

Canadian producers are competitive. The increasing competition for a share in the primary metals and minerals market from other countries requires continuing efforts to protect Canadian interests in the U.K.

In the case of other products like newsprint, long-term contracts dominate.

Canadian producers face a number of problems in seeking to expand sales of pulp and paper products (particularly for newsprint and pulp) which may require more aggressive marketing efforts by industry through ongoing contacts with marketing agents, producer/consumer associations and government agencies in the U.K. Markets for pulp and paper are expected to grow slowly, and competition will likely intensify from new productive capacity in the U.K. and from other producers, following devaluation of the Finnish and Swedish currencies, and the removal of tariffs under the industrial products agreement between the EC and EFTA.

The statistics in Table 1 (page 7) indicate a decline in the value of Canadian exports of almost every item on the list in the 1981-82 period. Declines continued in 1983. Analyses show that this is due to several influences acting both singly and in combination in the market place during the period, for example:

- effects of the recession;
- substitution of new and indigenously produced materials for traditionally imported ones, e.g. fibre optics and aluminium as substitutes for copper and U.K.-produced newsprint for imported newsprint;
- technological advances in the use of materials resulting in requirements for smaller amounts for a given purpose, e.g., lead acid batteries, which require significantly less lead for a given capacity of battery;
- decline in many commodity prices;
- pressures of environmentalists on certain materials, e.g., lead (in gasoline) and asbestos (generally);
- exchange rate fixings which confer price advantages to specific countries, e.g., Scandinavian currency devaluation in early 1983 giving price advantages to timber of Scandinavian origin.

With economic recovery in progress in the U.K., an aggregate increase in resource-based materials usage may be expected. This should, in turn, result in a commensurate increase in demand for such materials and market opportunities for Canadian producers/suppliers.

1. FORESTRY PRODUCTS

1.1 Manufactured Wood Products

Opportunity

The value of the British manufactured wood products market in 1983 was in the range of £1,000 million, including imports of some £88 million or 8.8 per cent of the total market. Of this £88 million, wood door, window and flooring imports totalled £53 million or 60 per cent of total imports.

Shipments of Canadian wood doors to the United Kingdom amounted to 148,000 units valued at £1.8 million. It should be possible to significantly increase this figure. In addition, a relatively small but growing market exists for imported prefabricated homes, sheds and other building components.

In the U.K. the distribution pattern is such that joinery manufacturers usually sell to the larger home builders and contractors, although some also sell at the retail level to the general public. The major builders' merchants, supplying all kinds of building products to the smaller building contractors, offer joinery products, and often credit to good customers.

The individual home handyman and the new home-improvement companies mainly purchase from merchants of timber or general building suppliers offering joinery products. One of the leading joinery companies actually operates over 240 depots throughout the U.K. on a cash-and-carry basis.

Canadian doors are presently being marketed through distributors generally classified as merchants of timber or general building suppliers. Hardwood flooring is sold by agents to importers who often operate specialized flooring departments, or to hardwood flooring specialists who not only provide the material but also install it.

Strip and block hardwood flooring is generally confined to commercial use. The residential market for these products has declined over the past decade. Most hardwood flooring in the residential market is in the form of finger mosaic tiles (squares) laminated to a waterproof (felt) packing which is not standard in Canada.

Market opportunities in the U.K. are regarded as reasonably good in a number of select product categories, primarily related to the millwork sector. The timber frame method of house construction has been gaining rapid market acceptance in the U.K., a trend which is expected to continue and will likely result in opportunities for expanded sales of Canadian millwork and other manufactured wood products.

Recent Canadian Marketing Activity

The potential for major increased Canadian exports in this sector is directed at the high volume product items such as finished doors/windows and component parts, other millwork products, including hardwood flooring and kitchen cabinets, as well as luxury designed prefabricated homes. In view of the very sophisticated British prefabricated housing industry, imports of homes are expected to remain on a one-