

shrunk considerably to less than 12%. This compares to only a few short years ago when exports from the sector were more than double imports into the country. It is also noteworthy that the major portion of this shrinkage can be attributed to the U.S., which accounts for \$418 million of the imports in 1990, or 80% of the total.

One particular bright spot in the export performance of the sector is the sizeable and rapidly expanding export opportunity for log homes to the Japanese market. Japan is now the largest single export market for this product, accounting for 682 out of the total of 862 log homes exported in 1989, while the U.S. accounted for an additional 135 units. In dollar figures, the total value of this product exported by the seventy-six companies was slightly more than \$30 million.

The Evolving Environment

It is difficult to establish a primary reason for the significant shifts taking place in both Canada's domestic and international market performance, with respect to value-added wood products. Clearly the significant strengthening of the Canadian dollar vis-a-vis the U.S. and declining residential and renovation construction activity in both countries have tended to reinforce any adverse effects from the FTA which, as discussed, are just beginning to emerge. It is becoming increasingly clear, however, that some wood products sectors will be facing considerable restructuring, particularly kitchen cabinets and to some extent, wood windows and doors. While a number of companies in these sectors are internationally competitive and have developed significant export opportunities in the U.S., Western Europe and more recently, Japan, on balance, the total sector can be expected to undergo restructuring in the future.

ISTC Activities 1990/91/92

Trade Shows and Missions

Some of the major Departmental priority market activities in support of the sector that have been recently undertaken and others that are slated for the near future are: the National Association of Homebuilders (NAHB) building materials show in January of this year in Atlanta, Georgia; the Northeastern Retail Lumbermen Show in Boston in January; the Northeast Construction Show in Boston in March; an incoming Japanese building company mission to the National Home Show in Toronto in April/90; the Japan Build building materials show and Solo Building Products Show in Tokyo and Osaka, Japan in October/90; and the Kobe International Housing Fair in Japan in June/90. In November and December of this year the Division will be participating in Batimat in Paris and Interbuild in Birmingham and the National Association of Homebuilders show in Las Vegas in January 1992.

The Cooperative Industrial and Market Development Program (CIMDP)

A new initiative in 1989 was the CIMDP, which is a program funded jointly by the federal and provincial governments and by industry. This five year program is administered by industry and is aimed at raising the level of industrial development in the remanufactured wood products sub-sector, and provides assistance in exploring and developing new markets for these converted wood products. The program is available to all regions and one regional initiative has already commenced in British Columbia. As per the program criteria, the B.C. initiative is being jointly funded by Industry, Science and Technology Canada, the Province of British Columbia and B.C. industry.