

off basis, except perhaps in the luxury and/or leisure cabin area. Two Ontario-based prefabricated house manufacturers have successfully sold units in the up-market housing sector.

Several Canadian manufacturers have been successful in entering the U.K. market and are supplying major U.K. kitchen cabinet manufacturers with solid wood doors.

Increased promotional activity has led to new Canadian exporters to Britain from both the east and the west coast. Canadian success stories are generally on a small scale, reflecting the small average size of companies in the sector. For example, five companies from four different provinces have been successful in exporting doors, windows and other converted wood products to the U.K.

An incoming buyers' mission to Canada took place in March 1983 to interest major U.K. timber frame builders in higher standard Canadian wood windows. Although the products were well received, the higher valued Canadian dollar has generally made these products less price competitive.

Market Considerations

Major impediments for Canada in continuing the present upward trend in exporting manufactured wood and component parts to British will be the exchange rate factor and an average tariff rate of some 6 per cent. EC member states and Nordic countries have duty-free access.

The recent elimination of the 7 per cent duty on products from the Nordic countries will have some impact. Canadian reputation for quality, design, energy efficiency, reliability of supply and cost competitiveness are, however, seen as positive factors in maintaining market penetration.

British codes and standards are published by the British Standards Institute. Goods not complying with those standards may be refused. While it may be possible to use imported wood windows that do not entirely meet British Standards, most builders would be reluctant to do so without independent testing.

The building regulations are mandatory and are set up by the Ministry of the Environment. Municipal authorities' inspectors are responsible within their own area to see that requirements of the building regulations are properly interpreted and observed.

1.2 Lumber and Exterior Panel Products

Opportunity

The United Kingdom sawmilling industry accounts for about 10 to 15 per cent of sawn softwood consumption, with imports of approximately £600 million accounting for the remaining 85 to 90 per cent of total demand. For 1982, Canada recorded almost 24 per cent of total United Kingdom imports (estimated at £144 million).

The recent increase in timber frame construction (TFC) in the United Kingdom opens up a major

opportunity for increased exports of Canadian dressed lumber (CLS).

Timber frame homes represent approximately 24 per cent of new housing construction in the U.K., although the figure for Scotland is higher (approximately 50 per cent). It is generally acknowledged that TFC can increase its share of the future housing market. The total number of housing starts in the U.K. in 1983 amounted to 213,500.

Many of the leading U.K. home builders (Barratt's, Geo. Wimpey, Laing, Wates) have adopted timber frame as their building method, and it may vary from 60 to 85 per cent of their individual businesses. The component producers are in turn best placed to gain most of the advantages offered by the wood frame system.

The United Kingdom market for softwood plywood is about £200 million. As domestic production is negligible, imports account for close to 100 per cent of total demand. For 1982, Canada accounted for some 20 per cent (in value terms) of total demand. The production of Canadian softwood plywood is concentrated in British Columbia, which in 1981 supplied over 50 per cent of total Canadian plywood exports to the European Community.

Recent Canadian Marketing Activity

The functioning of the Canada-U.K. timber trade has been built up over the past 100 years or so, and Canadian shippers sell through established U.K. agents who arrange contracts with importers to bring in bulk quantities according to their requirements.

The importer will break bulk and sell to the timber merchants who, in turn, deal with smaller customers. The large consumer, i.e., national joinery operations (Magnet Southern, Boulton and Paul), and to some extent, major builders with long-established accounts will purchase in volume directly from the importers.

Canadian lumber exporters, especially those from British Columbia, have had a presence in the U.K. for 30 years. This presence has become more prominent with the establishment of sales offices by MacMillan Bloedel, Northwood Mills and Seaboard. Recently, these three companies have initiated a program of placing in inventory, in the U.K., unsold stocks of Canadian timber which are then sold directly to U.K. importers.

The Council of Forest Industries of British Columbia (COFI), with offices in London, has been a prime vehicle in promoting Canadian tfc and forest products in the United Kingdom and continental European markets. Canadian building methods, product specifications and applications have also been promoted through the Cooperative Overseas Market Development Program.

In 1982, the following lumber and exterior panel products missions to the U.K. were organized: (i) Eastern Canadian Lumber Mission; (ii) Canadian Hardwood Mission; (iii) COFI/Interior B.C. Lumber Mission. Also in 1982, meetings with U.K. clients