumber, and newsprint, which are presently the mainstay of the Canadian forest products industry, will continue to grow in volume but will remain dependent on mature markets and levels of growth somewhat less than Gross National Product. These latter product sectors are also the area where developing countries are expanding production.

For Canada, future growth and international competitiveness will depend largely on the forest industry's ability to produce higher-value products. This, in turn, will require greater emphasis on technological development, marketing skills and improved access to foreign markets.