Softwood Lumber
Trends to 2001

Chris Gaston, Ph.D.
Director, Markets and Economics
Forintek Canada Corp.

UN ECE Timber Committee

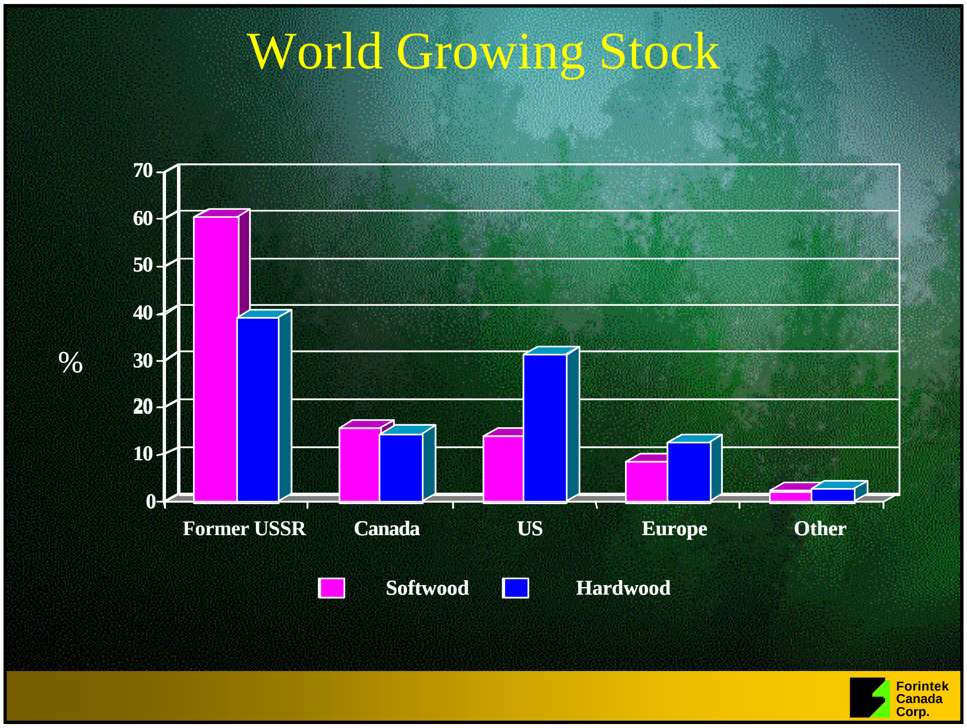
October 2001
Geneva, CH

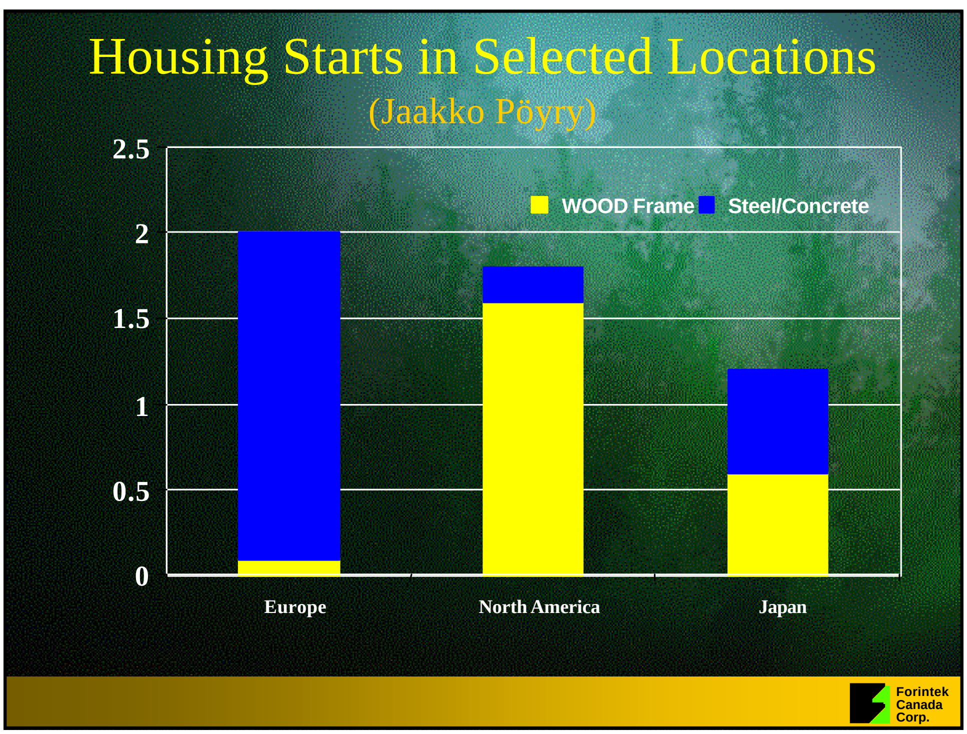
Forintek Canada Corp.

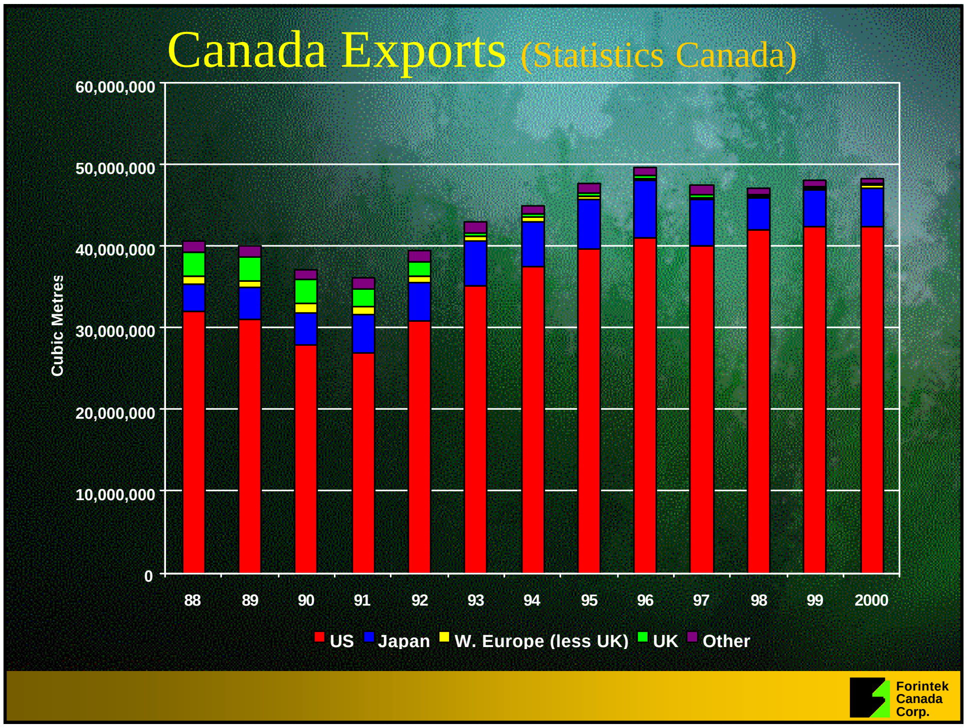
Overview

- The Players
  - Canada
  - US
  - Europe
  - Japan
  - Plantation Sources
  - Russia. Emerging economies.
- Softwood Lumber “Disaggregated”
- Discussion

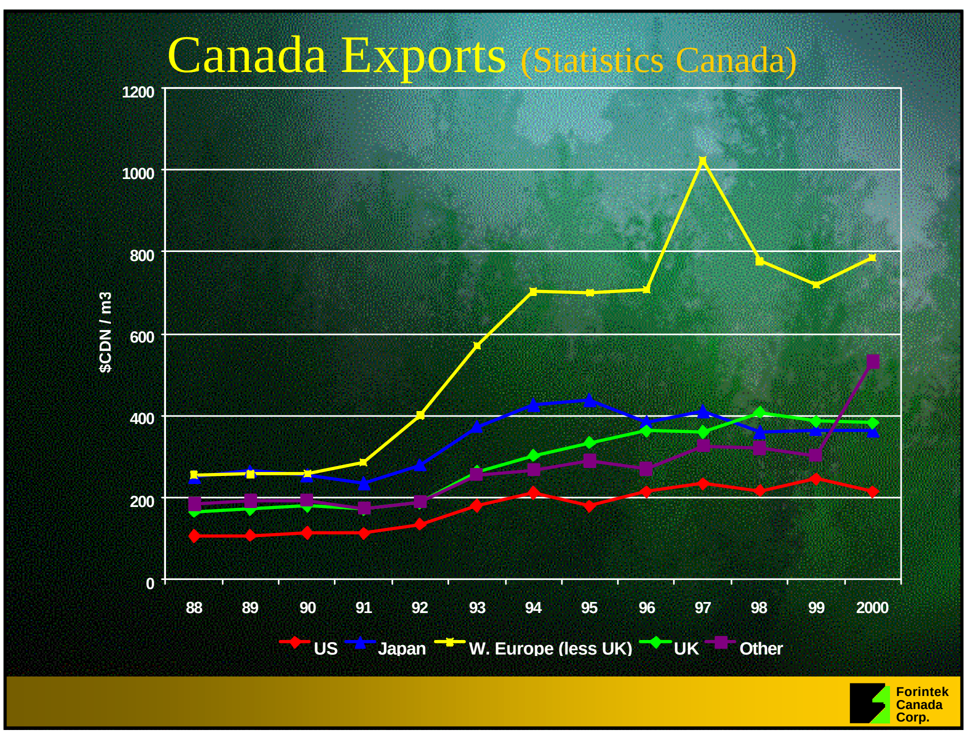
Forintek Canada Corp.


World Growing Stock
%
70
60
50
40
30
20
10
0
Former USSR
Canada
US
Europe
Other
Softwood
Hardwood
Forintek Canada Corp.

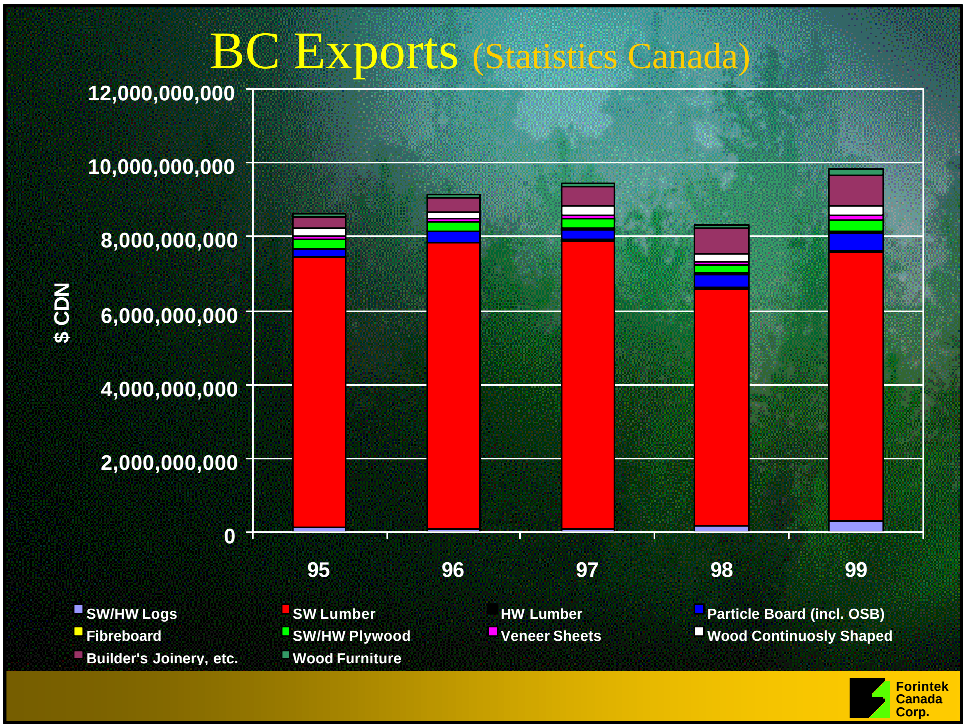

Housing Starts in Selected Locations
(Jaakko Pöyry)
2.5
2
1.5
1
0.5
0
WOOD Frame
Steel/Concrete
Europe
North America
Japan
Forintek Canada Corp.

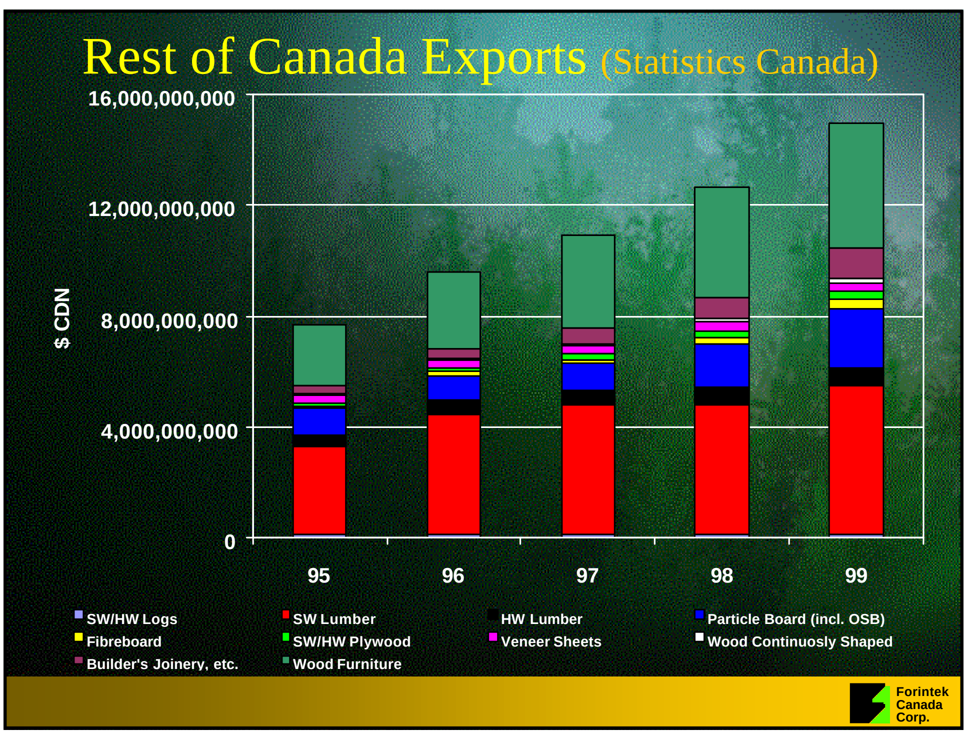


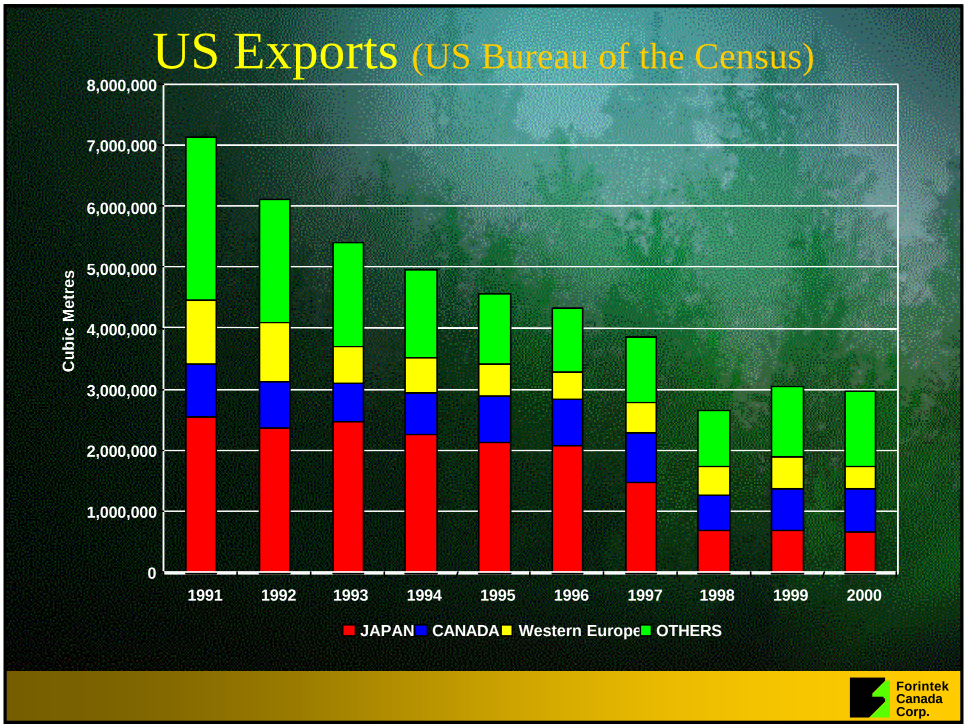
Canada Exports (Statistics Canada)
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
0
Cubic Metres
88
89
90
91
92
93
94
95
96
97
98
99
2000
US
Japan
W. Europe (less UK)
UK
Other
Forintek Canada Corp.

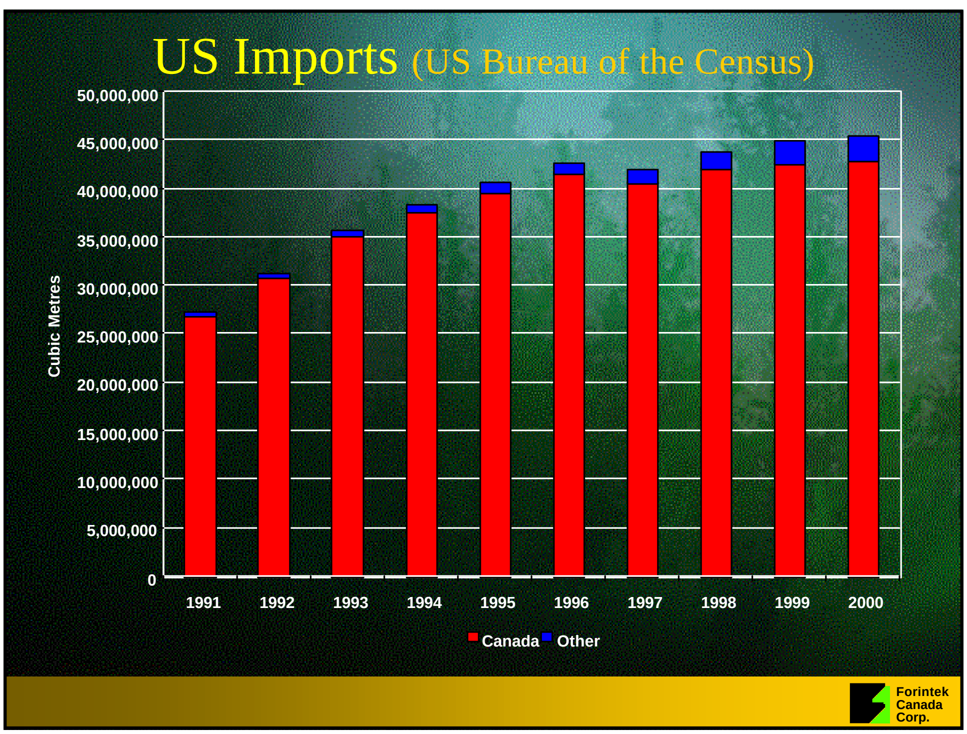


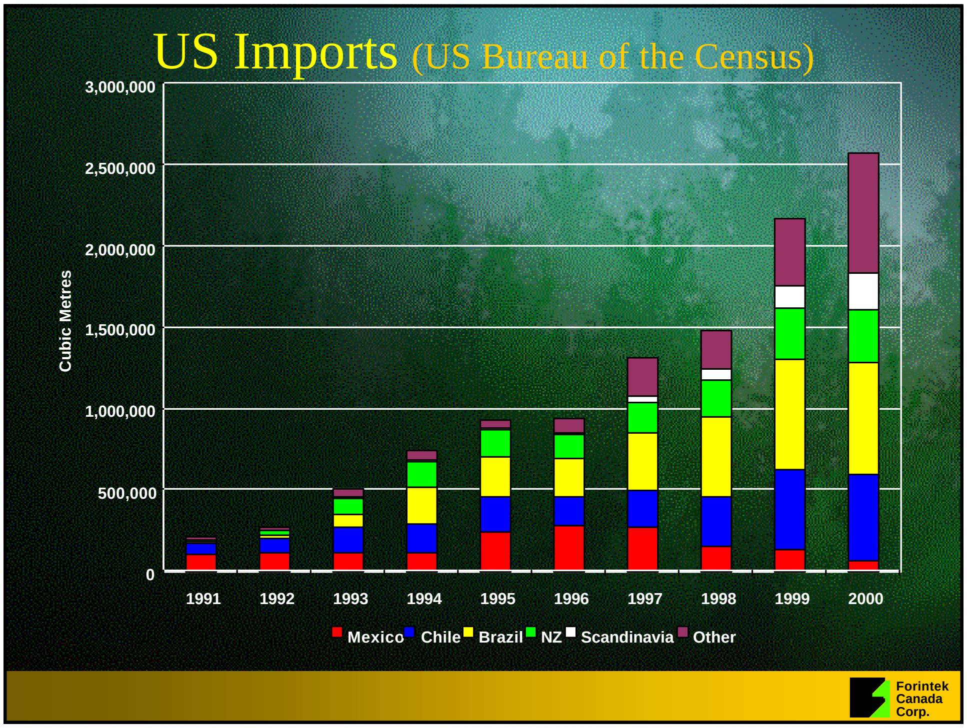
Canada Exports (Statistics Canada)
1200
1000
800
600
400
200
0
$CDN / m3
88
89
90
91
92
93
94
95
96
97
98
99
2000
US
Japan
W. Europe (less UK)
UK
Other
Forintek Canada Corp.


BC Exports (Statistics Canada)
12,000,000,000
10,000,000,000
8,000,000,000
6,000,000,000
4,000,000,000
2,000,000,000
0
$ CDN
95
96
97
98
99
SW/HW Logs
SW Lumber
HW Lumber
Particle Board (incl. OSB)
Fibreboard
SW/HW Plywood
Veneer Sheets
Wood Continuosly Shaped
Builder's Joinery, etc.
Wood Furniture
Forintek Canada Corp.


Rest of Canada Exports (Statistics Canada)
16,000,000,000
12,000,000,000
8,000,000,000
4,000,000,000
0
$ CDN
95
96
97
98
99
SW/HW Logs
SW Lumber
HW Lumber
Particle Board (incl. OSB)
Fibreboard
SW/HW Plywood
Veneer Sheets
Wood Continuosly Shaped
Builder's Joinery, etc.
Wood Furniture
Forintek Canada Corp.


US Exports (US Bureau of the Census)
Cubic Metres
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
JAPAN
CANADA
Western Europe
OTHERS
Forintek Canada Corp.

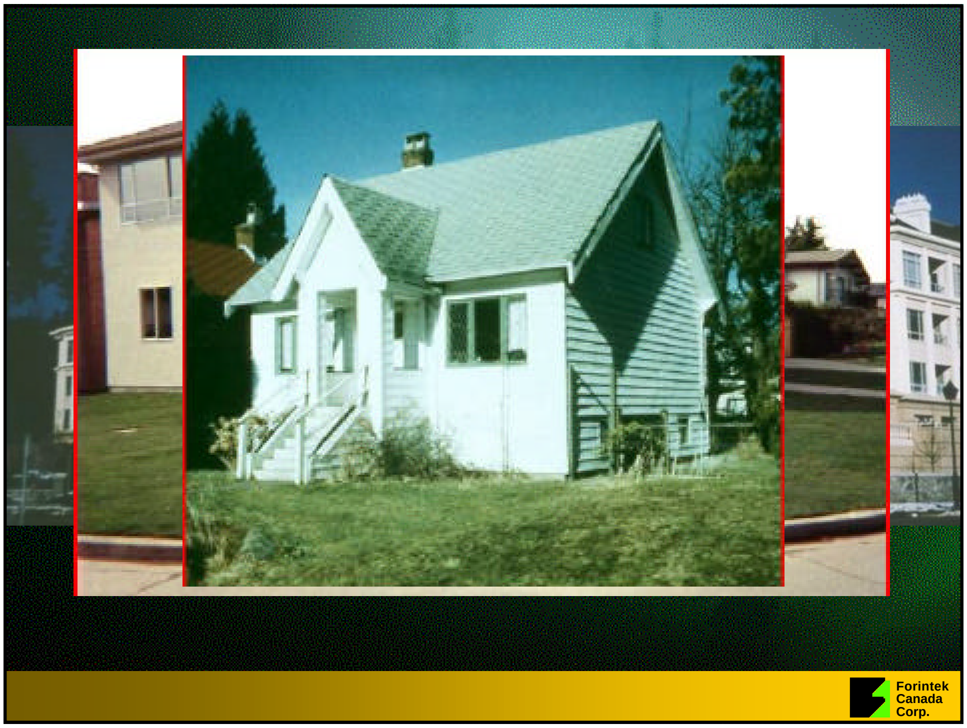

US Imports (US Bureau of the Census)
Cubic Metres
50,000,000
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
Canada
Other
Forintek Canada Corp.



Lumber/panel consumption in the U.S. 2000 (RISI, US Bureau of the Census)

End-use	*Lumber*	*Structural panels*	*Construction Value*
New Residential	**22 bbf**	**18 bsf (3/8" basis)**	***US$ 348.8***
R&R	**16 bbf**	**8 bsf**	
Non-residential	**2 bbf**	**2 bsf**	**US$ 273.5**
Industrial	**13 bbf**	**8 bsf**	

Forintek Canada Corp.

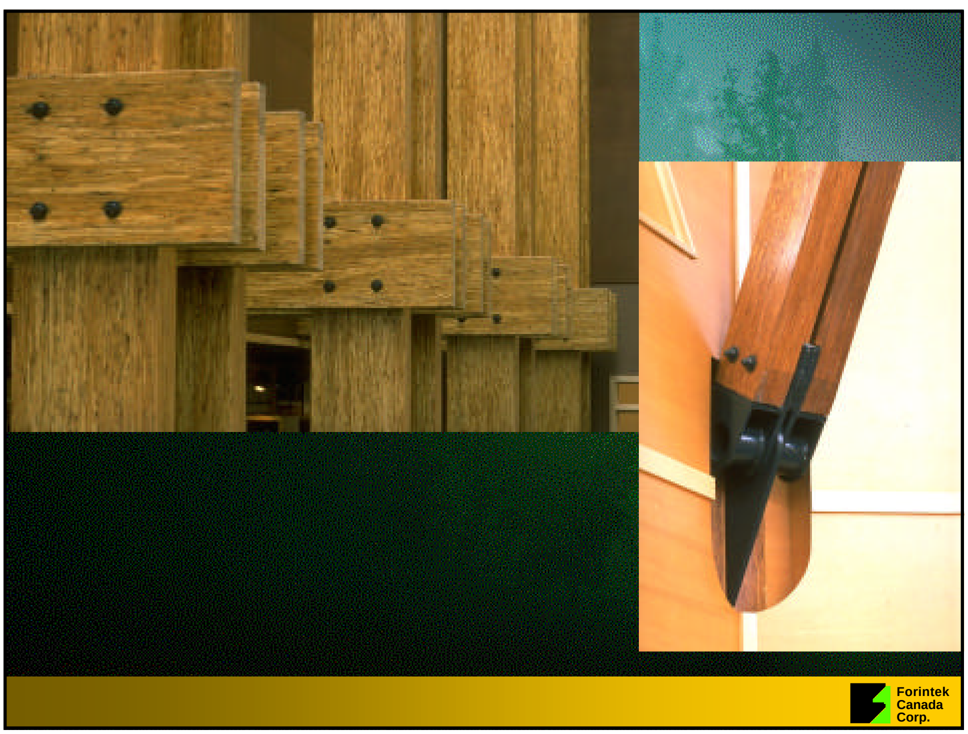

Forintek
Canada
Corp.


TimberStrand
Forintek
Canada
Corp.


Silent Floor
Silent Floor
Forintek
Canada
Corp.


Forintek
Canada
Corp.


Forintek
Canada
Corp.


Forintek
Canada
Corp.


Forintek
Canada
Corp.

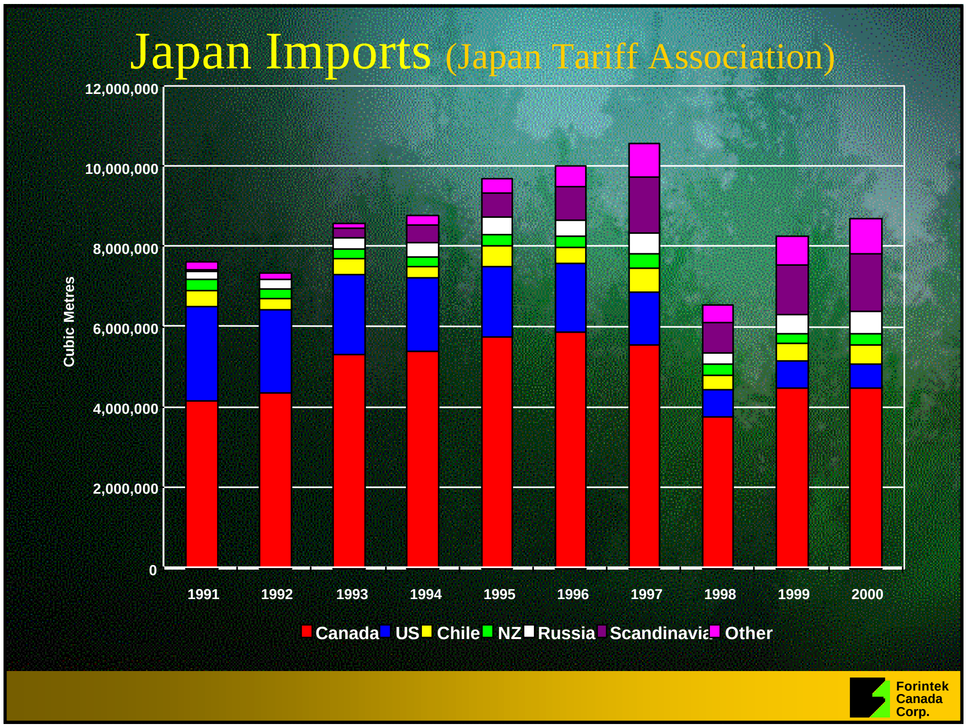

Forintek
Canada
Corp.

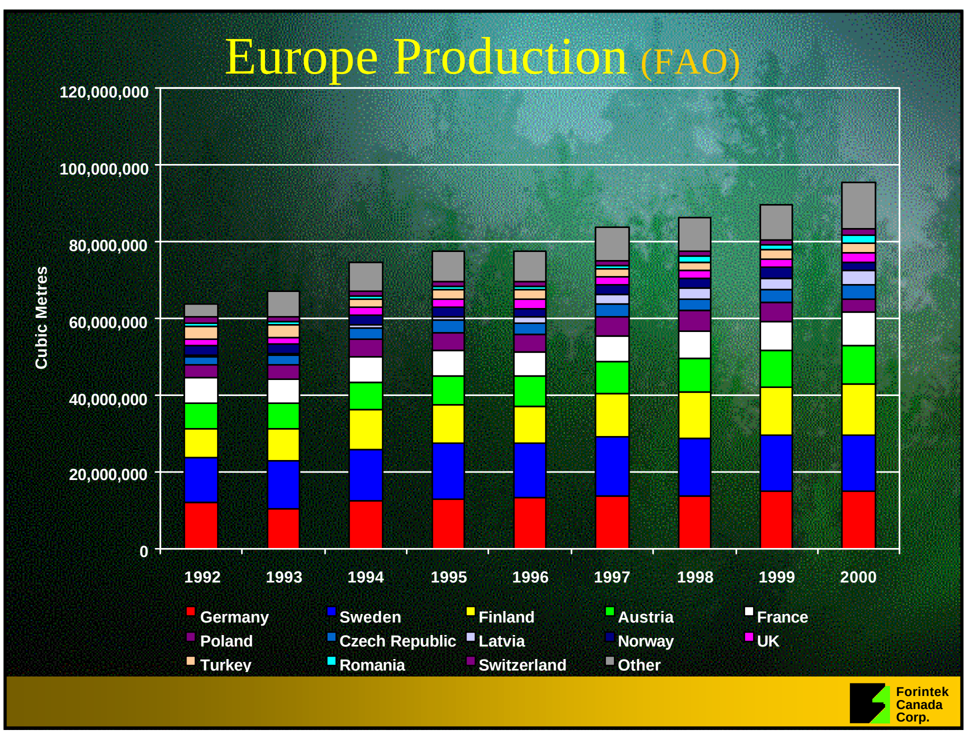
Forintek Canada Corp.

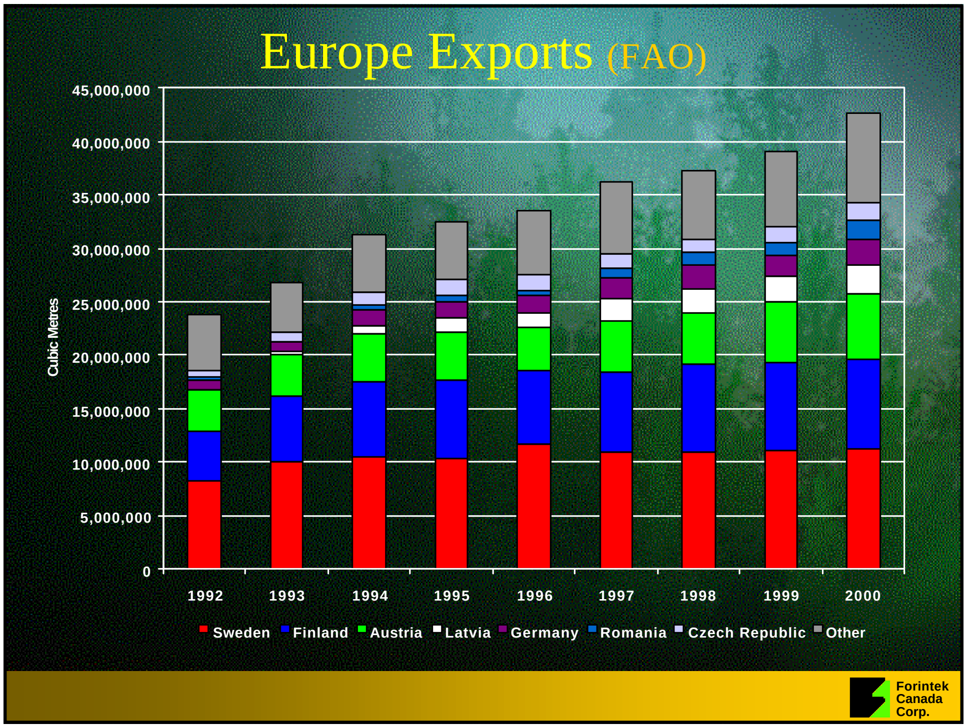
The Future for North America

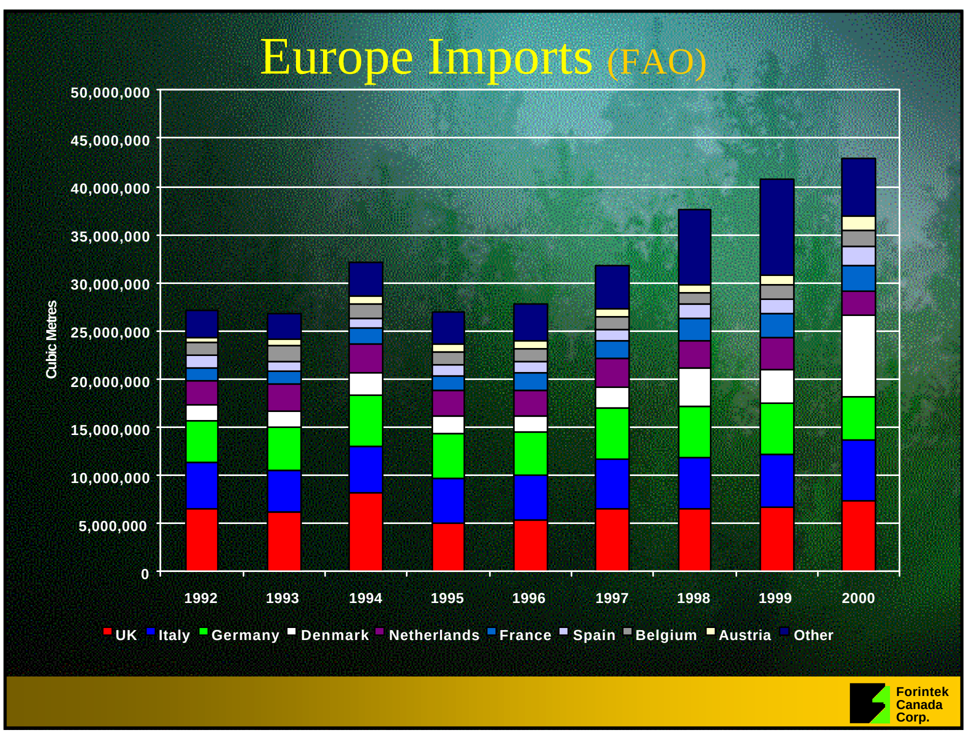
- Continued supply reductions in Costal BC
- Continued supply increases for rest of Canada
- US supply steady, demand to remain strong
- Continued industry consolidation
- Continued growth in R&R, non-residential
- Continued growth in EWP and systems
- SLA
  - 19.3 % import duty on softwood lumber and ???
  - Threat of up to 38% anti-dumping duty

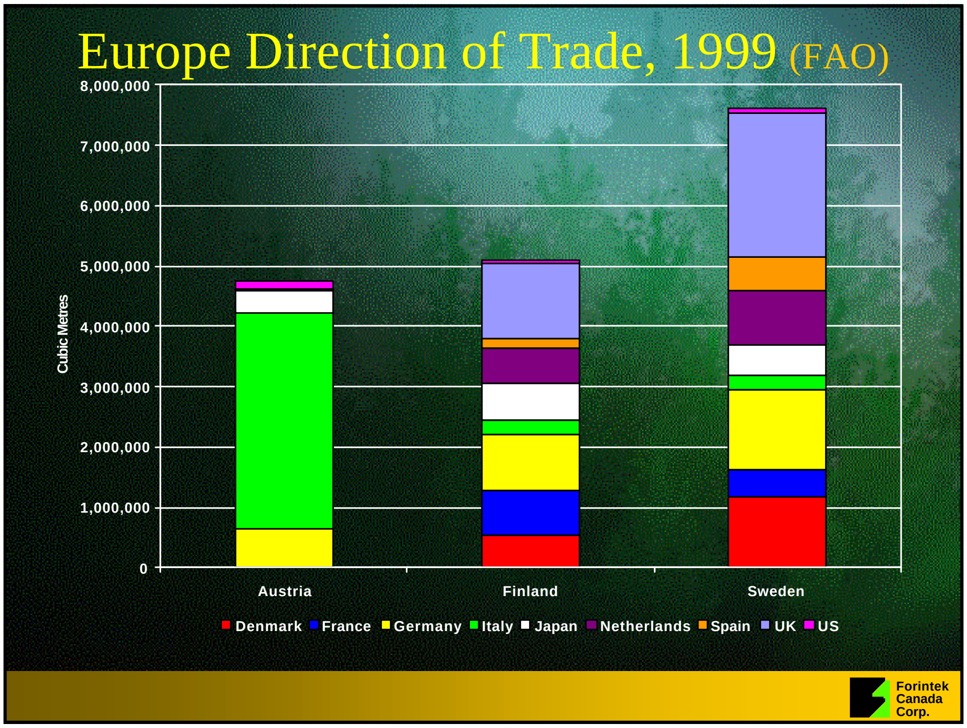
Forintek Canada Corp.


Japan Imports (Japan Tariff Association)
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
Cubic Metres
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
Canada US Chile NZ Russia Scandinavia Other
Forintek Canada Corp.

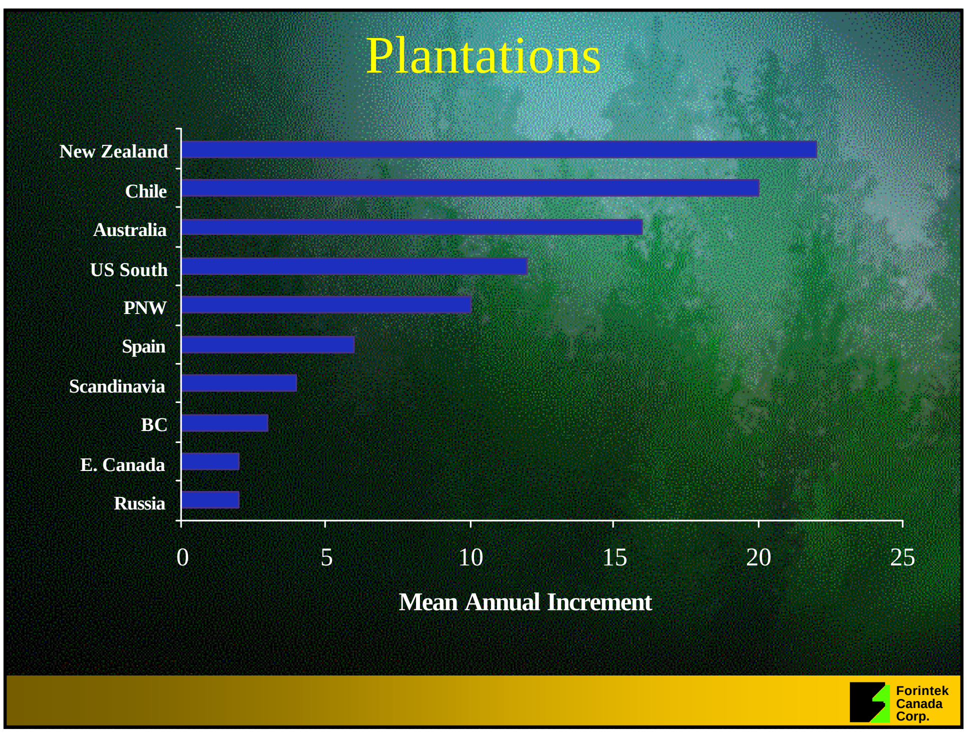

Europe Production (FAO)
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
0
Cubic Metres
1992
1993
1994
1995
1996
1997
1998
1999
2000
Germany
Sweden
Finland
Austria
France
Poland
Czech Republic
Latvia
Norway
UK
Turkey
Romania
Switzerland
Other
Forintek Canada Corp.


Europe Exports (FAO)
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
Cubic Metres
1992
1993
1994
1995
1996
1997
1998
1999
2000
Sweden
Finland
Austria
Latvia
Germany
Romania
Czech Republic
Other
Forintek Canada Corp.


Europe Imports (FAO)
50,000,000
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
Cubic Metres
1992
1993
1994
1995
1996
1997
1998
1999
2000
UK
Italy
Germany
Denmark
Netherlands
France
Spain
Belgium
Austria
Other
Forintek Canada Corp.

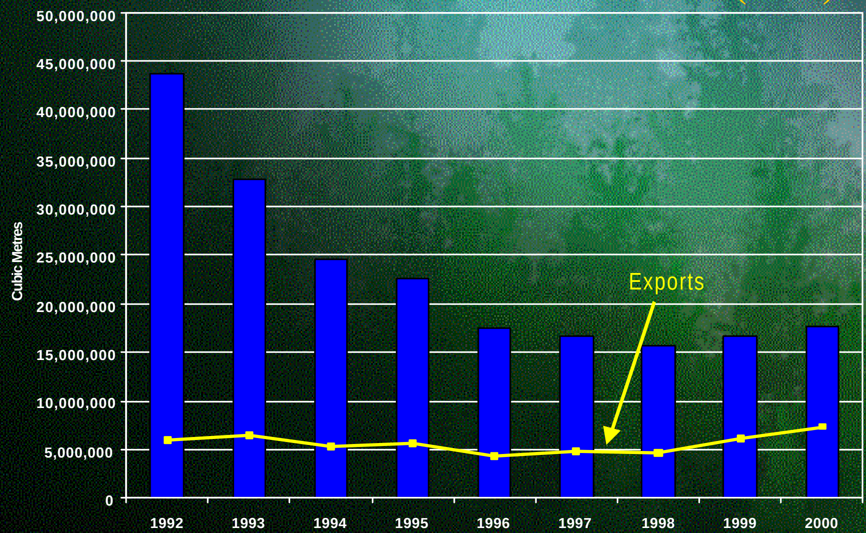


Europe Direction of Trade, 1999 (FAO)
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
Cubic Metres
Austria
Finland
Sweden
Denmark France Germany Italy Japan Netherlands Spain UK US
Forintek Canada Corp.



Plantations
New Zealand
Chile
Australia
US South
PNW
Spain
Scandinavia
BC
E. Canada
Russia
0
5
10
15
20
25
Mean Annual Increment
Forintek Canada Corp.

Russia SW Lumber Production (FAO)



Forintek Canada Corp.

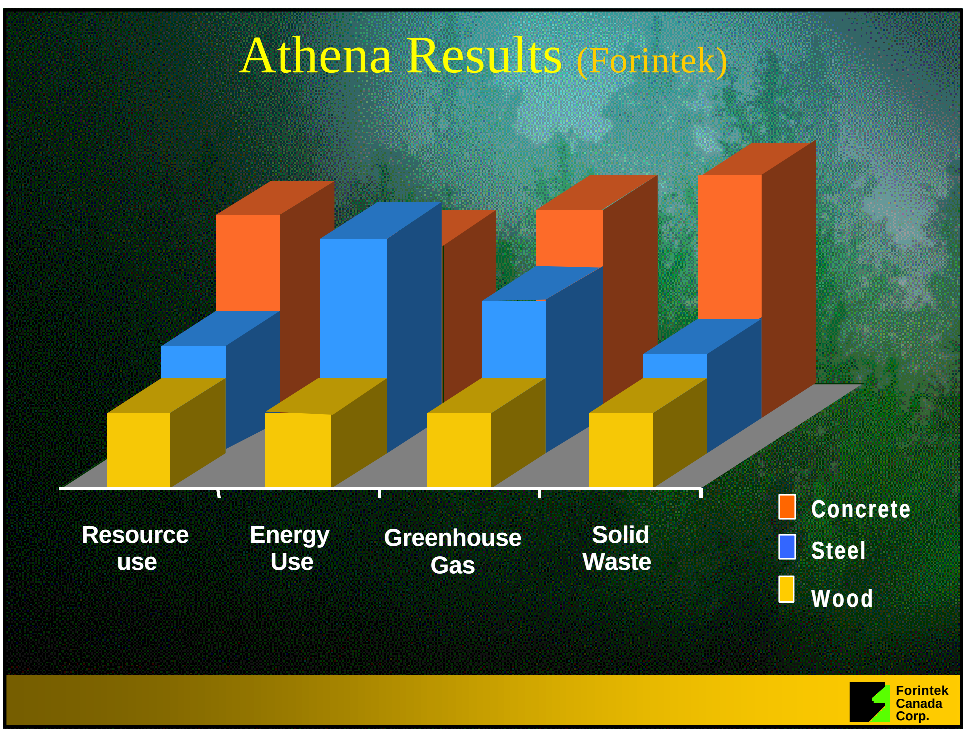
China Demand (CMHC/FAO)

Population:	**1,178,400,000**	
Growth Rate:	**1.4%/year**	
Urban Population:	**29%**	
GNP/Capita:	**US$490**	**US: $24,750**
GNP Growth/Capita:	**8.2%**	**1.7%**
Total Housing Stock:	**276.5 million (23%)**	**114.5 million (45%)**

2000 Lumber Production: **9,787,000 m^3**

Imports: **814,664 m^3**

Forintek Canada Corp.



Athena Results (Forintek)
Resource use
Energy Use
Greenhouse Gas
Solid Waste
Concrete
Steel
Wood
Forintek Canada Corp.

Softwood Lumber "Disaggregated"

Supply Regions
- Canada
- US
- Scandinavia
- Russia
- Baltics
- NZ
- Chile
- Other

Demand Regions
- Japan
- US
- W. Europe
- Other

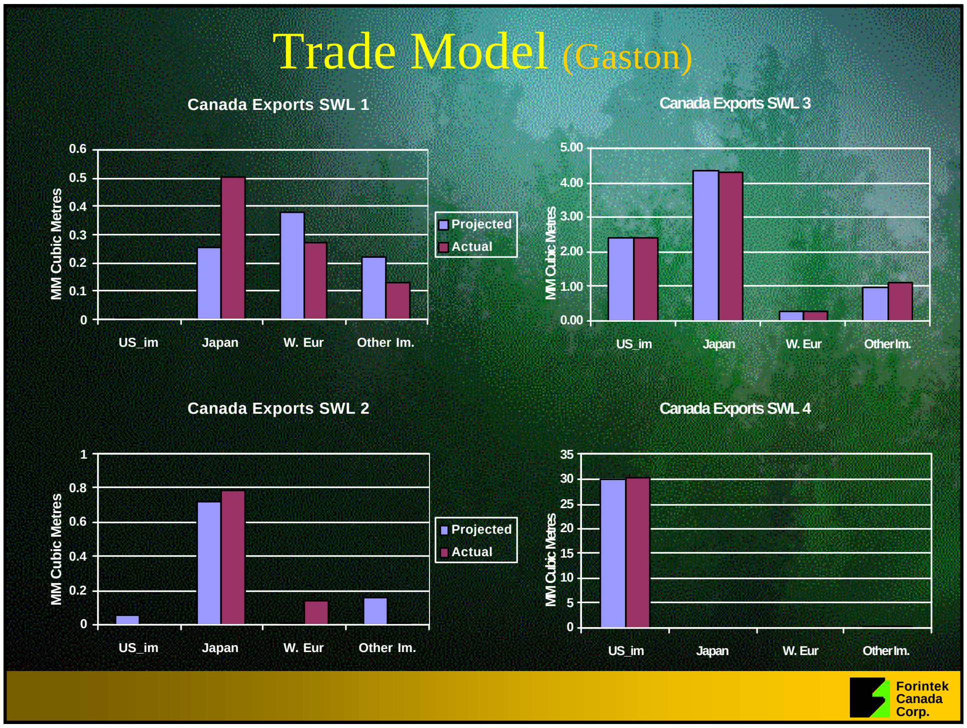
Products
- SW Lumber 1
- SW Lumber 2
- SW Lumber 3
- SW Lumber 4

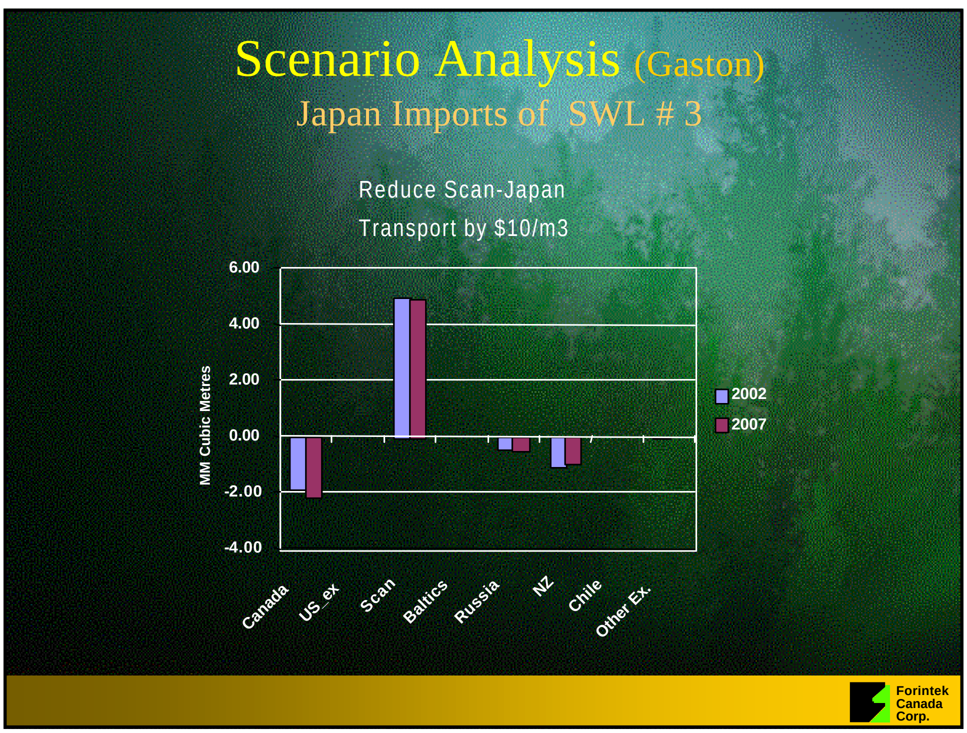
Forintek Canada Corp.

Softwood Lumber Groups (Gaston)

	Japan quantity	$ CDN	$ CDN/m3	$US/m3	CODE
Canada					
SW Lumber					
SW, treated	3,395	1,992,531	587	425	1
SPF	1,650,744	605,269,241	367	266	3
Hem-Fir	1,360,276	546,424,309	402	291	3
Sitka Spruce	204,405	124,117,304	607	440	1
Spruce, nes	58,090	34,234,893	589	427	1
Pnderosa Pine	196	86,774	442	320	2
Red Pine					
Red and White Pine	1,742	851,450	489	354	2
Lodgepole Pine	5,925	4,231,996	714	518	1
Pine, nes					
Hemlock, nes	600,275	245,512,631	409	296	3
True Fir/Balsam	7,577	2,858,933	377	273	3
Western Red Cedar	123,971	84,211,751	679	492	1
Yellow Cedar	318,721	210,843,772	662	479	1
Cedar, nes	783	520,116	664	481	1
Douglas-Fir	537,715	265,652,286	494	358	2
SW, nes	419,374	96,286,521	284	210	3
TOTAL SW	5,593,189	2,348,094,508	420	304	

SW Code	m3	$CDN	$CDN/m3	$US/m3
1	715,290	460,152,363	667	483
2	539,457	266,503,681	530	384
3	4,338,443	1,621,438,409	374	271
4				
	5,593,189	2,348,094,508	420	304

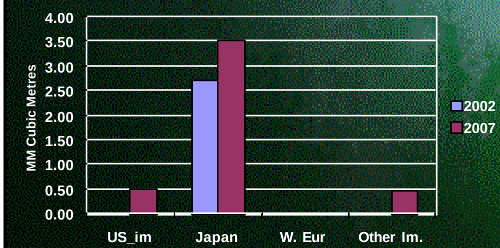

Trade Model (Gaston)
Canada Exports SWL 1
Canada Exports SWL 3
Canada Exports SWL 2
Canada Exports SWL 4
MM Cubic Metres
Projected
Actual
US_im
Japan
W. Eur
Other Im.
Forintek Canada Corp.


Scenario Analysis (Gaston)
Japan Imports of SWL # 3
Reduce Scan-Japan
Transport by $10/m3
MM Cubic Metres
2002
2007
Canada
US_ex
Scan
Baltics
Russia
NZ
Chile
Other Ex.
Forintek Canada Corp.

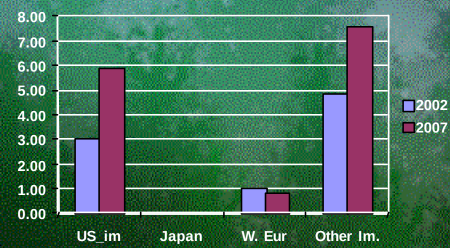
Scenario Analysis (Gaston)

Increase Russia Supply

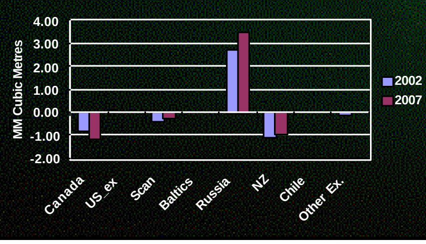
Russia Exports SWL 3



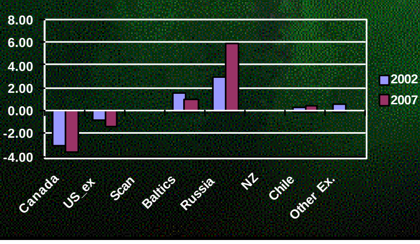
Russia Exports SWL 4



Japan Imports SWL 3



US Imports SWL 4

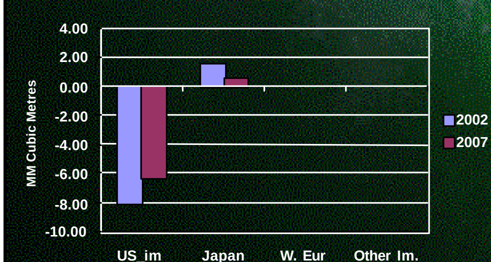


Scenario Analysis (Gaston)

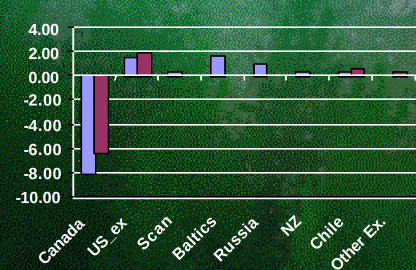
Reduce Canada/US Quota to

10 billion board feet (24 million m3)

Canada Exports SWL 4



US Imports SWL 4



Forintek Canada Corp.

Chris Gaston, Ph.D.
Director, Markets and Economics

Phone: **001-604-224-3221**
Fax: **001-604-222-5690**

e-mail: **gaston@van.forintek.ca**

Forintek
Canada
Corp.