INDUSTRY CANADA
Windows and Doors Review

Volume 5 Issue 3 | Fall 1999

Exports to US Soar
Canadian Production Higher Through 2nd Quarter

The window and door industry experienced healthy growth in the first half of 1999. Impressive export growth to the United States and Western Europe served to push Canadian production of windows and doors higher. Industry Canada analysis indicates sustained growth through the second half of 1999. Both the export and domestic markets are expected to provide good prospects for Canadian window and door manufacturers for the remainder of the year.

Shipments

Wood and metal window and door shipments grew by 8.7 percent in the second quarter of 1999. Shipments were $717 million from April to June, versus $660 million for the same period last year. Higher demand from improving Canadian construction and export markets pushed production up. Second quarter wood and metal window and door shipments were $2.72 billion on a seasonally adjusted and annualized basis. In the first half of the year, wood and metal window and door shipments were $1.24 billion, an increase of 7.2 percent compared to $1.16 billion in the first six months of 1998. Industry Canada estimates production of PVC windows and doors through the first six months of the year was approximately $225 million. Total Canadian window and door shipments, including PVC, are estimated to have been approximately $1.46 billion in the first six months of the year.

Production of wood windows and doors experienced strong growth in the second quarter, helping to push shipments higher for the first half of the year. Between April and June, wood window and door production was $387 million, an increase of 12 percent over the same period in 1998. Shipments for the first half of the year were $642 million, up 9.2 percent. Metal window and door shipments, which led growth in 1998, grew by

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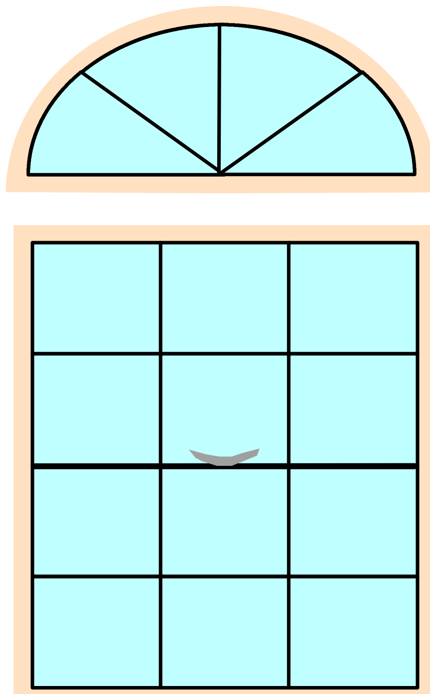


Also in this Issue

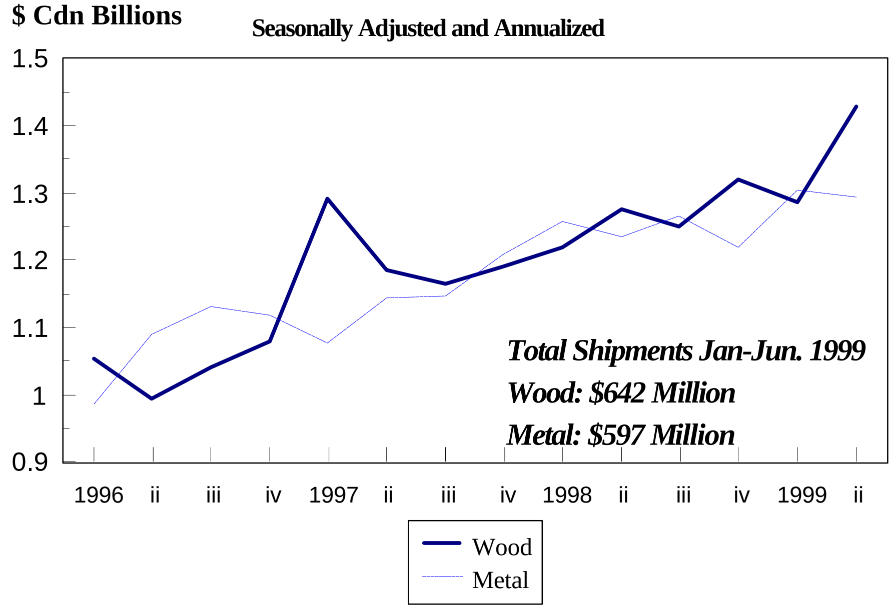
5.1 percent to $330 million in the second quarter. Total metal window and door production for the first half of 1999 was $597 million, an increase of 5 percent over shipments between January and June of 1998.

The Industrial Producer Price Index for wood windows and doors remained unchanged for the eighteenth consecutive month. Although there was a small increase in the metal window and door IPPI, the change was less than one percent meaning prices have remained relatively stable.

International Trade

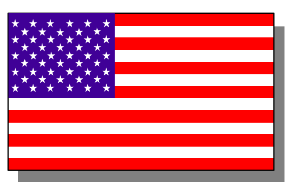
Canadian window and door exports were strong in the second quarter of 1999. Exports grew by 19.3 percent during this period to reach $222.3 million between April and June. The strong second quarter helped to push total window and door exports to $417 million for the first half of 1999, up 25.2 percent from the same period in 1998. Products in all material types saw healthy increases in the first six months of 1999. Wood window and door exports between January and June were $174 million, increasing 30.2 percent and led all other material types in export growth. Metal window and door exports were $182 million, up 20.9 percent, while PVC exports increased by 24.2 percent to $61.4 million for the first half of 1999.

Shipments of Metal and Wood Windows and Doors



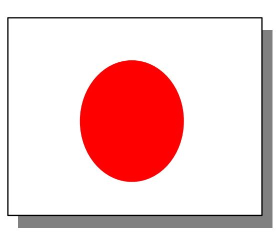
Source: Industry Canada Based on Statistics Canada Figures

Canadian Window and Door Export Markets January - June 1999



Total Exports to US: $377.6 Million
Leading Products:
Doors of Wood ($111 Million)
Doors, Windows & Thresholds of Steel ($111 Million)

Total Exports to the European Union: $13.6 Million
Leading Products:
Doors, Windows & Thresholds of Steel ($6.3 Million)
Doors of Wood ($2.4 Million)



Total Exports to Japan: $10.3 Million
Leading Products:
Windows of Wood ($4.5 Million)
Doors of Wood ($4.2 Million)

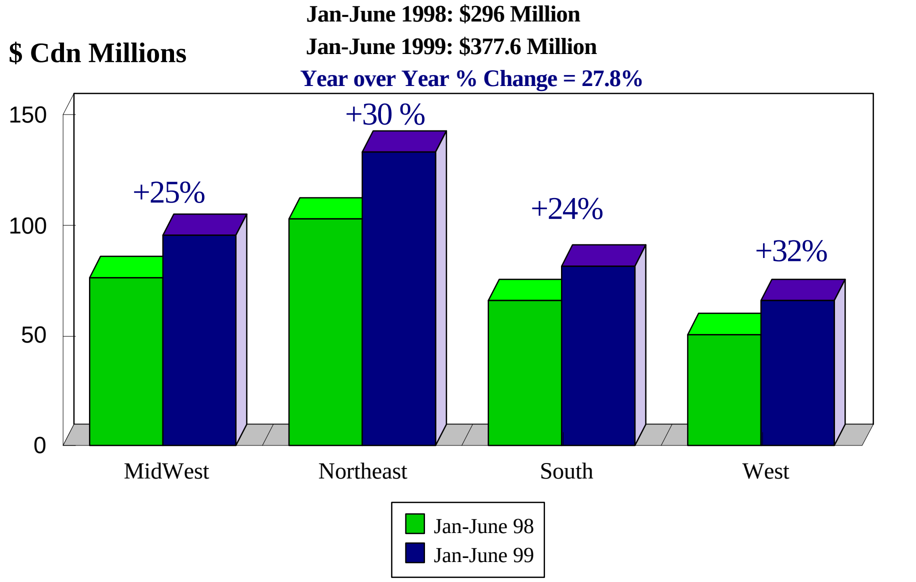
Exports to the U.S.

Window and door exports to the US soared to $202.3 million in the second quarter, up 21 percent versus the same period in 1998. For the first six months, window and door exports to the US were $377.6 million, up 27.8 percent from $295.5 million in the first half of 1998. Higher residential and industrial construction activity in the US spurred demand for Canadian windows and doors of all material types. Exports of wood doors ($111 million) and steel windows and doors ($111 million) led all product groups. The US represents 90.6 percent of all Canadian window and door exports.

By region, exports to the US Northeast continued to lead all others. Canadian window and door exports to this region increased by 25 percent to $71.6 million in the second quarter. Combined with a strong first quarter, exports for the first six months of the year to the US Northeast were $133.6 million, up 30 percent from the year before. Window and door exports for the first half of 1999 to New York, the largest market in the region, were $59.1 million, up 30 percent. Exports to the US Midwest were also strong in the second quarter, reaching $52.6 million, an increase of 8.8 percent over $48.4 million a year ago. Between January and June, Canadian window and door shipments to this region totalled $95.6 million, an increase of 25.1 percent. Michigan is the primary market in the US Midwest, with Canadian exports of $28.7 million, up 21.5 percent for the first half of 1999. Interestingly, PVC windows and doors had the largest share of exports to Michigan at 27 percent, followed closely by steel windows and doors at 19.6 percent and wood windows at 19.2 percent.

In the US South, Canadian window and door exports reached $41.5 million in the second quarter. This represents an increase of 18.6 percent over $35 million worth of exports recorded in the same period in 1998. Window and door exports to the US South for the first six months of the year were $81.9 million, up 24.3 percent. Canadian exports of $13.8 million to Virginia were the largest to states in the US South, followed closely by North Carolina with Canadian exports of $13.6 million in the first half of 1999. Exports to states along the US West coast have been rising among the fastest. Canadian shipments to this region were $36.4 million in the second quarter, a rise of 40.7 percent. Between January and June, exports to the US West soared to $66.4 million, an increase of 32 percent. California and Washington State were the largest markets in the US West with Canadian exports of $22.1 and $20.7 million respectively.

Window and Door Exports to the US: January-June 98/99 Comparison By Region



Source: Industry Canada Based on Statistics Canada Figures

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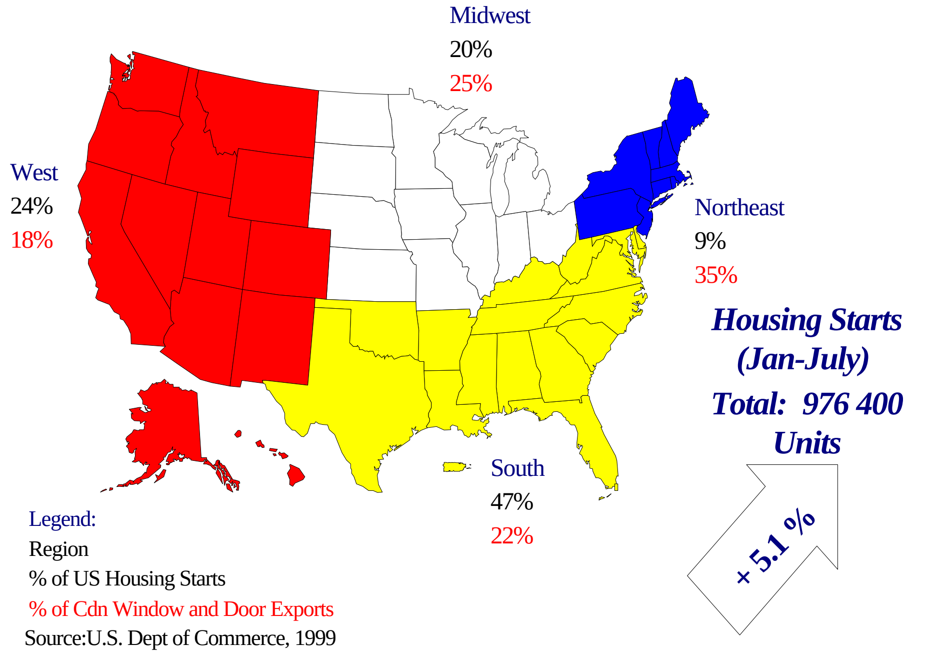
Exports to Offshore Markets

Offshore markets, which once represented 16 percent of total exports as recently as 1996, accounted for just 9.4 percent of all exports. These markets showed some signs of strengthening in the second quarter of 1999. While growth in the US continues to outpace export growth in offshore markets, markets such as the EU and Japan began to grow. Exports to the EU were $13.6 million for the first half of 1999, an increase of 35.5 percent. Exports to the EU in the second quarter were particularly strong, increasing 75 percent. The United Kingdom was largest market for Canadian window and door exports to the EU. Exports to the UK were $8.3 million, an increase of 30 percent from the same period in 1998. Exports to the Netherlands were up 47 percent to $2 million for the first half of 1999. Exports to Japan for the first six months were $10.3 million, up 35.3 percent from $7.6 million a year ago. Second quarter exports of windows and doors to Japan rose 17.6 percent, extending gains made in the first quarter of the year. Exports to other Asia-Pacific countries were $2.9 million, down 60.5 percent from a year ago.

US Housing Starts January-July 1999

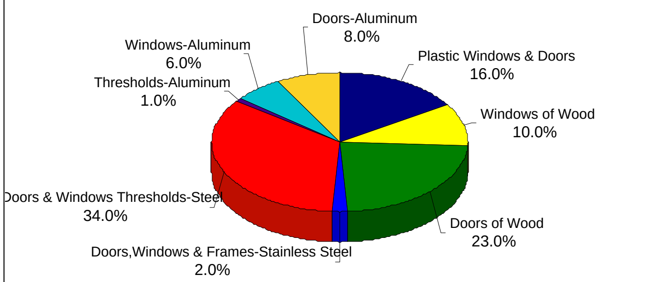


IMPORTS and the APPARENT DOMESTIC MARKET

While exports have been the driving force behind the growth in window and door shipments, a rebound in the domestic market served to push production and imports higher. Imports of windows and doors in the first six months of the year were $117.5 million, up 4.8 percent from the same period a year ago. The US was the largest source of imports, with Washington State, accounting for 15 percent or $17.5 million of all imports. Other significant sources of imports were the states of Oregon and Ohio at $13.5 and $10.7 million respectively.

After a relatively weak first quarter, the Canadian apparent domestic market (ADM) for wood and metal windows and doors appears to have grown by 5.6 percent in the second quarter, reaching $585 million. For the first six months of the year, the ADM was $982 million, an increase of 1.6 percent.

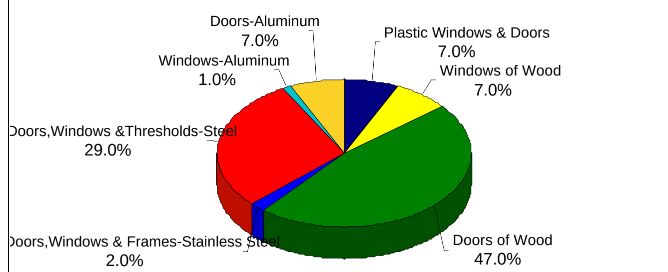
Breakdown of Window and Door Exports From Ontario January - June 1999



Total Exports (Jan - June): $223.2 Million

Source: Industry Canada based on Statistics Canada data

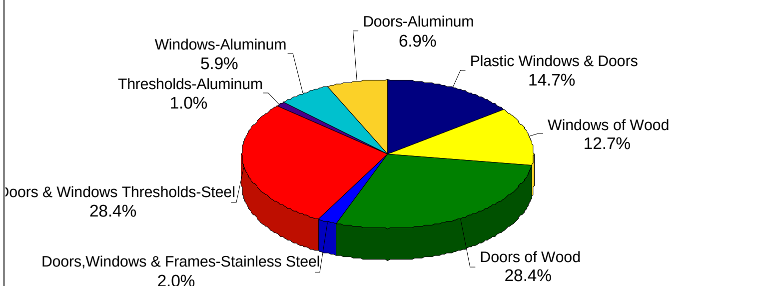
Breakdown of Window and Door Exports From Quebec January - June 1999



Total Exports (Jan - June): $90.9 Million

Source: Industry Canada based on Statistics Canada data

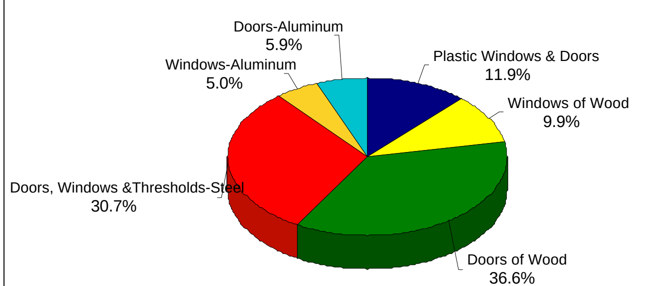
Breakdown of Window and Door Exports From all Canada January - June 1999



Total Exports (Jan - June): $416.9Million

Source: Industry Canada based on Statistics Canada data

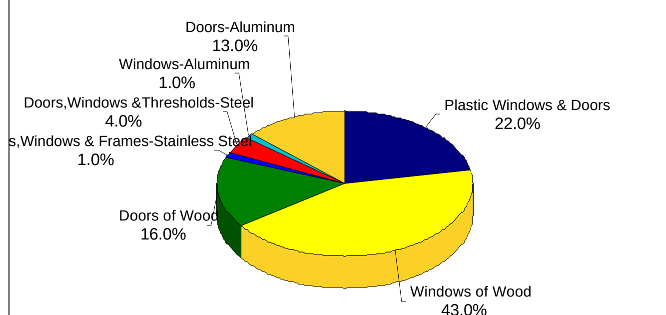
Breakdown of Window and Door Exports From British Columbia January - June 1999



Total Exports (Jan - June): $50.1 Million

Source: Industry Canada based on Statistics Canada data

Breakdown of Window and Door Exports From the Prairies January - June 1999

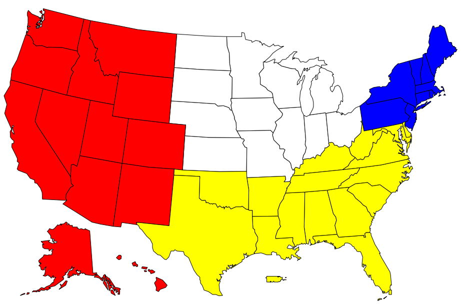


Total Exports (Jan - June): $47 Million

Source: Industry Canada based on Statistics Canada data

Window and Door Exports to the Top 20 US States Jan-June 1999

In Thousands of Canadian Dollars



		Jan-June 99	Jan-June 98	% Ch 98/99
1	New York	59,132	45,491	30.0%
2	Michigan	28,696	23,618	21.5%
3	California	22,147	13,046	69.8%
4	Massachusetts	22,040	18,602	18.5%
5	Washington	20,737	19,210	7.9%
6	Minnesota	14,723	13,862	6.2%
7	Illinois	14,180	12,934	9.6%
8	Virginia	13,875	18,557	-25.2%
9	New Jersey	13,708	9,953	37.7%
10	North Carolina	13,603	4,714	188.6%
11	Ohio	12,269	9,032	35.8%
12	Georgia	11,143	5,541	101.1%
13	Florida	10,750	14,456	-25.6%
14	Connecticut	10,603	6,469	63.9%
15	Pennsylvannia	10,225	9,506	7.6%
16	Texas	8,230	5,951	38.3%
17	Wisconsin	8,203	7,353	11.6%
18	New Hampshire	7,633	5,297	44.1%
19	Oregon	6,512	5,773	12.8%
20	Missouri	5,652	2,173	160.1%

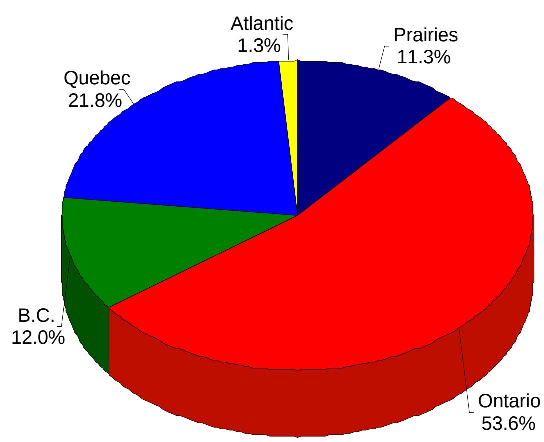
Source: Industry Canada based on Statistics Canada data

Industry News

CWDMA 1999 Fall Meeting and WIN-DOOR 99
November 17-19, Toronto

The Canadian Window and Door Manufacturers Association will be holding their Fall 1999 meeting in conjunction with WIN-DOOR 99 on November 17 to 19 at the Toronto Congress Centre. The meeting will include technical committee meetings, presentations on the state of the economy, and updates from working committees of the association. For more information on the Fall 99 Meeting or on attending WIN-DOOR 99, contact Tom Duffy of the CWDMA at (613) 233-9804.

Share of Canadian Window and Door Exports by Region (January-June 1999)



Total Exports (Jan - June): $416.9 Million

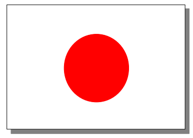
Source: Industry Canada based on Statistics Canada

Construction and Housing Review

Construction in Canada

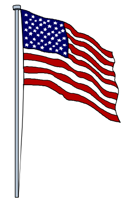
Construction activity in Canada was strong through the first seven months of the year. Canadian housing starts were up 5 percent over the January to July period in 1998. Housing starts in the Atlantic provinces and Ontario have seen healthy increases while starts in Quebec have remained stable. In contrast, housing starts in BC and Alberta are below last year's level. Building permits in Canada increased to 94 688, an increase of 4.4 percent. The results among the various metropolitan areas varied. Building permits in Edmonton saw healthy increases, with 4 470 permits issued over the first seven months, an increase of 25.2 percent. In Toronto, there were 20 700 building permits issued, up 19 percent from a year ago. Strong construction activity and higher building permits issued were also observed in Ottawa and Montreal. Vancouver saw building permits fall 44 percent to 5 200 in the first seven months. Construction activity in Calgary was weaker, with building permits down 29.4 percent to 6 200.

Construction in Japan



After having contracted for five consecutive quarters, the Japanese economy showed signs of coming out of recession in the first two quarters of 1999. Japan experienced economic growth of 8.1 and 0.9 percent in the first and second quarters of 1999. While this is a positive sign, it may be too early to say Japan is on the road to recovery because some sectors have not yet shown signs of recovery. Housing starts continued to lag the overall economy. Japanese housing starts for the first seven months of the year were below 1998 levels and significantly below those of 1997. Housing starts totalled 690 500 for the first seven months, down 1.26 percent from the same period in 1998. Starts in July were 1.153 million on a seasonally adjusted and annualized basis, versus 1.131 million in July of 1998. Prefabricated and 2X4 housing starts both saw gains in the first seven months of the year. Prefabricated starts were up 4.8 percent to 107 165, while 2X4 construction starts were up 9.6 percent to 42 308.

Construction in the United States



A strong job market, low inflation and relatively low interest rates supported the growth of the US economy during the first six months of the year. Construction activity, another key indicator, remained strong, stretching the gains made in the early winter months of the year. Housing starts for the first seven months of the year were 976 400 units, an increase of 5.1 percent over the same period last year. By region, the US South continued to lead all others growing 6.2 percent to 454 900 housing starts between January and July. In the US Midwest, housing starts were 195 200, an increase of 6.8 percent over the same period last year. Starts in West Coast states grew moderately to 237 000 units, a gain of 1.4 percent. In the Northeast, housing starts were up 1.1 percent to 84 600 units. The US South accounts for 47 percent of all housing starts, followed by the US West at 24 percent and the Midwest at 20 percent. The US Northeast represents 9 percent of national housing starts. For July, US housing starts were 1.661 million on a seasonally adjusted and annualized basis, down from the 1.719 million units recorded in July 1998.

Special Feature

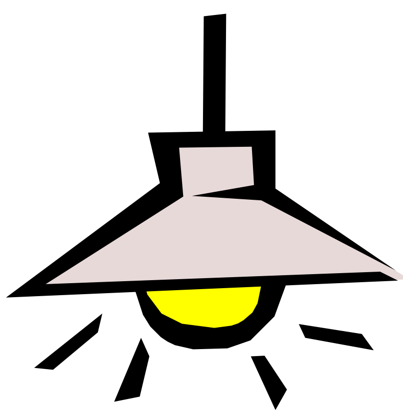
Electronic Commerce...The Future is Now!
Seminar on E-Commerce at Construct Canada '99

Industry Canada is organizing a free seminar on E-Commerce at the next **Construct Canada** exposition which will be held on **December 1, 1999** at the Metro Toronto Convention Centre, Toronto, Ontario. Taking advantage of the unique opportunity offered by this national venue to network with key industry players, Industry Canada will present a half-day seminar focussing on electronic commerce and its potential benefits.

Numerous studies have demonstrated the potential impact that adoption of electronic commerce can have on a business, particularly on the business-to-business side. The audience will have the opportunity to learn from various presenters, from both the private and public sectors, about the what, why and how of electronic commerce. They will also have the chance to network with electronic commerce solution providers, as well as find out about the various Industry Canada sources of information on electronic commerce.

This seminar, focussed toward SMEs in the construction products industry, will attempt to raise electronic commerce awareness, promote the benefits of electronic commerce as a way to increase competitiveness and productivity, and create a networking opportunity for both the potential adopters and providers of electronic commerce.

For more information, contact Sandra Charles at (613) 957-7803 or by Fax: (613) 952-8384 or E-mail: Charles.Sandra@ic.gc.ca



ONLINE EXPORT TRAINING

The Forum for International Trade Training (FITT) has made two of its courses on international trade available on-line. The Global Entrepreneurship and International Marketing courses provide you with invaluable information on preparing and researching export markets, market entry strategies and marketing plans. On-line training offers a number of benefits including updating or improving your knowledge of exporting and international trade skills, at a schedule that best suits you. You can also join on-line discussions with international trade practitioners, to share information and exchange viewpoints with other participants. Those with at least three years of exporting experience can also choose to become certified in international trade.

For more information, visit the FITT website at **www.fitt.ca** or call 1-800-561-FITT (3488) or (613) 230-3553.