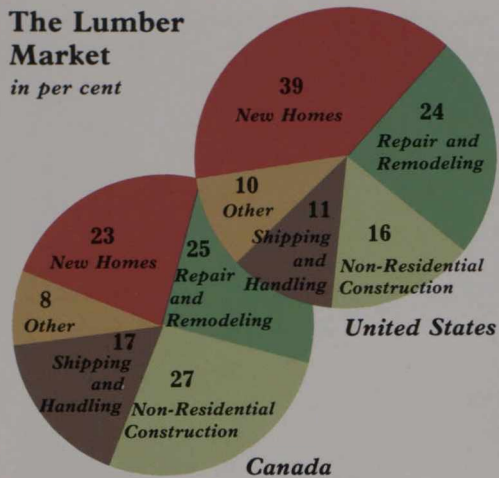


The Lumber Market in per cent



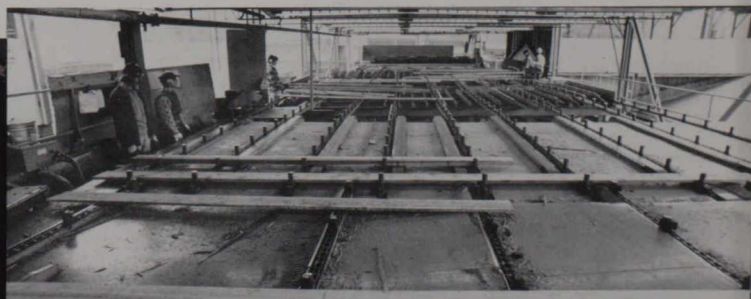
A Hidden Tax . . . on Home Buyers

"The timber industry is important to those of us in the building industry and we would hope our domestic timber industry could be strengthened. However, we strongly question whether a hidden tax of several billion dollars on American home buyers is the best way of doing it."

John J. Koelemij,
President, National Association
of Home Builders, before the
Senate Finance Committee, Sept.
19, 1985.

Western Red Cedar

Canadian mills have modern electronic equipment.

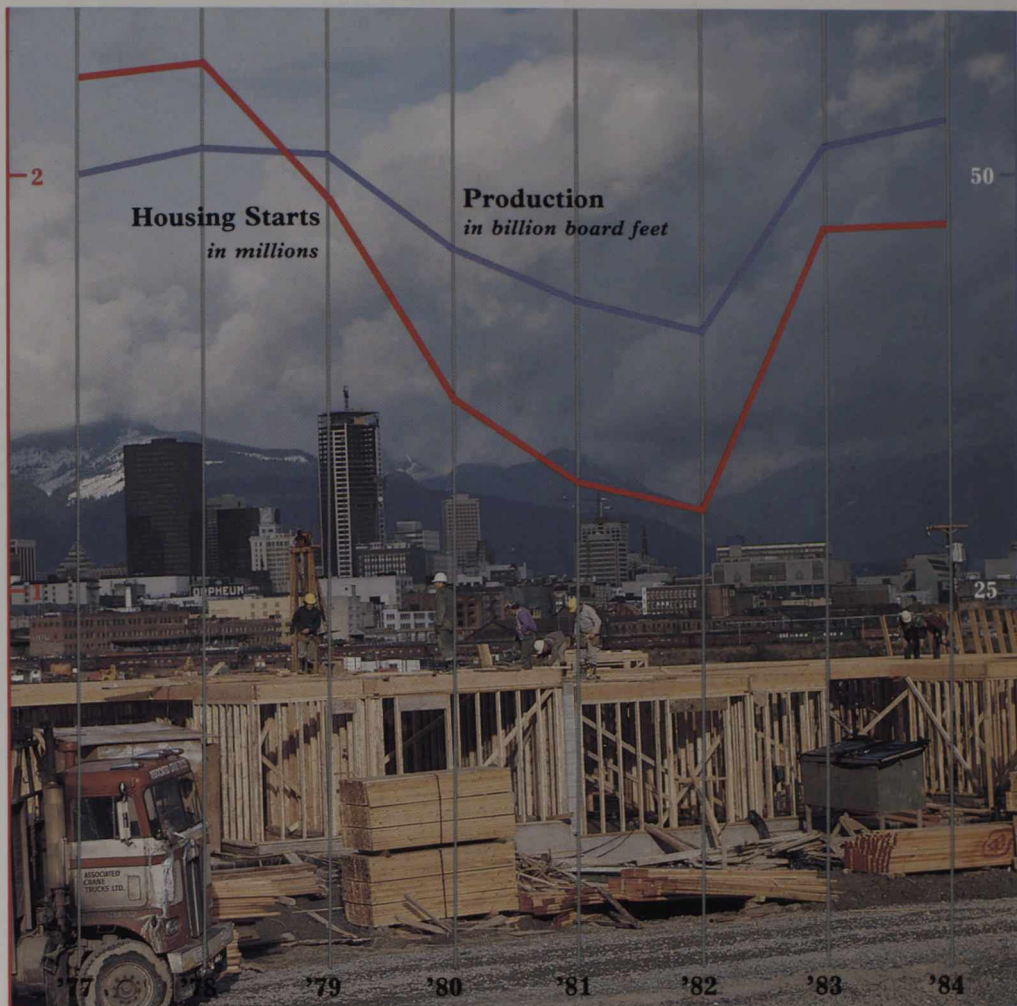


The Work Force

The increasing mechanization of the softwood mills has cut the work force in both countries, more severely in Canada.

According to the International Woodworkers of America, between 1978 and 1984 the work force in the United States fell by 15 per cent, the Canadian force by 18 per cent.

MacMillan Bloedel Ltd.



Housing Starts and Lumber Production in North America

"It is estimated that about 39 per cent of the annual U.S. consumption of softwood is used in new residential construction." **ITC Report.**

The prosperity of the American and Canadian lumber industries largely depends on the number of houses being built.

A dramatic drop in domestic building in 1981 and 1982 had a drastic effect on the lumber market.

It was followed, however, by a strong upturn. Housing starts in both countries rose from a total of 1.2 million in 1982 to 1.8 million in 1984. In response North American softwood production went up 31 per cent, from 40.7 billion board feet to 53.4 billion board feet.