

BUILDING PRODUCTS

Japan is Canada's leading overseas market for forest products (dimension lumber, logs, plywood, pulp and paper); in 1992, Canadian exports of these products to Japan exceeded \$2.3 billion. With respect to housing, the Japanese housing market is the largest in the world, with 1.4 million starts in 1992. To date, Canadian value-added building products and construction materials are not well known in Japan and have captured only a small, albeit increasing, share of the Japanese market. There are exciting but largely untapped opportunities for Canadian manufacturers and exporters of doors, windows, flooring, staircases, system kitchens, prefabricated panels and house packages (pre-engineered and manufactured). Acute labour shortages and high costs in the Japanese housing construction sector are fuelling the demand for cost-effective, imported building products (called "imported housing" in Japan) as substitutes for Japanese-manufactured products. Canadian products are highly competitive.

The successful conclusion of the Uruguay Round should result in the reduction or elimination of Japanese tariffs on softwood lumber (SPF), plywood, particle board, wood moldings, doors, windows and some other building products. These changes, when effected, will make Canadian products even more price-competitive vis-a-vis Japanese building products. Furthermore, the Japanese government has just developed a program to promote imports of manufactured housing through initiatives such as model home sites. The Action Plan, which is aimed at increasing our share of the Japanese market, will benefit from these developments, which will have an overall synergistic effect in terms of encouraging the importation of manufactured building products.

I. Market Opportunities

Japan is importing increasing volumes of value-added building products, primarily because of their cost advantage but also to satisfy consumer demand for modern, Western-style housing and related components and fixtures. To date, imports have been sourced mainly from the United States and Europe, with Canada supplying only a very small portion (log homes, kitchen cabinets, doors and windows).

With the number of construction workers projected to decline by 45 percent by the year 2000, it is estimated that new homes will then take 2 1/2 years to complete once an order is received, versus 6 to 12 months at present. Labour- and cost-saving components from Canada, including manufactured housing kits, are finding