

CANADA-JAPAN TRADE IN FOREST PRODUCTS

Overview

Canadian exports of forest products to Japan in 1993 amounted to \$3.146 billion, an increase of about \$800 million over 1992. Lumber accounted for over \$2 billion, pulp and paper \$840 million, wood chips \$82 million, logs \$108 million and plywood \$30 million. Forest products continue to comprise our single largest export sector in the Japanese market.

Japanese housing starts in 1993 were 1,486,000 units, an increase of 5.9% over the previous year. Nearly 700,000 units were of wooden construction, with the balance being apartment units. Prefabricated housing is a growing trend, accounting for about 17% of housing units last year. North American 2X4 platform frame construction made up 3.9% of housing units built in 1993, @ 56,300 units. In terms of single family wood frame housing starts, 2X4 housing made up 8% of such housing units last year, up slightly from 1992. Canada remains the principal supplier of dimension SPF lumber to Japan, with over 80% of the market.

Lumber and Plywood

Canadian exports of dimension lumber to Japan were valued at \$2,045 million in 1993, compared to \$1,338 million the previous year. This represented an increase in value of over 50%, and was attributable to the strong demand and high prices which prevailed during 1993. Japan depends on Canadian mills for much of its lumber requirements; the strong yen also contributed to the surge in export value last year. There is every indication that housing starts will continue to be strong in 1994 which should mean another strong export performance for this sector.

Canadian plywood exports to Japan showed excellent growth in 1993, in part due to Japanese concerns about supply constraints and environmental issues in South-East Asian countries which traditionally have supplied most of Japan's plywood requirements. It is also a reflection of the technical and promotional groundwork being carried out by COFI in recent years, along with a continuing trend towards the use of softwood plywood and imported panels coupled with some changes in procurement patterns, all of which should result in increased export sales in the future.