

Despite this situation, as already indicated, there are some 100 companies throughout the sector that are internationally competitive; could survive increased import competition, have a strong financial structure, are aggressive in market development and have exploited significant niches of export market opportunity, both domestically and internationally. In recent years, exports by these companies have grown significantly and currently stand at some \$350 million or about 15 percent of current total industry shipment. These exporters are competing on the basis of quality and service as well as price and because of their flexibility of production, are often better able than their competitors to supply. This is particularly the case in the rapidly expanding world market for renovation and DIY products.

To maintain or enhance its future competitive situation, the sector will need to respond positively in a number of critical areas.

1. An increased export emphasis in world markets by the stronger companies where niche opportunities exist.
2. Respond aggressively in domestic markets to increased import activity.
3. Improve capacity utilization rates throughout the sector to improve profit margins and financial strength.
4. Increase company size and product specialization to lengthen production runs and reduce per unit costs.
5. Increase raw material utilization rates to reduce per unit costs.
6. Update to state-of-the-art levels of machinery and equipment to promote greater production efficiency.
7. Emphasis on product improvement and innovation in an attempt to penetrate new export niches of opportunity.

The implications, both regionally and sectorally, of such a stance by the sector point to the need for continued movement toward consolidation and rationalization. Currently there are too many companies pursuing a shrinking market pie which limits the sector's ability to achieve the required economies of scale and financial strength required to respond to the changing competitive environment.