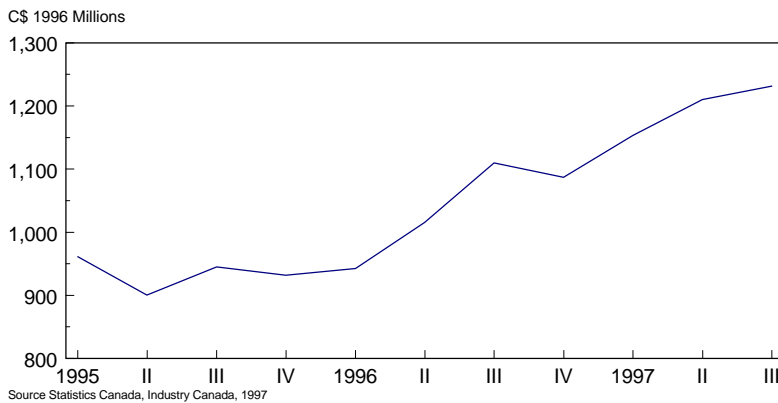


Canadian Kitchen Cabinet Shipments Quarterly, Seasonally Adjusted and Annualized



After running 40 percent above their year -ago levels in the first quarter of 1997, the rate of year-over- year percent increase slipped to 25 percent in the July to September period. With growth in the domestic market outstripping that of exports, exports as a percentage of industry shipments declined to 30 percent in the April to September period, down from 33 percent in the first quarter. Despite the slowdown in export growth, Canadian kitchen cabinet and bathroom vanity exports should be in the \$370 million range in 1997, well above the \$287 million recorded by the industry in 1996.

Reflecting the strength of the domestic market, imports have surged forward in 1997. Through the first 9 months of the year, imports are running nearly 80 percent above their year-ago levels. However, despite this rapid increase, imports account for only about 5 percent of domestic consumption.

International Trade

As 1997 progresses, growth in industry shipments seems to be coming increasingly from the domestic market and less from the export market. While exports continue to grow, the rate of growth has shown some signs of decreasing in recent months.

 ★ **ALSO AVAILABLE ON THE INTERNET** ★
 ★ **Internet Address: <http://strategis.ic.gc.ca/foreind>** ★
 ★ **STRATEGIS** ★
 ★ **Forest industries and Building Products** ★
 ★ **Bookmark us!** ★

EXPORTS BY DESTINATION

CANADIAN EXPORTS OF KITCHEN CABINETS TO THE UNITED STATES

<i>Region</i>	<i>1996 %Total</i>	<i>Total for 1997 (Jan - August) in \$000's</i>	<i>Percent Change*</i>
Total US	100	235 478	+34.7
Midwest	18	48 059	+49.0
Northeast	27	65 408	+49.6
South	32	74 839	+37.7
West	23	46 990	+15.0

Source: Statistics Canada

* Percentage change in the value of exports between 1997 (Jan -August) and 1996 (Jan - August)

Industry exports to the US are up sharply across all regions, with the US West being the only market to record below-average growth. The relatively lacklustre performance of this market was due to a slow start to the year for exports to many states in the region including California, Washington, Nevada and Hawaii. However,

driven by sharply higher shipments to California, exports to this region have moved much closer to the overall US average in recent months.

Construction and Housing Review



Canada

The Canadian residential construction industry has experienced a strong rebound this year with the number of building permits issued up by nearly 22 percent from last year's levels through the first nine months of the year. Through September, this has been the strongest year for new residential construction starts in Canada since 1990. All provinces except for Newfoundland, Nova Scotia and British Columbia have recorded year-over year increases in activity levels. Growth has been strongest in Quebec (29%), Ontario (41%) and Alberta (44%).



United States

US housing starts appear to be on track to finish the year slightly below their levels

OVERSEAS EXPORTS OF KITCHEN CABINETS AND BATHROOM VANITIES 1997

Country of Destination	EXPORTS(Jan-August) (\$000 Cdn)	Pct. change
Japan	3 888	+7.2
European Union	1 438	+55
Other	1 831	-12

Source: Statistics Canada

After starting the year off very strongly, Canadian kitchen cabinet exports to Japan slowed considerably during the spring and summer months. This slowdown coincided with the increase in Japan's consumption tax which took effect in April of this year. The introduction of this tax increase resulted in a sharp drop in both economic and construction activity in Japan during the second quarter.

Driven by strong exports to Spain, France and Sweden, Canadian kitchen cabinet exports to the European Union are up sharply through the first eight months of the year.

on record since 1988. Through the first 9 months of 1997, US housing starts are running 2 percent below their levels during the same period last year. Over this period, starts have increased 3.5 percent in the Northeast and are virtually unchanged in the South while they declined by 3.7 percent in the West and by 7.5 percent in the Midwest.



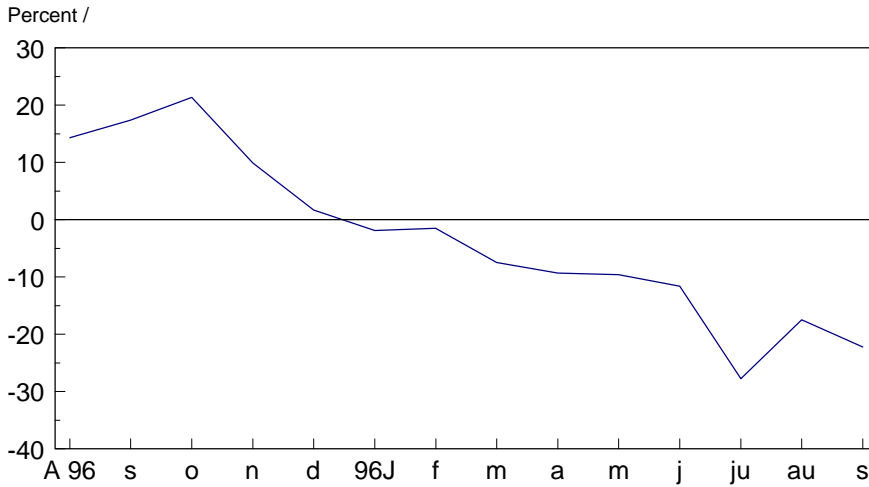
Japan

While a temporary economic slowdown was widely anticipated in Japan after its consumption tax increase in April, few foresaw that it would be as

severe as it has proven to be. Between April and June, Japan recorded its sharpest quarterly decline in economic output since the early 1970s. The residential construction sector has been severely impacted by this downturn with housing starts down by nearly 13 percent in the first 9 months of the year. Private home construction has been particularly hard hit by the downturn while condominium construction has shown some signs of improvement in recent months.

In response to the weak economy, the Japanese government has further reduced inter-

Japanese Housing Starts/Year Over Year Percent Change



Source: Japanese Ministry of Construction, 1997

est rates from their already low levels. While interest rate decreases act as a stimulus to residential construction, they can also cause potential buyers to postpone purchases in anticipation of further rate increases.

New Edition of Value-Added Directory Under Way

A new edition of the Canadian Export Directory for Value-Added Building Products is being prepared. The directory, which showcases Canadian windows and doors, kitchen cabinets, hardwood flooring and mouldings is a collaborative effort of the CWDMA, CKCA and CLA. It is a high-quality, glossy docu-

ment featuring company information with full-colour photographs. 10 000 copies of the document will be published and distributed worldwide by Industry Canada to Canadian embassies and trade post personnel. It will also be made available at 25 international trade shows where the federal government participates. In addition, each entry in the directory will be featured on the "[Canadian Building Products Directory](#)" web site (see the What's New on the Web section in this publication). If you are interested in participating, contact France Roy at (613) 233-6205.

CKCA 4th National Forum March 11-13, 1998

The Canadian Kitchen Cabinet Association will be holding its fourth annual National Forum at the Chateau Mont Ste-Anne in Beaufré, Quebec, just east of Quebec City. For details, call Sue Cardinal at (613) 233-6205.

Please note

This publication may be reproduced or referred to, provided that the Forest Industries and Building Products Branch of Industry Canada is quoted as the source.



SPECIAL FEATURE: WHAT'S NEW ON THE WEB

Over the past few years, there has been an explosion in the volume of information available to Canadian manufacturers and exporters on the Internet. To help companies deal with this ever-growing volume of material, several public and private sector organizations have developed sites which are intended to offer single window access to information on specific subjects. These include the federal government's recently launched ExportSource and the Canadian Wood Council's Canada Forest Network. Other sites of interest include the Canadian Building Products Directory and Trade-Data On-Line.

ExportSource:

<http://exportsource.gc.ca>

A federal partnership between Industry Canada, The Department of Foreign Affairs and other federal organizations, this web site is intended to bring the information published by the federal government for exporters together in a single location. It provides information on market research, export financing, export regulations/logistics, trade statistics and export contacts, as well as trade shows and missions. By searching across various federal databases, ExportSource

eliminates the run-around that can occur when dealing with many different sources of information.

Trade Data On-Line

http://strategis.ic.gc.ca/sc_mrkti/tdst/engdoc/tr_homep.html

Industry Canada's Trade Data On-Line allows you to do detailed searches of Canadian and US export and import trends by industry or product. To access up-to date trade data free of charge, simply follow the step by step directions offered at the site. Trade Data On-Line can be accessed directly at the address above or through Strategis or ExportSource.

For trade data on the Canadian kitchen cabinet and bathroom vanity industry's exports and imports, search under SIC code 2542

The Canadian Building Products Directory

<http://canadabuild.com>

The new "Canadian Building Products Directory Web Site" allows companies to showcase their products to potential

customers around the world. From lumber products to pre-fabricated houses, the Canadian Building Products Directory Website is where you'll find export-ready Canadian companies and their products. The website database is designed to easily locate Canadian manufacturers and suppliers by company, product, and province.

All participants in the recently published Canadian Value Added Building Products Export Directory have already been included on this site. Please visit the site at the address above and see for yourself how this product could improve your sales.

For more information about registering your company with Canada Build, please contact:

Ken Montgomery
Phone: (613) 954-3053
Fax: (613) 952-8384
E-mail:
montgomery.ken@ic.gc.ca

or visit the site to enquire directly

Canada's Forest Network www.forest.ca

In November of this year, a consortium of Canadian forestry groups representing government, industry and research interests, launched **Canada's Forest Network (CFN)**.

The CFN could be described as a gateway or directory, or indeed, as a kind of 'yellow pages' that will connect Internet users to a large variety of web sites on all aspects of Canadian forestry.

These sites, which come from many sources, include the complete spectrum of Canadian forest products [from pulp and paper to engineered wood to maple syrup], forest management and silviculture information. It will be dynamic, state-of-the art, fast and accessible through all current popular web browsers.

Major features of the Canadian Forest Network include:

- a 'tree' of forestry and forest products subject categories - at the end of each branch there will be links to other web sites with information specific to that subject category search engines that will search by keyword for any topic

relating to Canadian forestry or forest products on web sites including:

- a searchable e-mail directory of major players in Canada's forest and forest products industry
- the ability for any forestry-related web site to register relevant pages on the Network
- an interactive notice board for posting notices and asking questions in an open forum.

For more information, contact Peter Mazikins of the Canadian Wood Council by e-mail at: pmazikins@cwcc.ca, fax: 613-747-6264, or tel: 613-747-5544.

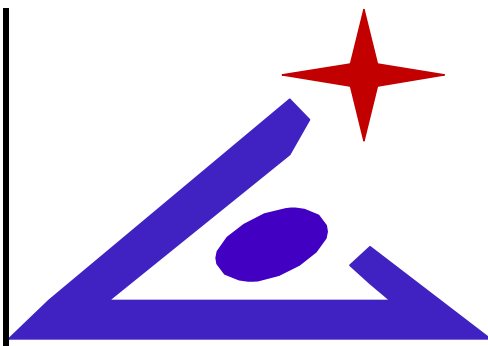
Canadian Industry Statistics/Canadian Industry Overview

<http://strategis.ic.gc.ca/SSG/io00201e.html>

French version: <http://strategis.ic.gc.ca/SSGF/io00201f.html>

A new product on Industry Canada's Strategis website, "Canadian Industry Overview" allows easy access to detailed data on the historical performance of various segments of the manufacturing industry. This includes analyses of Canadian industry trends in production, investment, research and development, employment, and trade. Where possible, and in those cases where similar U.S. data exists, a comparative U.S. analysis has also been provided. This product is based on the SIC code system.

For the Wood Kitchen cabinet and bathroom vanity industry, use SIC code 2542



Secteur de l'industrie
Direction générale des
industries forestières et
des matériaux de
construction

Industry Sector
Forest Industries &
Building Products Branch