



Today's Realities in Traditional Wood Product markets

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Panels)

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Agenda

1. Supply /Demand situation

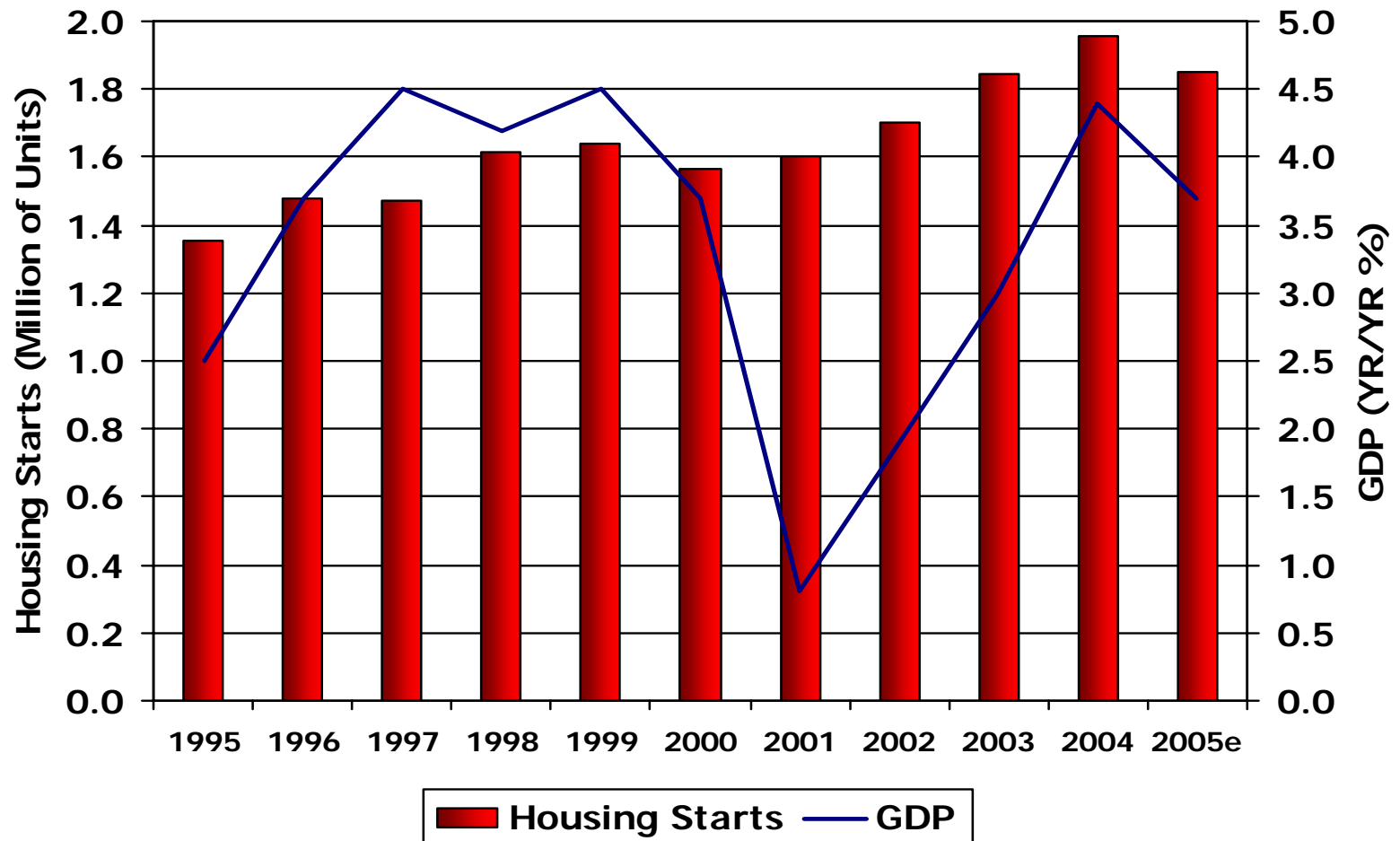
- U.S.
- Canada
- Japan

2. Where does BC fit

3. Customer trends

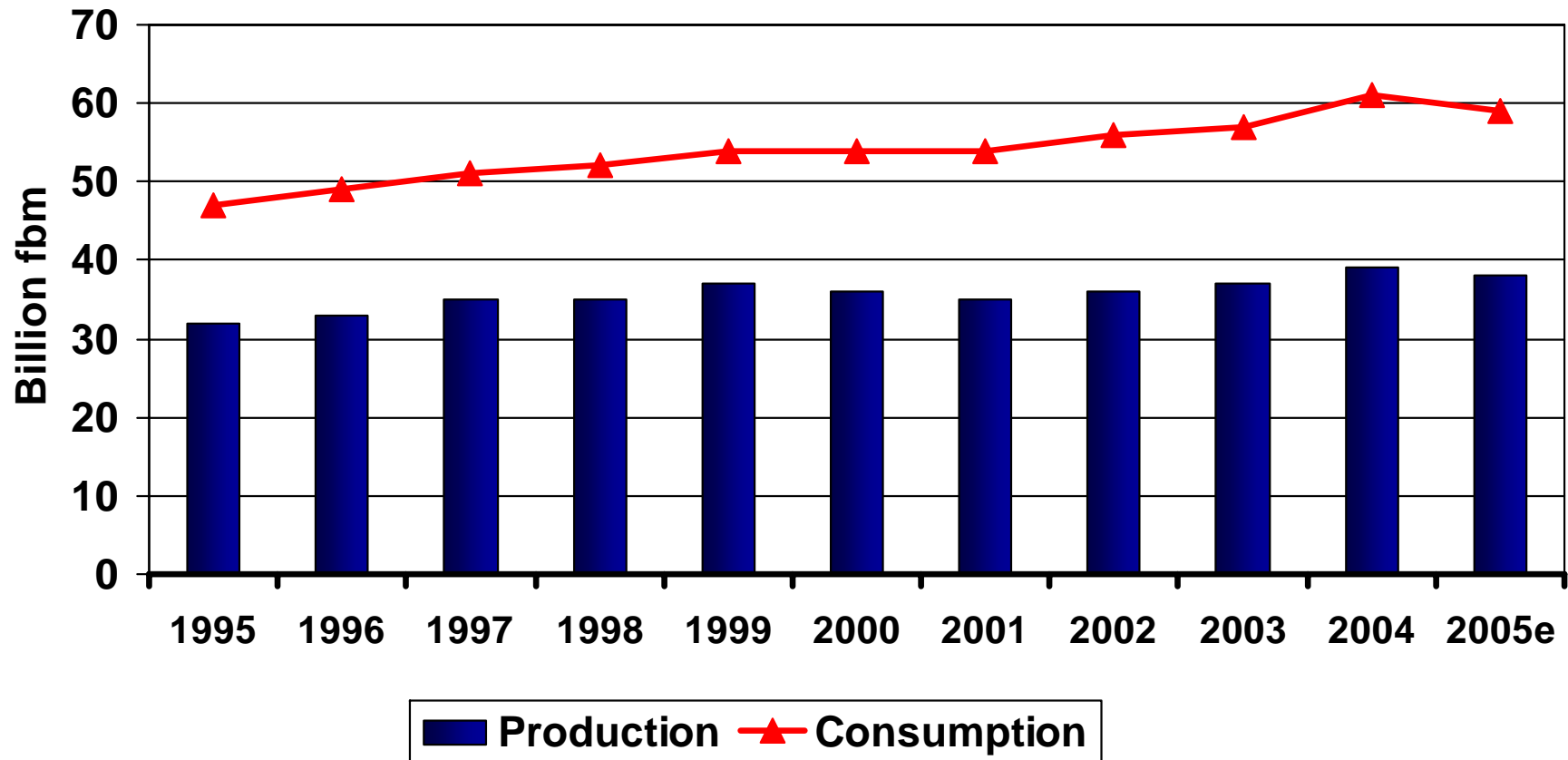
4. How can BC successfully compete in world market

U.S. Housing Starts & GDP



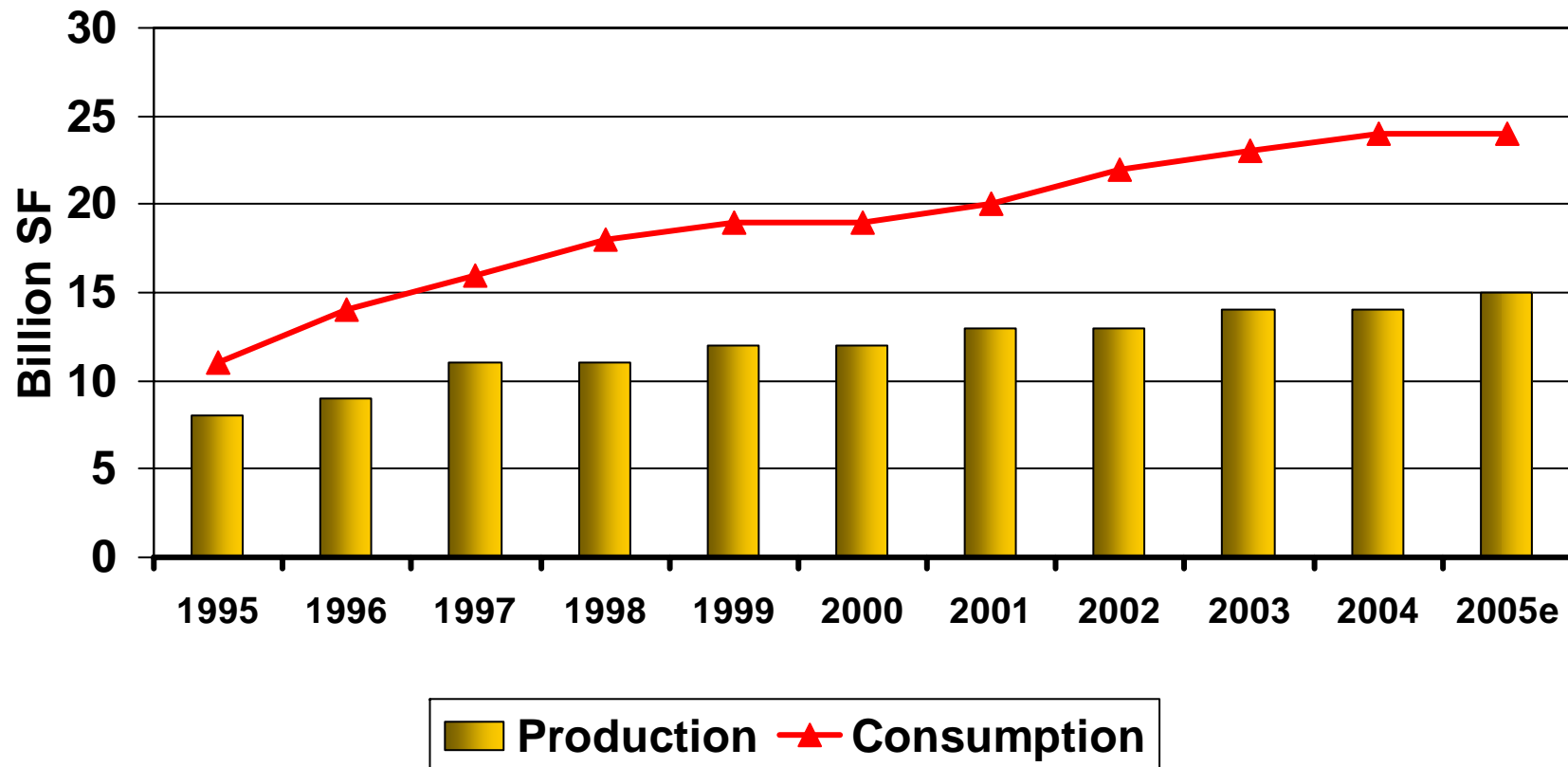
Source: US Census Bureau

U.S. Lumber Demand & Production



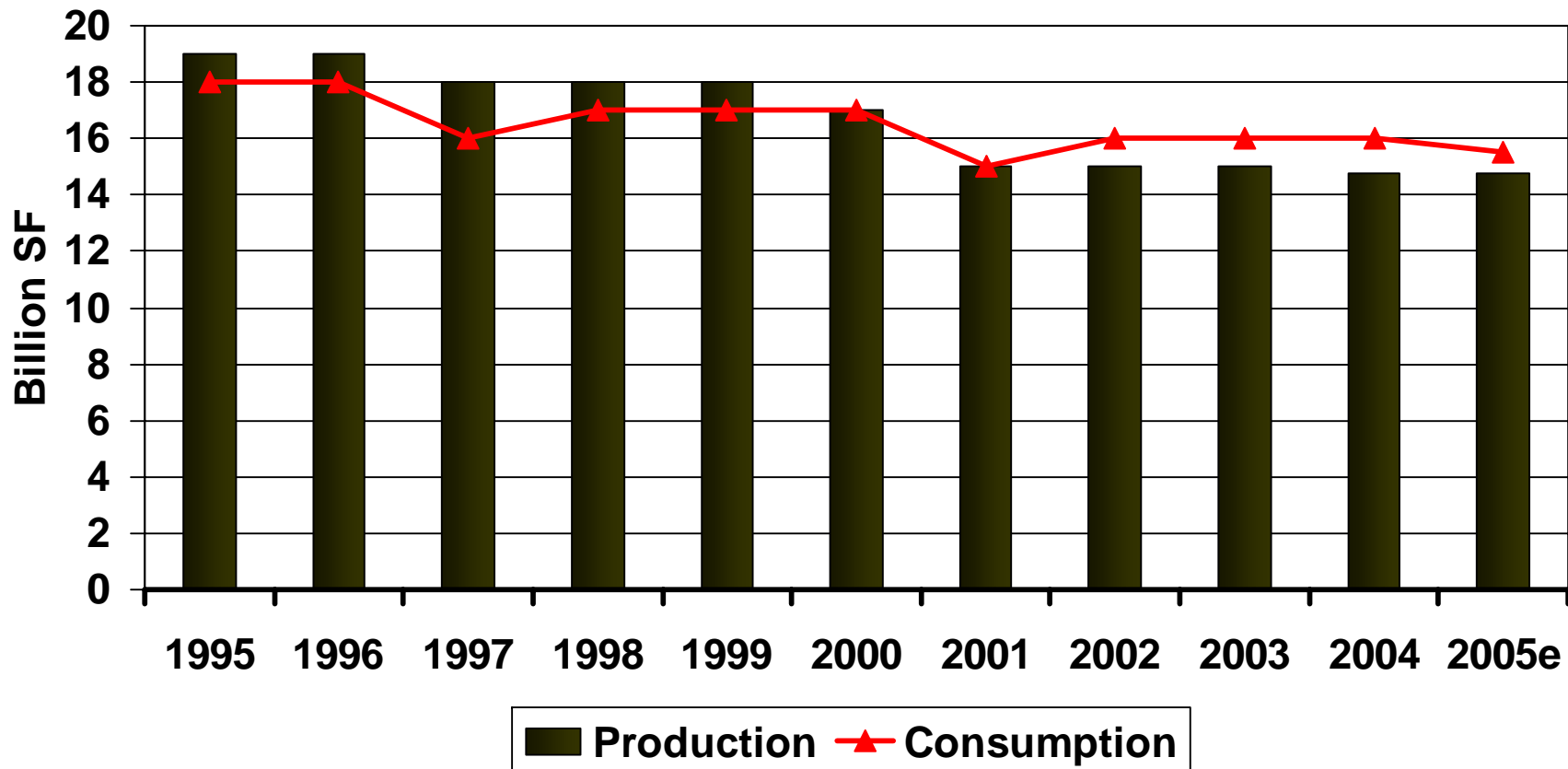
Source: WWPA

U.S. OSB Demand & Production



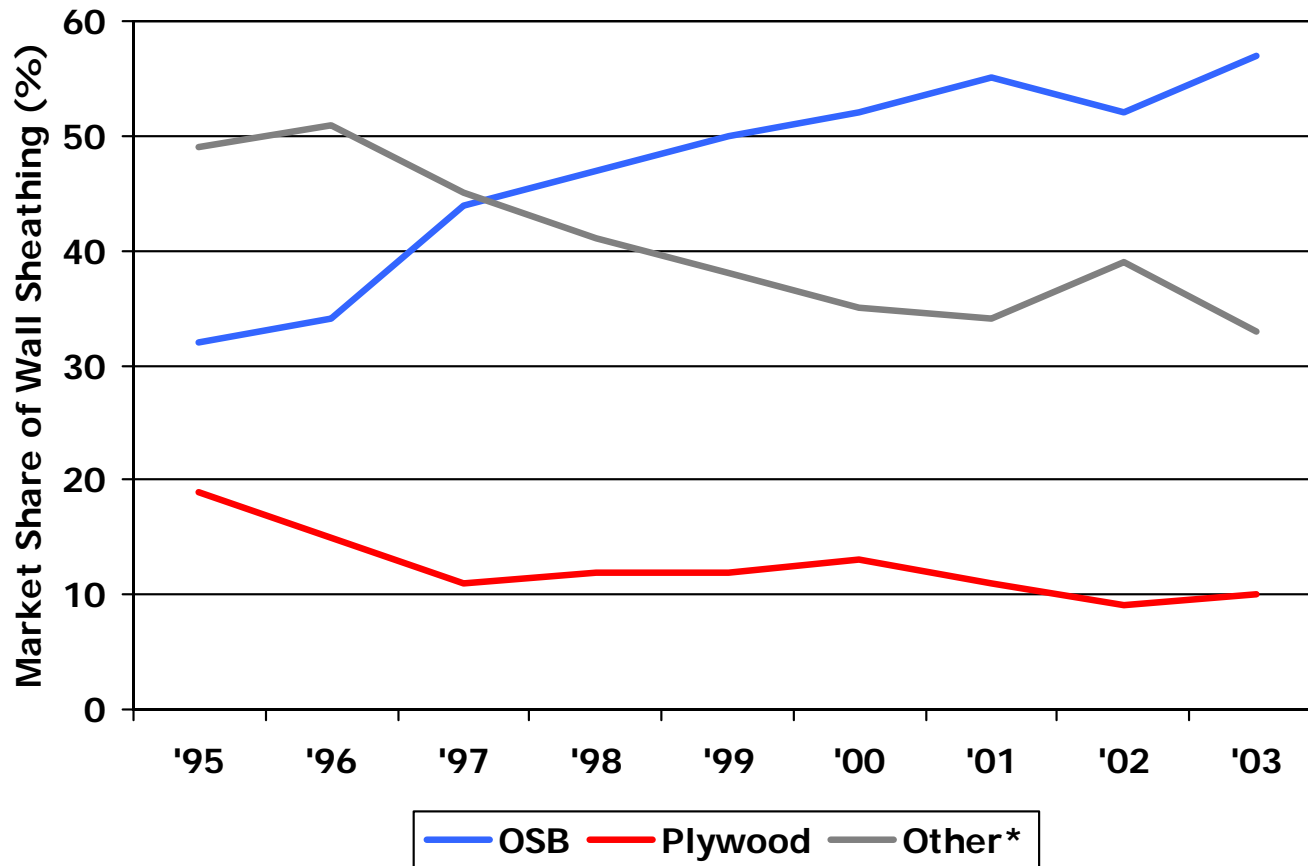
Source: APA

U.S. Plywood Demand & Production



Source: APA

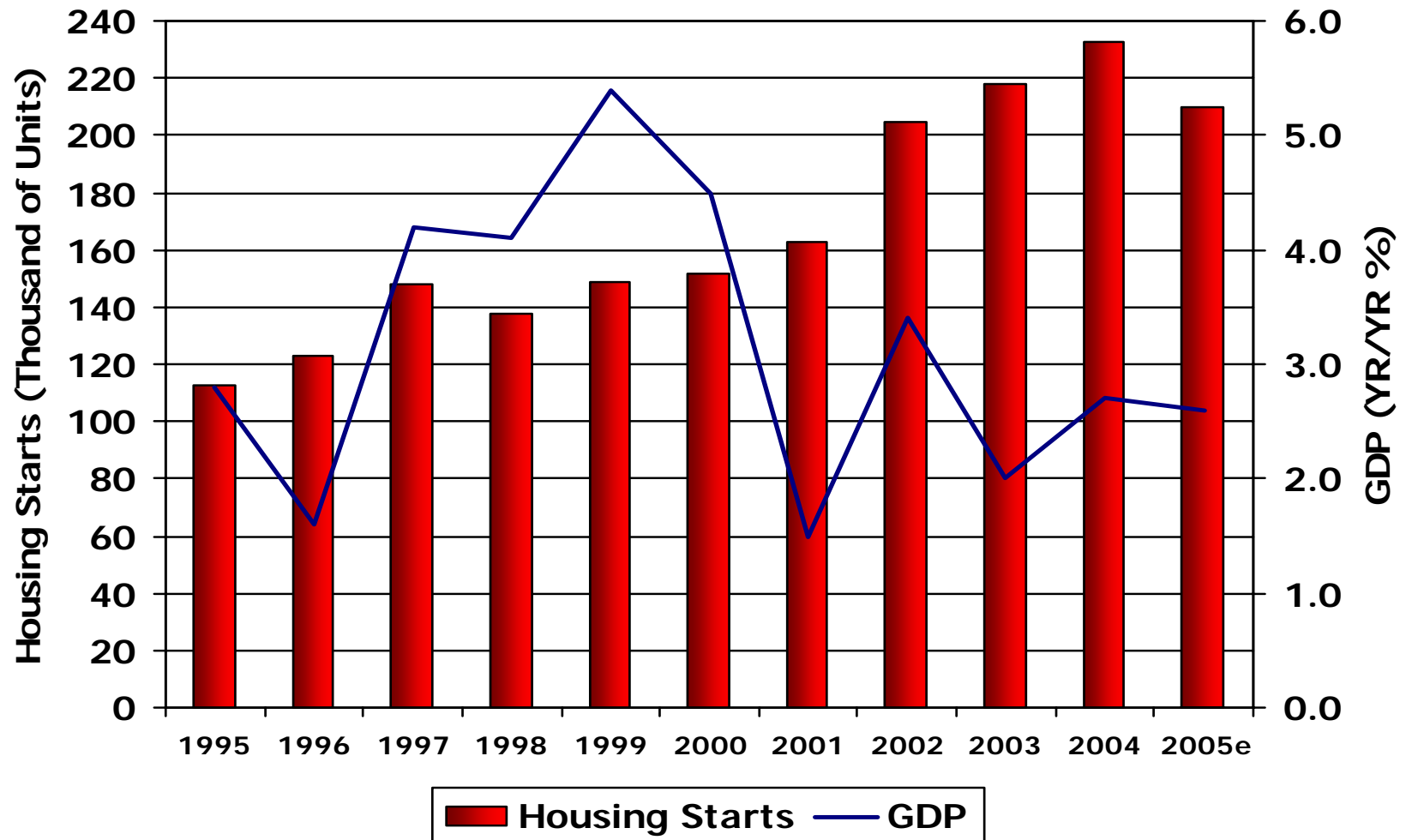
U.S. Single Family Wall Sheathing Market



*Other includes foam, fibreboard, Kraft/thermoply, gypsum, cement board, lumber, & other

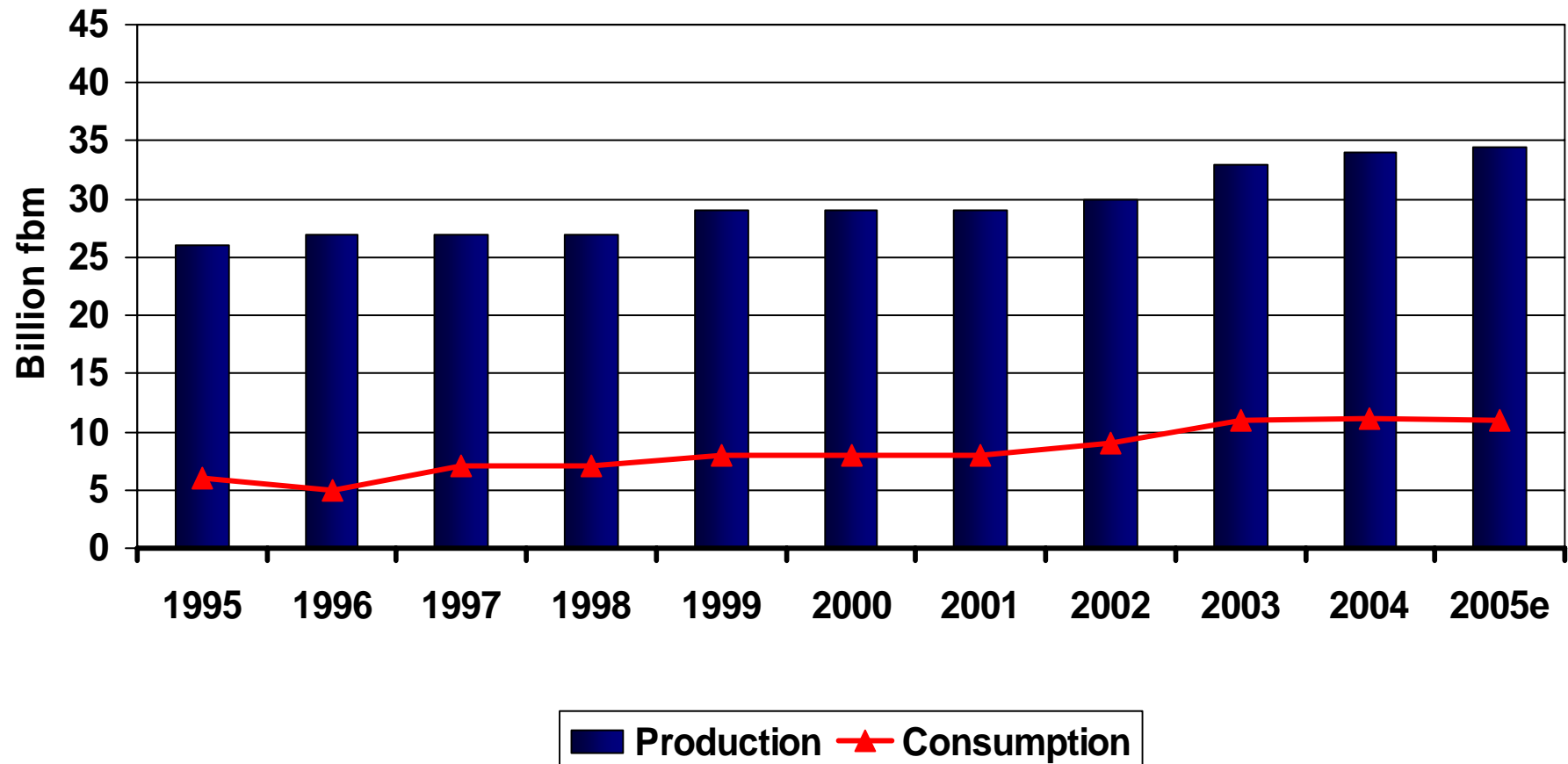
Source: APA

Canada Housing Starts & GDP



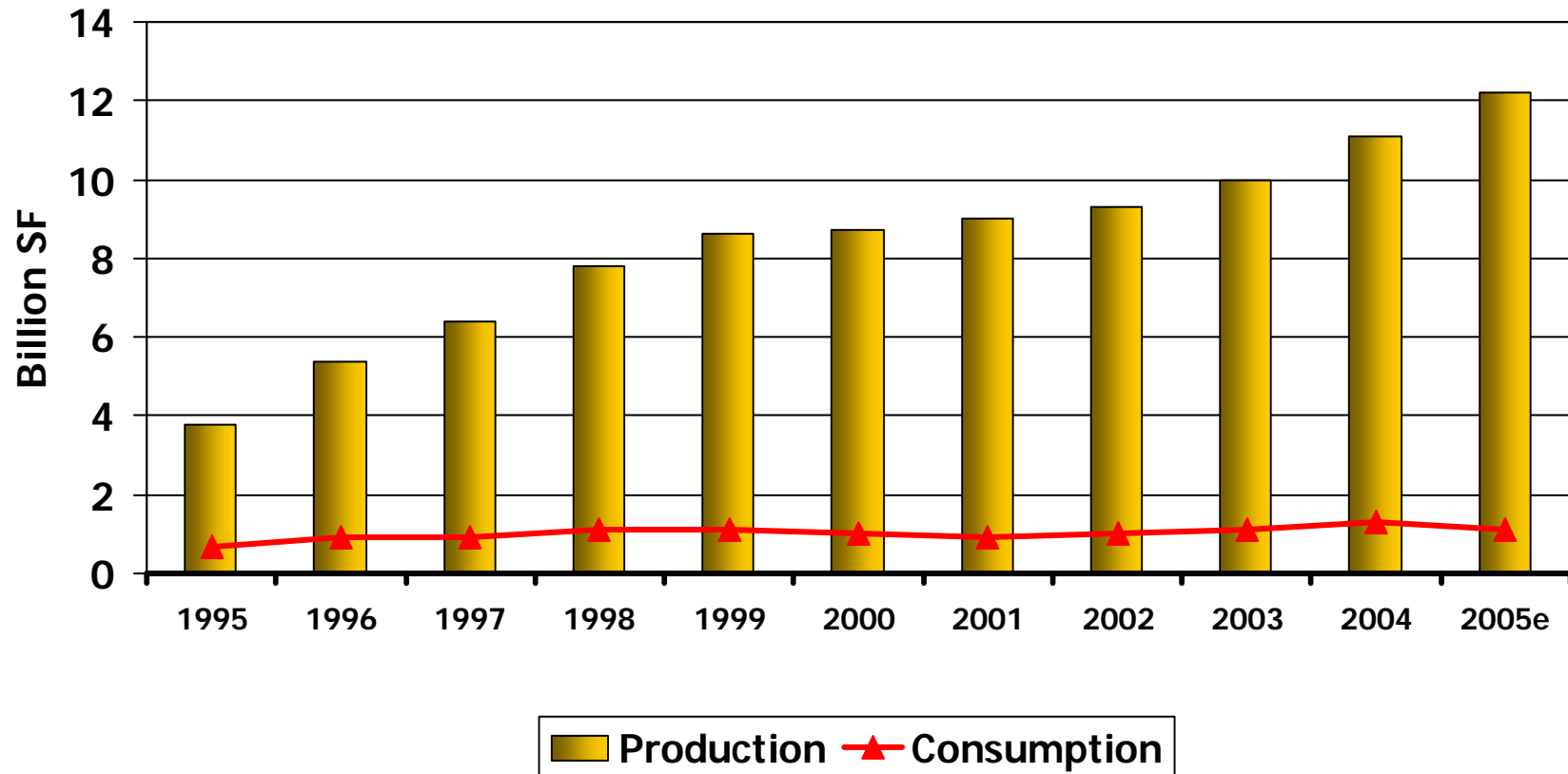
Source: Statistics Canada

Canadian Softwood Lumber - Supply & Demand



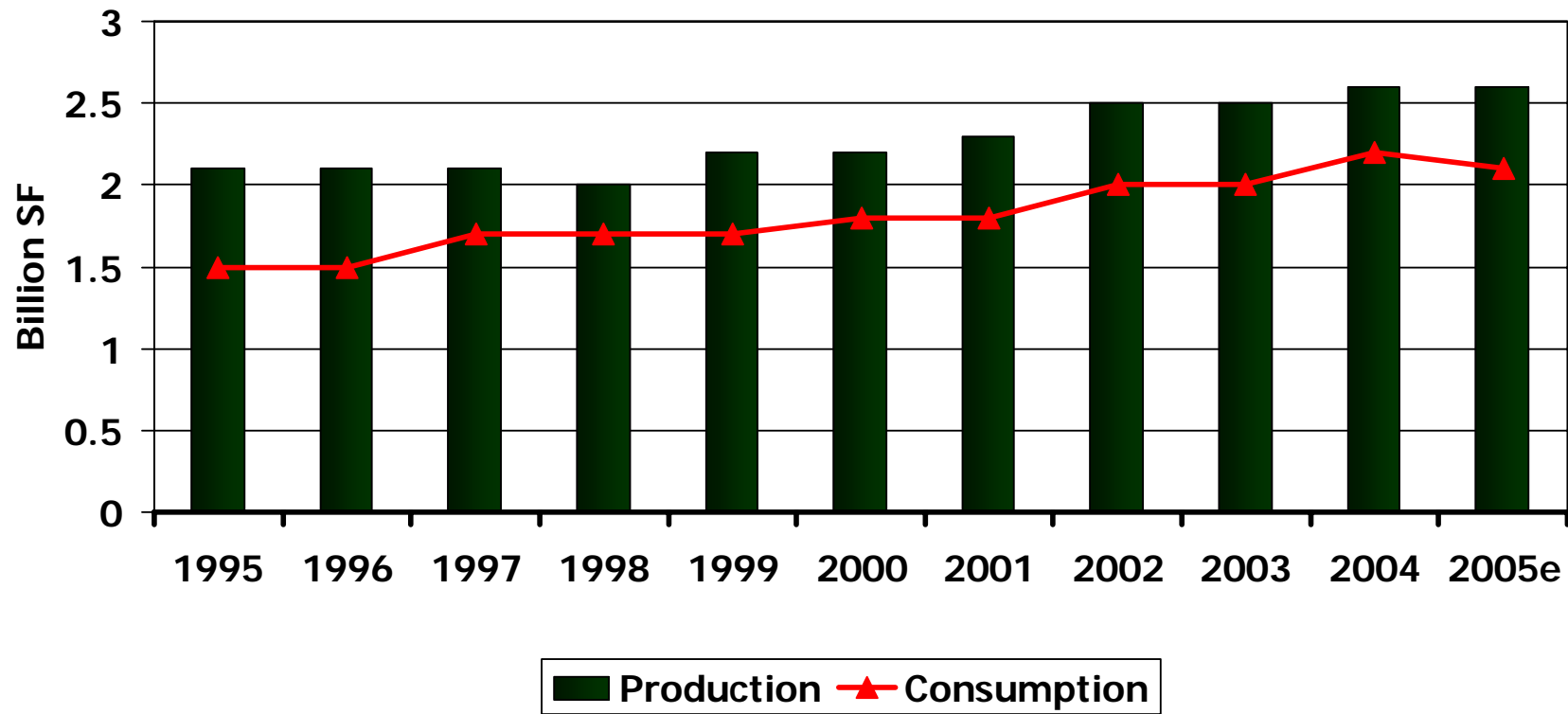
Source: WWPA, COFI

Canadian OSB - Supply & Demand



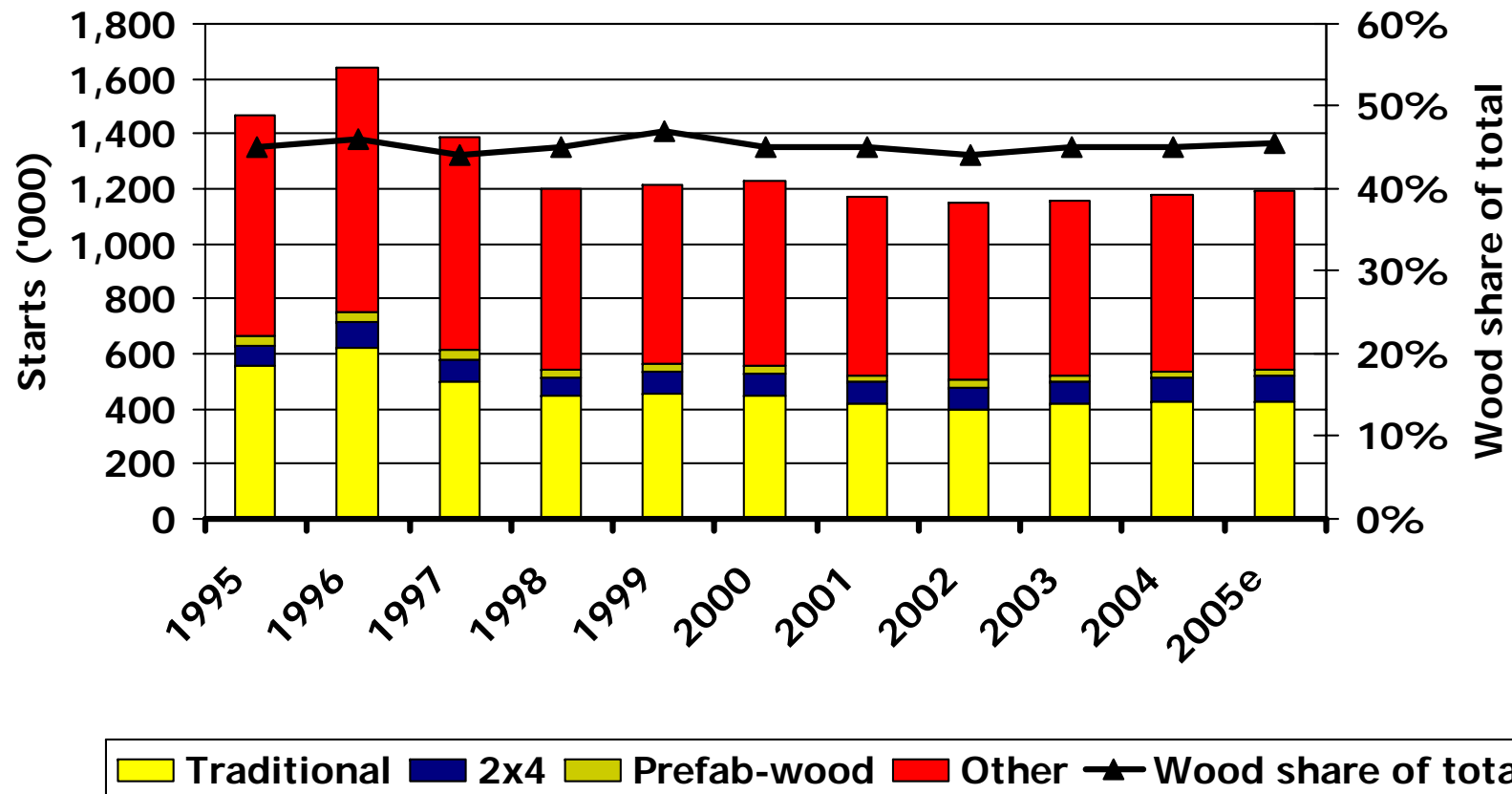
Source: APA

Canadian Plywood – Supply & Demand



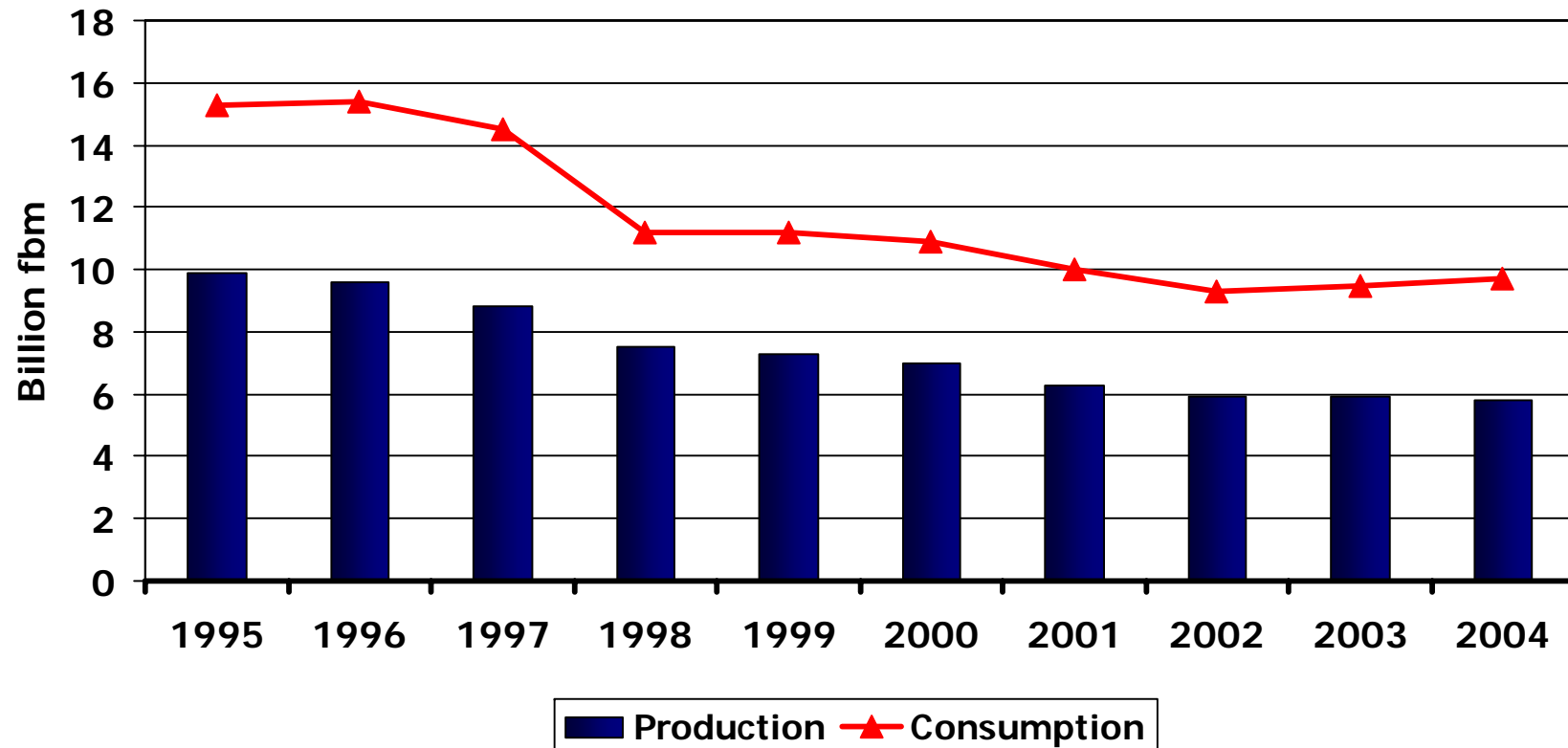
Source: APA

Japan Housing Starts



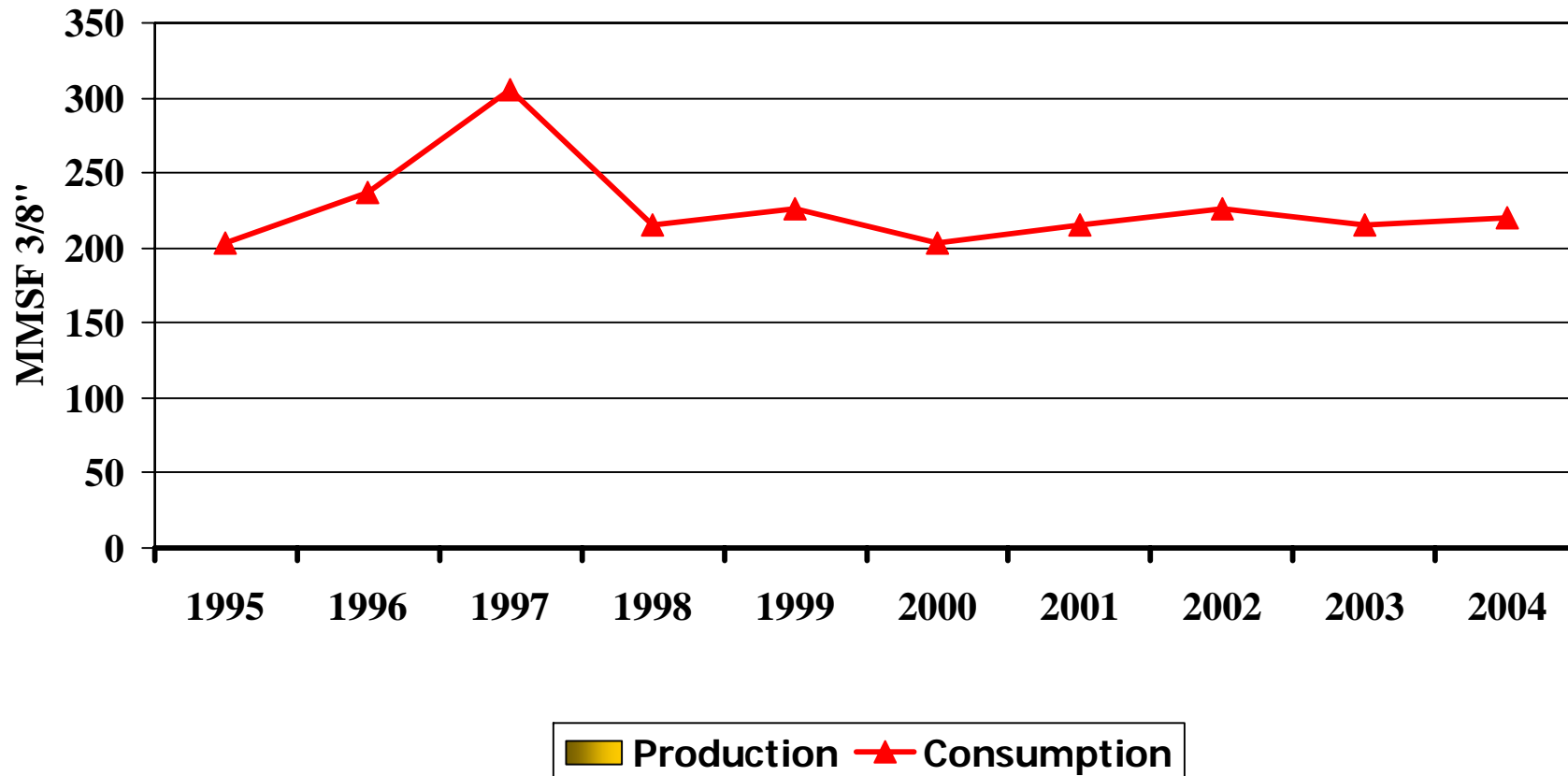
Source: APA

Japan Softwood Lumber - Supply & Demand

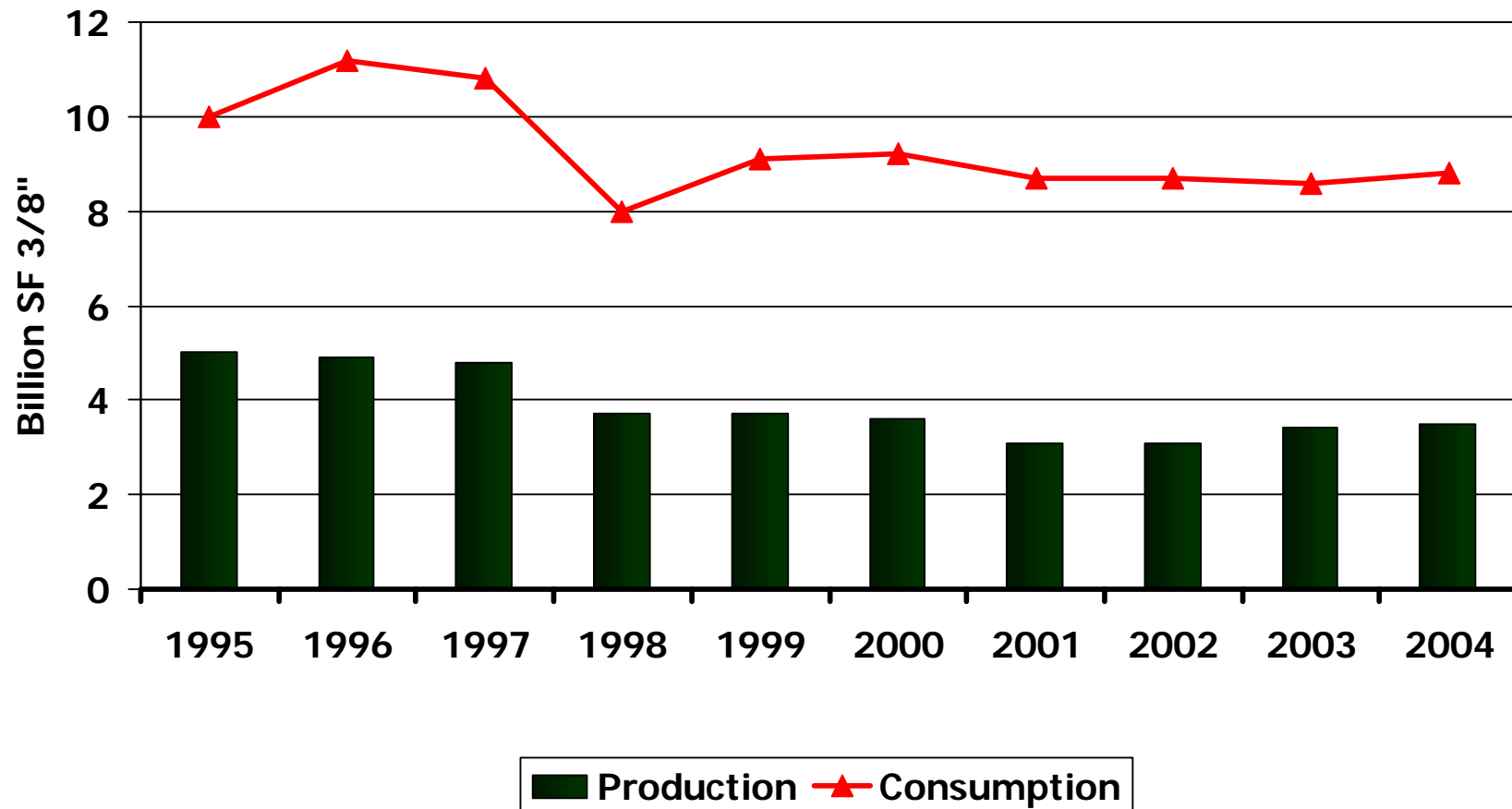


Source: JAWIC

Japan OSB - Supply & Demand

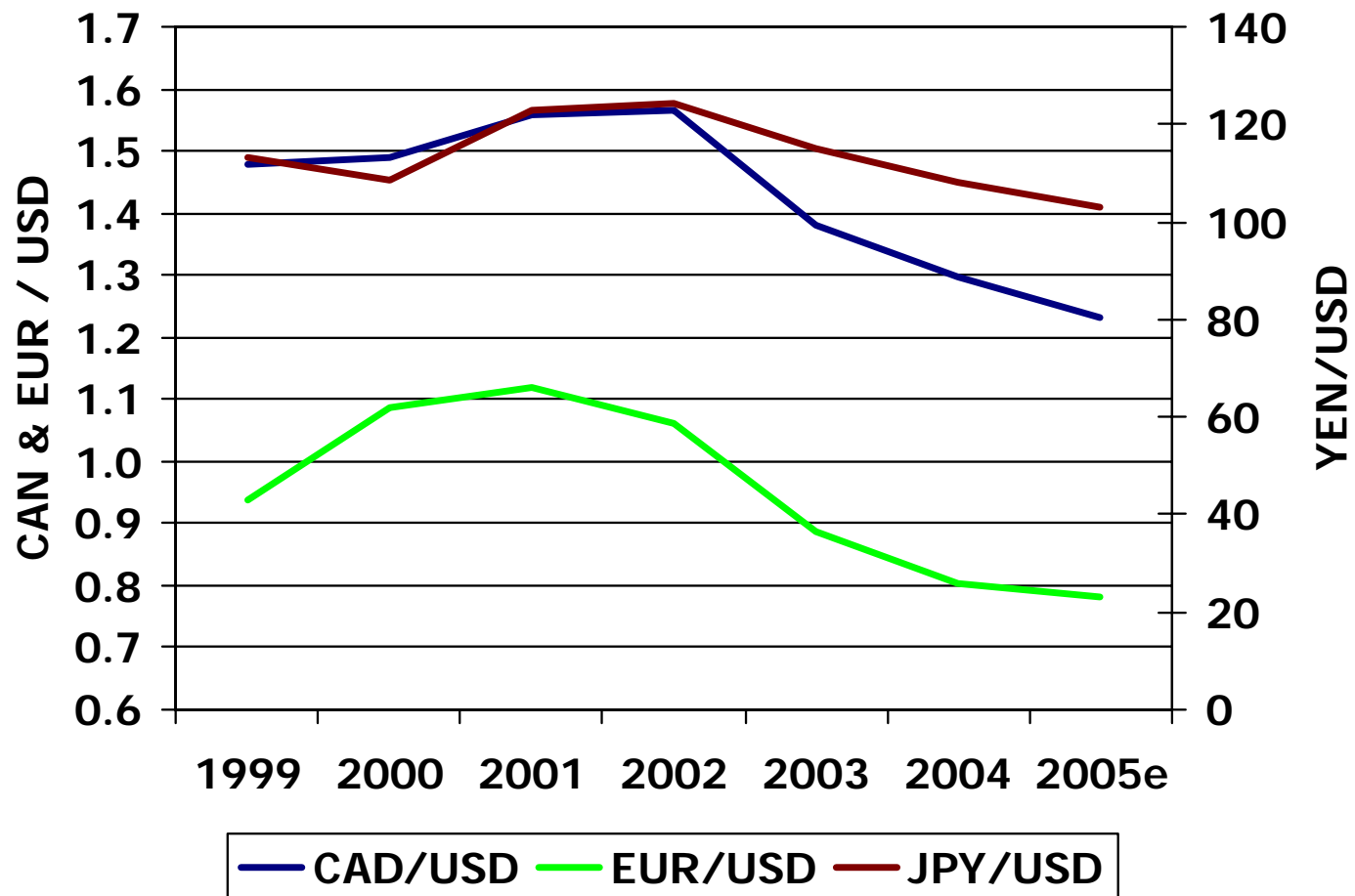


Japan Plywood – Supply & Demand



Source: JAWIC

Currencies

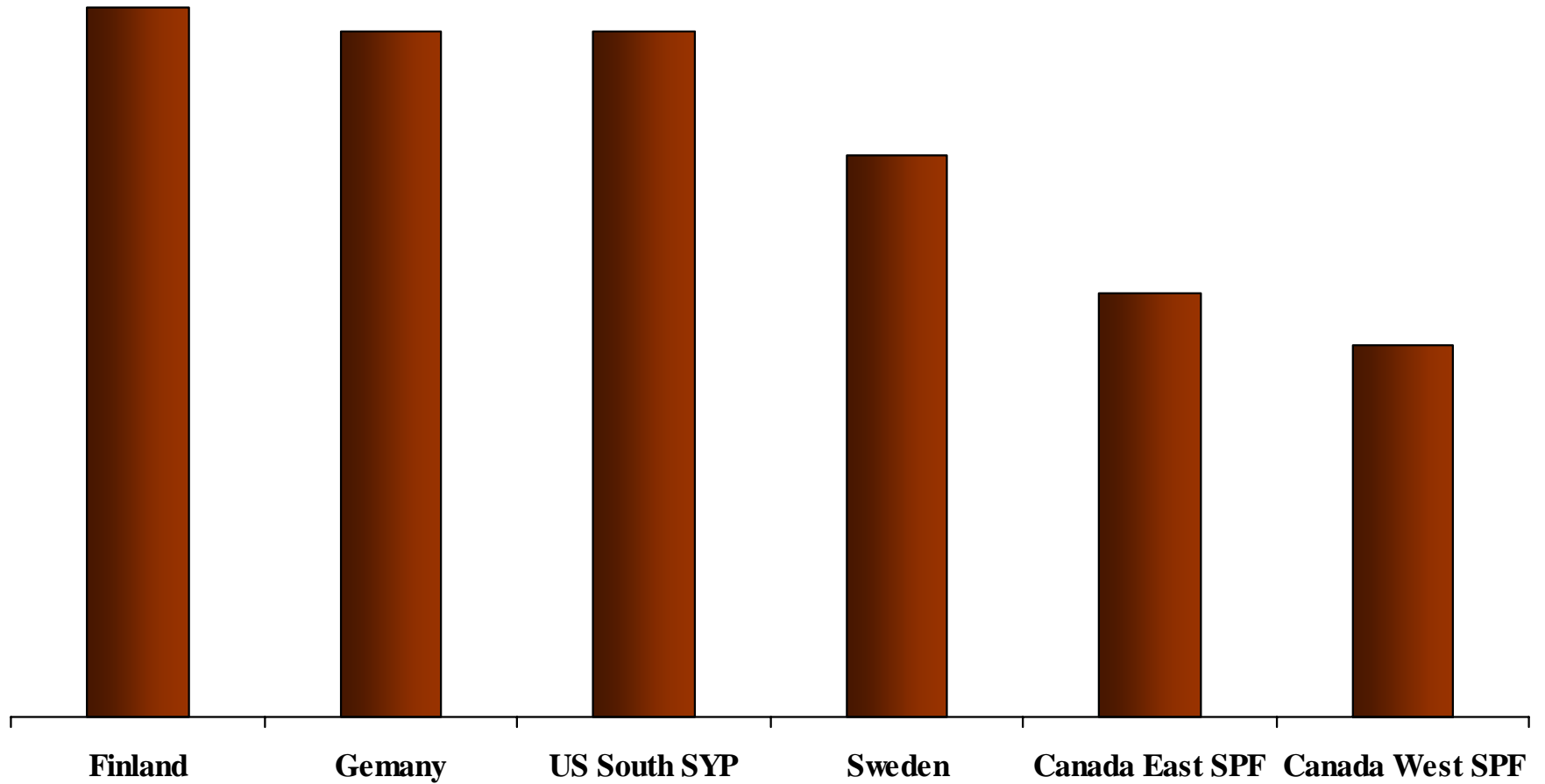


Source: Consensus Economics Inc.

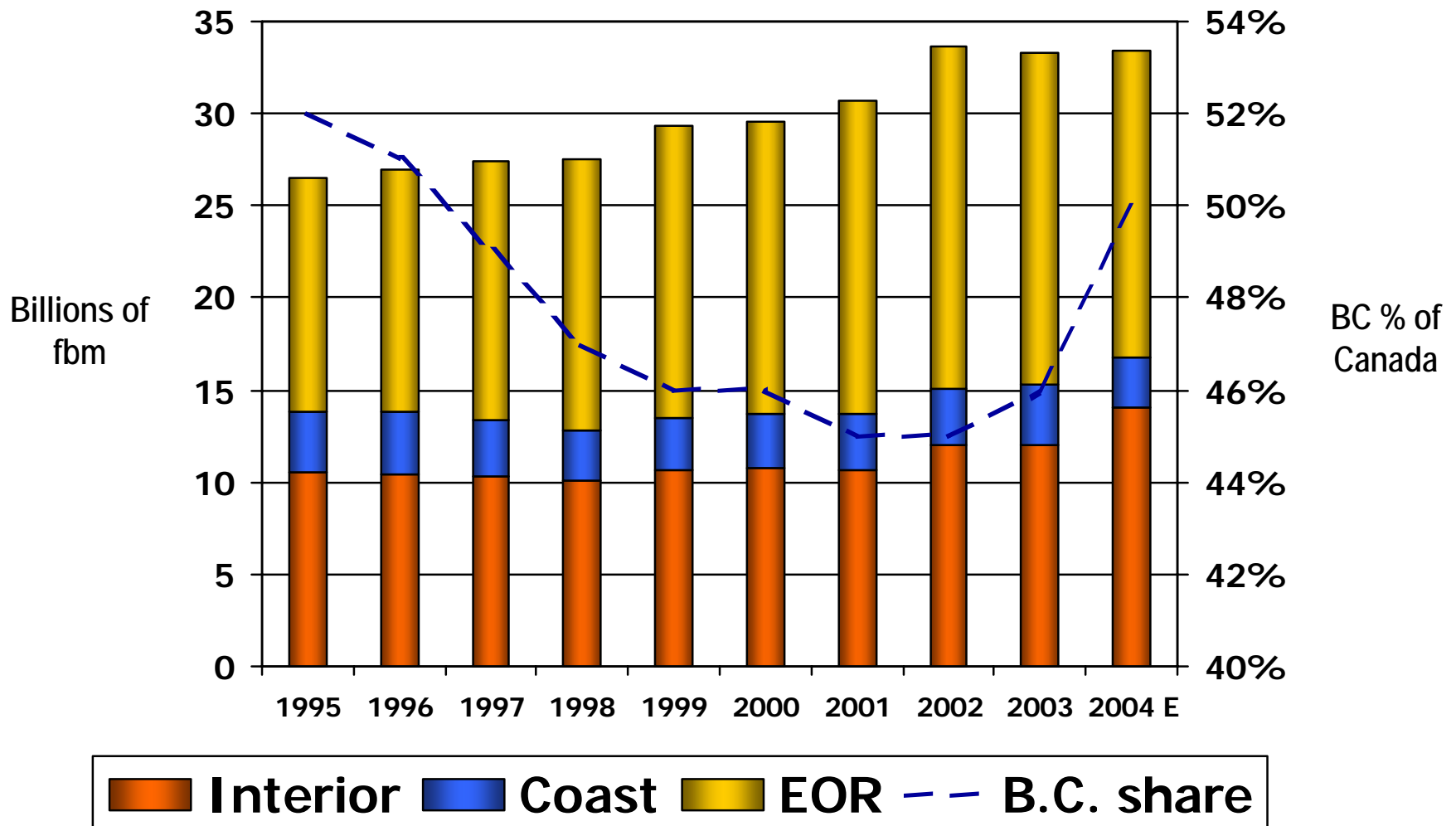


Where does B.C. fit

2003 Delivered Log Costs

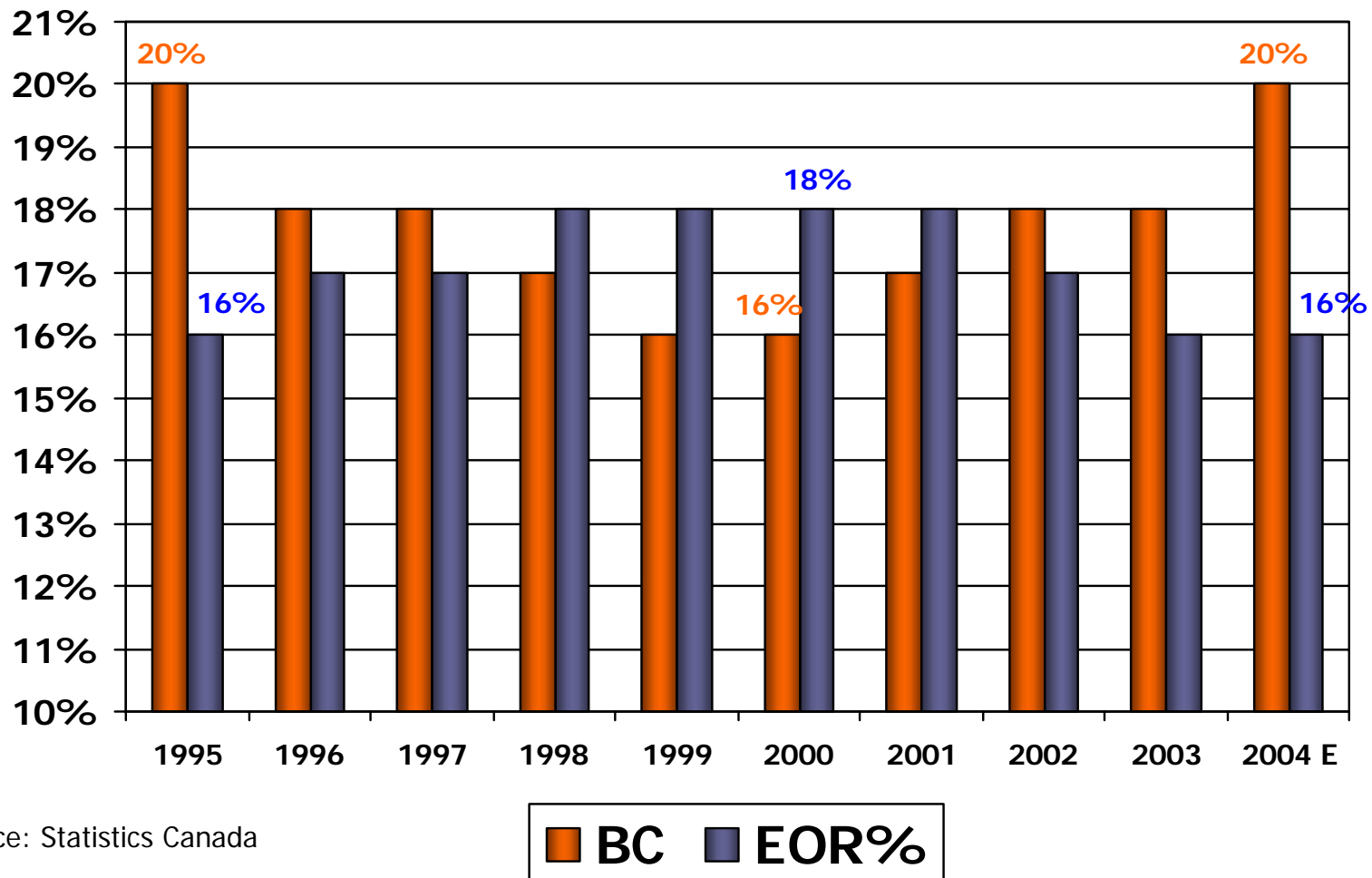


**B.C. produces 50% of total Canadian production.
Interior production has increased by 33% since 1999.**

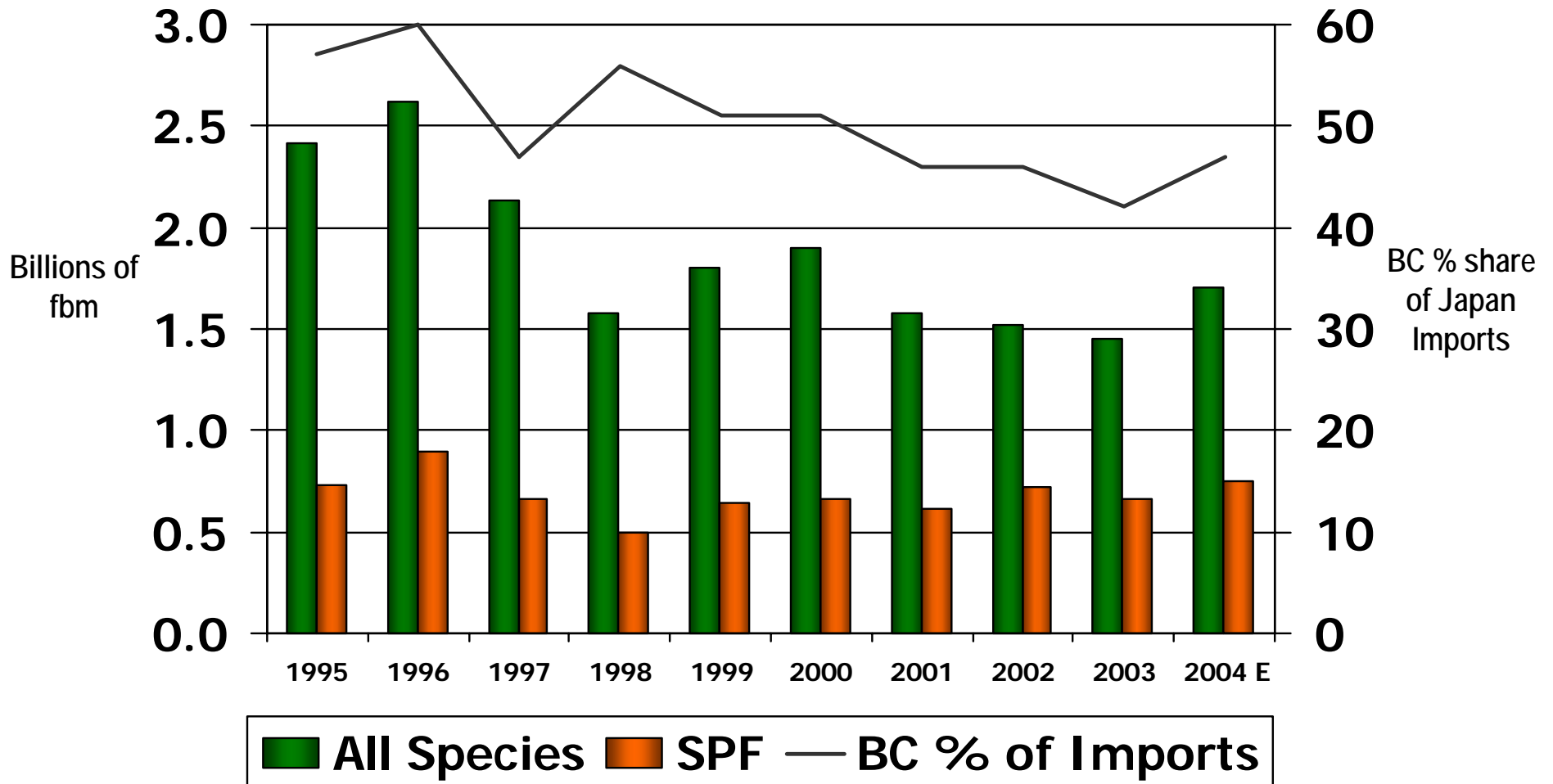


Source: Statistics Canada

B.C.'s Market Share of U.S. lumber consumption has been steadily climbing.



Until 2004, BC steadily lost market share in Japan.



Source: Statistics Canada, Japan Ministry of Land, Infrastructure and Transportation

Despite the strong Euro, European imports into the US continue to rise.

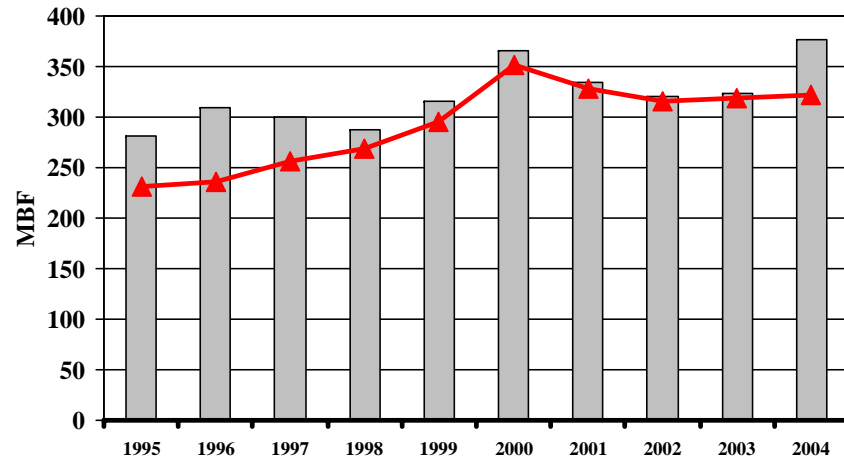


Source: USDA/FAS

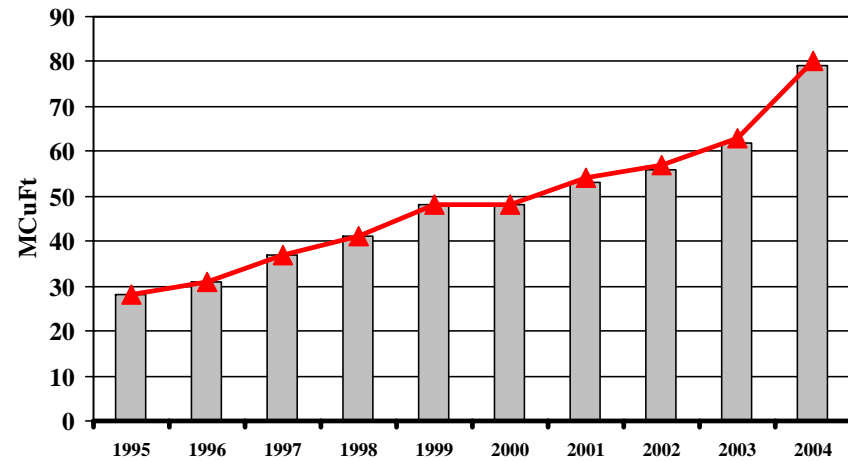
Note: Includes Eastern Europe

Substitution Trends

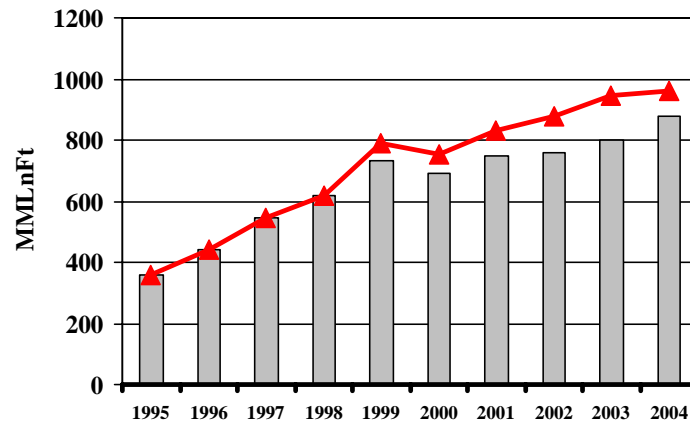
Glulam - Supply and Demand



LVL - Supply and Demand



I-joist - Supply and Demand



■ Production ▲ Consumption

(*) LVL Production and Consumption CAGR goes from '98 to '03.

Sources: APA

North Americans Customers are...

- **Consolidating**
- **Growing**
- **Morphing**
- **Globalizing**

Japan

- **Continuing shift from logs to finished products**
- **More value added imports**
- **Global sourcing**
- **China as new supplier**

So what do we do to meet the threats and capitalize on the opportunities

1. Face our realities

- Resource reality
- Competitiveness

2. Maintain/enhance market access

- Industry and government coalition
- LEED/USGBC

3. Expand the market

- Non residential
- Higher share in residential sheathing
- Technology transfer /skill development