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## FOREST AND BUILDING PRODUCTS

Forest and building products cover a range of products, including commodities, materials, machinery and equipment, and services relating to these sectors. The main sectoral opportunities are:

- value-added wood and wood products, including flooring, window and door systems, wood shingles and shakes, engineered wood products such as laminated veneer lumber (LVL), oriented strand-board (OSB), medium-density fibreboard (MDF), and parallel-strand lumber, as well as timber-frame housing;
- fine paper and packaging materials, including speciality papers;
- non-wood building materials and products, including architectural features and building controls and systems; and
- building and construction services, including project management, architecture and interior design, and site remediation.

The United Kingdom continues to be a significant market for Canadian exports of forest products. In 1995 Canada exported over \$900 million in lumber, wood pulp, newsprint, paper, and paper board. This is a considerable increase over 1993, when products worth \$690 million were shipped.

Much of the local wood-based manufacturing (building, furniture) and paper industry is dependent upon imports of high-quality wood products to supplement the limited local resource. In 1995 the U.K. deficit in wood product imports was \$2.2 billion, a figure that has remained constant since 1992.

The U.K. market for timber products, including sawn wood and panel products, is 9.7 million cubic meters, of which 90 percent of sawn wood and 50 percent of panel products are imported. The main uses of timber are in construction (43 percent), do-it-yourself work (17 percent), packaging (12 percent), joinery (9 percent), and fencing products (6 percent).

The timber market in the U.K. has become increasingly integrated, with large British companies and international firms acquiring forest resources, sawmills, manufacturing operations, and distribution. This integration is most common in the paper and packaging sector, where international firms now operate an integrated business from fibre production through to packaging material. Local competition in value-added wood, paper, and building products is high, as would be expected from an international market such as the U.K. Many companies are international firms with manufacturing and distribution operations throughout Europe. As a consequence, they have been able to create and operate highly efficient and competitive businesses.

*Value-Added Wood Products.* The main opportunity sectors for value-added wood products are panel products, garden materials, and components (windows, doors, and trussed rafters). The U.K. consumption of panel products is 4 million cubic meters. Chipboard is the largest sector with 57 percent, followed by plywood (27 percent) and MDF (10 percent). MDF and OSB are rapidly increasing market share due to increased local capacity.

International firms such as Anderson Windows and Canadian-owned Premdor hold a significant market share. The U.K. production of doors and windows is 5.5 million and 3.3 million units each year, respectively.

Wood products from Canada are facing increased competition from alternative materials (steel, composite materials, aluminium) and alternative suppliers (the Baltics). Wood products are increasingly seen as expensive relative to alternative materials with similar performance characteristics. As well, architects and specifiers are often less experienced in the use of wood and wood products. The British government has introduced a major initiative to increase the use of wood in building and construction and to promote the home-grown resource. The Timber 2005 strategy is designed to improve the use of wood in construction processes, eliminate waste, and promote the environmentally sound use of timber.

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*Added value is the key to success in this market.*

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