

Technological Factors:

- During the 1970s the Canadian industry achieved an international reputation for technological development with the high speed processing of small diameter logs which enabled increased throughput and improved productivity. More recently, however, technical leadership has shifted to the Scandinavian industry where advanced micro-electronics assisted processing equipment is being used more extensively to optimize lumber yield and product value.
- A key objective is to adapt existing technology to the present needs of the industry which faces increasing wood costs and intense competition. Greater emphasis is required on maximizing yield and product value from wood input rather than the past thrust directed primarily toward higher productivity.
- Over the longer term, a new generation of reconstituted wood products utilizing new manufacturing techniques could replace sawn lumber products to some degree. In addition, further development and application of technology will enhance industrial energy self sufficiency with increased use of plant and forest waste.
- The industry is not limited by the availability of technology but rather by its financial capability to invest in the most modern equipment and systems.

Other Factors

- The economic situation of the Canadian softwood lumber industry is governed largely by external supply and demand factors since some 70 per cent of total production is exported. The single most important factor is North American housing activity which is highly cyclical and sensitive to interest rate changes.
- The Canadian industry's competitive position has been weakened in EEC markets due primarily to the relative strength of the dollar. This situation is also a significant factor in all offshore markets.

3. Federal and Provincial Programs and Policies

- Federal financial assistance has been provided to the lumber sector under a variety of programs including ADIP, EDP, ISDP, PEKD, COMDP, ENFOR and FIRE. While government assistance was an important factor in certain regions, on an industry wide basis it has been relatively insignificant.
- The Cooperative Overseas Market Development Program (COMDP) was established in 1971 to assist the wood products industry of B.C. in the development of offshore markets. The COMDP is jointly funded by the federal and B.C. governments and the provincial wood products industry. During the 1970s, annual offshore exports increased some four-fold to about \$1 billion. The COMDP in B.C. and the new offshore market development project in Quebec will continue to be very important to the industry which is highly dependent on the U.S. market.
- The Forest Industries Advisory Committee (FIAC) to the Minister of DRIE presented its interim report in August, 1983. This report reviewed industry prospects in the major forest product sub-sectors including softwood lumber and made several recommendations. A federal government response to these recommendations was made public in February 1984. Launching of the offshore market development project in Quebec and other activities will effectively respond to FIAC recommendations in the areas of export market development and corporate intelligence. FIAC attention is now focused on examining ways and means for improving labour/management relations, international competitiveness and value-added.