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CANADA'S EXPORT STRATEGY

The International Trade Business Plan

1995/96

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***An Integrated Plan for Trade, Investment
and Technology Development***

The International Trade Business Plan is made up of an **Overview** highlighting Canada's international business development priorities, and a series of **Industry Sector Strategies**, which include lists of planned international activities. The following documents are available:

- Overview
- 1. Advanced Manufacturing Technologies
- 2. Agriculture and Food Products
- 3. Aircraft and Parts
- 4. Automotive
- 5. Biotechnologies
- 6. Business, Professional and Educational Services
- 7. Chemicals, Plastics and Advanced Materials
- 8. Construction Products
- 9. Consumer Products
 - Apparel and Fur
 - Textiles
 - Footwear
 - Sporting Goods (including recreational watercraft)
 - Tools, Hardware and Housewares
 - Residential Furniture
 - Business and Institutional Furniture
- 10. Cultural Industries
- 11. Defence Products
- 12. Environmental Equipment and Services
- 13. Fish and Sea Products
- 14. Forest Industries
- 15. Information Technologies and Telecommunications
 - Sector Overview
 - Computers and Peripheral Equipment
 - Electronic Components
 - Geomatics
 - Instrumentation
 - Software Products and Computer Services
 - Telecommunications
- 16. Medical and Health-Care Products and Services
 - Medical Devices
 - Pharmaceuticals
 - Health-Care Services
- 17. Minerals and Metals
- 18. Oil and Gas Products and Energy Equipment
- 19. Power Equipment
- 20. Primary/Secondary Industrial Machinery
 - Mining, Forestry, Pulp and Paper
 - Agricultural Technology, Machinery and Equipment
 - Ocean and Marine Shipboard Technology
- 21. Rail and Bus Equipment
- 22. Space
- 23. Tourism

For information on how to receive the Overview, or additional Industry Sector Strategies, please call: **1-800-267-8376**

All monetary figures in this document are expressed in Canadian dollars unless otherwise indicated.

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Aussi disponible en français sous le titre Produits de construction.



Construction Products

Construction products, as defined in this section, consist of two sectors: metal and mineral-based products and wood-based products. Similar plastic products are dealt with in the Chemicals, Plastics and Advanced Materials section of the International Trade Business Plan, as are wood industries in the Forest Industries section.

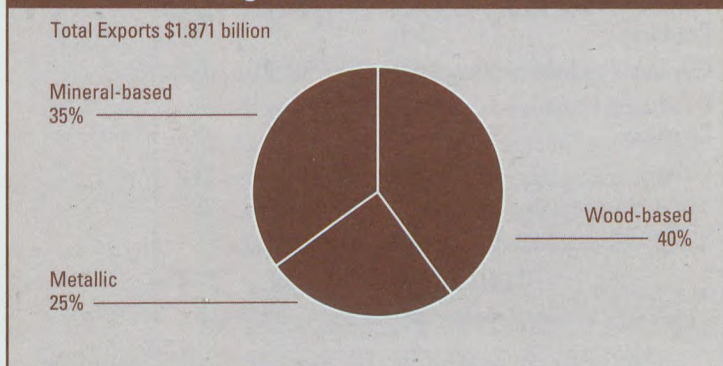
World trade in construction and building products has grown substantially in the past 10 years in line with economic globalization. The U.S. Department of Commerce reported in the Winter 1993 edition of *Construction Review* that international trade in building products totalled over US\$100 billion in 1990, nearly double the trade in the mid-1980s.

In 1993, it is estimated that Canadian exports of wood-based and metal and mineral-based construction products accounted for nearly \$1.9 billion (see Figure 1). Domestic construction and building products manufacturers are becoming increasingly aware of international opportunities, and new markets are being developed around the world for a wide range of products.

There are over 35 countries exporting construction and building products; most of them are concentrated in Europe and North America. Major exporters include Germany, France, Belgium, the Netherlands, Italy, the United Kingdom, Austria, the United States and Canada.

With the rapidly expanding world population and significant housing deficits, a major emphasis in trade in construction products will be on housing products and systems. A task force involving Canada Mortgage and Housing Corporation (CMHC), Industry Canada (IC), the Department of Foreign Affairs and International Trade (DFAIT), the National Research Council (NRC), and Natural Resources Canada (NRCan) was established in early 1994, with the mandate to develop housing strategies for the industry. Extensive consultation has been completed with the industry regarding export issues and possible ways to address them. In the coming year, the task force will focus on the development of export strategies and guidelines for firms in the industry.

Figure 1 — Canadian Exports of Wood-based, Metal and Mineral-based Construction and Building Products in 1993



Source: Industry Canada

Metal and Mineral-based Products

The metal and mineral-based construction and building products industry consists of companies that manufacture a wide range of products. These include products such as nails, aluminium siding, metal doors and windows, metal buildings, cement, gypsum wallboard, mineral wool insulation, clay brick and building stone.

International Environment

According to the U.S. Department of Commerce analysis cited earlier in this section, metal and mineral-based construction products accounted for one half of world trade in building products in 1990. Metallic products represented 31 percent and mineral-based products 19 percent of world trade. Leading exports included iron and steel structures and parts; iron and steel big sections; aluminium plate, sheet and strip; cement; and brick, non-refractory and glass building products. In international markets in 1990, Canada ranked as one of the top 10 exporters of the following products:

Metallics	Mineral-based
Aluminium plate, sheet and strip	Cement
Iron and steel nails, etc.	Gypsum and plasters
Iron and steel sections	Cement and artificial stone products
Cast iron pipe	

With the liberalization of trade that is taking place around the world, previously closed home markets in Asia, Latin America and the former communist bloc countries are gradually being opened up. More North American and European construction products are finding their way into these markets. Over the next 5 to 10 years there should be a rapid expansion in trade in construction products. As competition increases, everyone

should benefit from more innovative new products, lower prices and better services.

Canadian Position

In 1993, exports of metal and mineral-based construction and building products were estimated to be \$1.121 billion (see Table 1). The

	\$ million			
	Exports *		Imports *	
Metallics				
Hollow Structural Sections	188	(187)	10	(09)
Structures and Structural Parts	114	(96)	65	(59)
Metal Fasteners	84	(83)	48	(29)
Metal Windows and Doors	46	(38)	64	(63)
Metal Plumbing Fixtures	21	(15)	45	(33)
Other	19	(16)	31	(24)
Total Metallics	472	(435)	263	(217)
Non-metallics				
Cement	201	(199)	43	(42)
Insulation	87	(81)	146	(140)
Flat Glass	84	(59)	141	(130)
Asphalt Roofing	78	(68)	40	(39)
Concrete Products	61	(60)	34	(30)
Finished Stone Products	54	(50)	74	(28)
Gypsum Products	36	(34)	9	(7)
Fabricated Glass Products	36	(29)	65	(48)
Other	12	(11)	193	(63)
Total Non-metals	649	(591)	745	(527)
Total Mineral-based Construction Products				
	1121	(1026)	1008	(744)

* Figures in brackets denote trade with the United States.

Source: Statistics Canada

major export market continues to be the United States, which absorbs over 90 percent of the total. Overall, exports are slightly higher than imports, with metal construction products exceeding imports by nearly 80 percent. Mineral-based imports are slightly higher than exports, however, in part reflecting a trade deficit in ceramic tiles, flat glass, insulation, finished stone products and fabricated glass products.

There are over 6000 establishments in the metal and mineral-based construction products sector employing 145 000 people. Most of the companies are small- and medium-sized, but there are some major firms in the metal fabricating, cement, insulation and flat glass industries. Many of the larger companies are foreign internationals.

Traditionally, construction products manufacturers have concentrated on the domestic market. This is changing, however, with more emphasis being placed on exporting. In international markets Canadian construction products are known for their superior quality, which in part is dictated by the extreme weather conditions experienced in Canada. In markets such as Japan, the price of Canadian metal and mineral-based construction products is very attractive when compared with locally produced products. High transportation costs, trade barriers and differences in codes and standards in other countries are deterrents to trade, but progress is being made to minimize these constraints.

Strategic Direction

- Because of its size and proximity, the United States will continue to be the major export market for Canadian metal and mineral-based construction products. To maximize trade opportunities, the following activities are planned for 1995-96:
 - companies, particularly small- and medium-sized firms, will be encouraged to participate in key construction materials trade shows such as the National Association of Home Builders (NAHB) show as well as a number of regional shows and government-sponsored events (Industry Canada [IC], DFAIT);
 - incoming missions are being organized to foster a better understanding of Canadian capabilities. Outgoing missions will provide potential exporters with insights into the U.S. market (DFAIT/missions, IC);
 - several niche market studies, such as one on commercial building products (Buffalo), will be undertaken in various regions of the United States and made available to interested Canadian firms (DFAIT/missions).
- Another important objective is to increase the visibility of Canadian metal and mineral-based construction products in other parts of the world which have rapidly expanding economies:
 - Mexico, as a North American Free Trade Agreement (NAFTA) partner, shows considerable potential for construction products. Several trade events are being organized to introduce more Canadian companies to this market. In other Latin American countries, information booths are being included in important domestic construction materials trade shows (DFAIT/missions, IC);
 - in Japan, there will be strong government support for key national, regional and solo trade shows involving construction products. A building standards harmonization mission to Japan is also planned for 1995-96, along with some buyers' missions to Canada;
 - China is considered one of the most promising markets in the world for Canadian construction products. Initial steps are being taken to develop this market through strategic participation in construction trade shows and the organization of seminars in major Chinese cities (DFAIT/missions, IC);
 - economic growth in Singapore and other Asian countries means that there is a large potential for Canadian building and

- construction materials. An information booth is planned for Sibex '95, a major construction materials show in Singapore (DFAIT/missions);
- the construction sector in Indonesia is undergoing a boom. As a follow-up to a successful presence at Building and Construction Indonesia '94, DFAIT will have an information booth at the 1995 event (DFAIT/missions, IC);
 - in Saudi Arabia the construction sector is also booming. In recognition of the market potential DFAIT will have an information booth at Saudi Build '95 (DFAIT/missions, IC);
 - in Europe the Canadian government will have a national stand in Paris at BATIMAT '95 and an information booth at BATIBOUW in Belgium (DFAIT/missions, IC).
- Industry Canada, DFAIT and other federal government departments and agencies, in co-operation with the provinces, have an important role to play in providing the domestic industry with market intelligence on foreign markets. This is being accomplished through personal contact and the publication of reports such as "Opportunities in Mexico: The Construction Products Market" (IC, DFAIT).

Wood-based Building Products

The wood-based building products industry consists of firms that manufacture a wide range of value-added building products such as kitchen cabinets, wood windows, wood doors, prefabricated buildings, mobile homes, wood flooring, mouldings, solid wood panelling and millwork. While the sector is small relative to the Canadian lumber and panel products industries, it generates substantially more employment and value per unit of wood than does primary production.

International Environment

Worldwide trade in wood-based building products was estimated at approximately \$7.1 billion in 1993, and has been growing over the last few years at an annual rate in excess of 23 percent. This strong growth is expected to continue into the future as more countries place higher priority on adequate housing for their citizens. The Canadian share of this market stands at about 8 percent and has been primarily with the United States, which annually accounts for approximately 80 percent of total exports and over 65 percent of total imports.

In recent years, however, Canada has made some inroads into other markets such as Japan and more recently Mexico, and while exports to these markets are still relatively small in comparison to the United States, the potential for significant export growth in these market areas is high.

Canadian Position

Table 2 outlines the basic structure of the Canadian wood-based building products industry in 1993.

Major strengths of the industry lie in the ability of many of the companies to give close personal attention to customers' desires and product specifications. Also, Canadian production facilities in the industry are well suited to respond to small orders, both domestically and internationally, and the Canadian industry is known for its quality, reliable service and innovative products. These strengths have enabled many of the companies to develop niche markets and to become world leaders in innovative product development designed to conserve energy, stemming from experience with Canada's climatic extremes.

While many of the companies are not as highly skilled in marketing and market development as their overseas and larger U.S. counterparts, the more progressive companies have established their products in the United States, Western Europe, Japan and more recently Mexico. For example, a number of companies in the kitchen cabinet, wood door and window, and manufactured housing and log home sectors have developed healthy niche markets in the United States and Japan.

Strategic Direction

To expand market opportunities for the Canadian wood-based building products industry, government, in conjunction with the industry, will:

Table 2 — Canadian Wood-based Building Products Industry, 1993

	Number of establishments	Number of shipments	Number of employed	(\$ million)	
				Exports	Imports
Kitchen Cabinets	460	850	10 500	93	29
Wood Windows	400	735	6 850	30	32
Wood Doors	300	565	5 650	40	42
Prefab. Bldg.	250	465	3 650	97	75
Mobile Homes	70	130	1 150	15	158
Other Millwork	720	1185	14 100	475	297
Total	2200	3930	41 900	750	633

- continue to focus its primary interest on the United States and Japan with a secondary effort aimed at certain niche markets in Europe, namely Britain, Germany and France, and developing countries such as Mexico;
- continue to encourage small- and medium-sized companies in the wood-based building products sector to participate in key construction trade shows such as National Association of Home Builders (NAHB), the Northeast Construction Show and the Kitchen and Bath Show in the United States; the Tokyo Home Building Show in Japan; and Construxpo in Mexico. In Europe, support will continue for Batimat in Paris and Interbuild in the United Kingdom, both of which have proven highly successful for Canadian companies in the past (DFAIT/missions, Industry Canada [IC]);
- continue to support incoming missions of key builders, buyers, architects and local government building officials to visit Canadian trade shows, associations and Canadian building products manufacturers (DFAIT/missions, IC);
- increase Canadian visibility as a viable and competitive building products supplier by capitalizing on the imminent signing of the Memorandum of Understanding on Building Standards between Canada and Japan. To this end, a building standards mission to Japan is planned in 1995-96 (DFAIT/missions, IC);
- continue support of the Co-operative Industrial and Market Development Program (CIMDP) in British Columbia in developing export markets for secondary wood products in key export markets such as the United States, Europe and Japan. This program uses funding under the Forest Industries Sector Campaign, and is now into its second five-year term. In the future, this program is expected to be expanded to other regions of Canada (DFAIT/missions, IC, British Columbia Wood Specialties Group);

- strongly support the efforts of the recently formed Canadian Building Products Export Council (CBPEC) to develop and expand export markets for Canadian products throughout the world (DFAIT/missions, IC).

References

More information is available on the sector from the Canadian Lumbermen's Association, the Canadian Manufactured Housing Association and the Canadian Building Products Export Council, all located in Ottawa; the B.C. Wood Specialties Group in Surrey, B.C.; and IC's Forest Industries Directorate in Ottawa.

Contacts

WOOD BUILDING PRODUCTS
 Industry Canada
 Forest Industries Directorate
 Resource Processing Industries Branch
 235 Queen Street
 Ottawa K1A 0H5
 Tel.: (613) 954-3037
 Fax: (613) 941-8048

NON-WOOD BUILDING PRODUCTS
 Industry Canada
 Metals and Minerals Directorate
 Resource Processing Industries Branch
 235 Queen Street
 Ottawa K1A 0H5
 Tel.: (613) 954-3126
 Fax: (613) 954-3079

Department of Foreign Affairs
 and International Trade
 Resources Division
 125 Sussex Drive
 Ottawa K1A 0G2
 Tel.: (613) 996-4209
 Fax: (613) 943-1103

Construction Products

Activity	Date	Location	Dept.	Contact
Africa and the Middle East				
Mission to Syria, Lebanon and Dubai	Apr-95	Damascus, Beirut, Dubai	DFAIT	613-944-6346
Saudi Build '95: Info Booth	Oct-95	Riyadh	DFAIT	613-944-5984
Saudi Buyers' Mission to BATIMAT '95	06-Nov-95	Paris	DFAIT	613-944-5984
Asia-Pacific South				
Sibex '95: Info Booth	17-May-95	Singapore	DFAIT	613-996-5824
Building and Construction Indonesia '95	Sep-95	Jakarta	DFAIT	613-992-0959
Canada				
Taiwan Timber Frame Manufacturers Materials Mission	Apr-95	Canada/Various	DFAIT	613-943-0897
Manufactured Housing Buyers' Mission from Japan	May-95	Cross-Canada	DFAIT	613-995-1678
Building Materials Mission - Fukuoka	Jun-95	B.C., Alberta	DFAIT	613-995-1678
Taiwan Building Materials Buyers' Mission	Sep-95	Canada/Various	DFAIT	613-943-0897
Central/Eastern Europe and the Commonwealth of Independent States				
Building Mission to Latvia, Estonia	Apr-95	Riga, Tallin	DFAIT	613-944-1437
Mission to Poland	02-May-95	Warsaw	DFAIT	613-996-7107
Construction/Building Products Mission	Sep-95	Zagreb, Croatia	DFAIT	613-996-7107
Construction Materials Mission	Oct-95	Bratislava	DFAIT	613-996-7107
East Asia				
Taiwan Timber-Frame Manufacturers' Mission	Apr-95	Canada/Various	DFAIT	613-943-0897
NUAA Building Materials Show: Info Booth	Jun-95	Taipei	DFAIT	613-943-0897
Ibex '95: Info Booth	Jun-95	Hong Kong	DFAIT	613-995-6962
Building Products Mission	Aug-95	Canada/Various	DFAIT	613-996-6987
Buyers' Mission to Canada from Hong Kong, South China	Sep-95	Montréal, Toronto	DFAIT	613-995-6962
Exploratory Trip re Potential Capital Projects	06-Sep-95	China	IC	613-954-2956
Japan Home Show: Ontario Mission	Oct-95	Tokyo	Ontario	416-325-6658
Shanghai Construction Show: Info Booth	07-Oct-95	Shanghai	DFAIT	613-996-6987
China Building '95: Info Booth	Nov-95	Beijing	DFAIT	613-996-6987
Industry Seminars	Nov-95	Shanghai	DFAIT	613-996-6987
Taipei Construction & Building Material Show	Dec-95	Taipei	DFAIT	613-943-0897
Building South China '95: Info Booth	Mar-96	Hong Kong	DFAIT	613-995-6962

Note: Dates and locations are subject to change.

Activity	Date	Location	Dept.	Contact
Japan				
Canada Comfort Direct Program: Exhibit	TBD	Tokyo, Osaka, Kobe, Toyama	DFAIT	604-844-1952
Building Standards Harmonization: Mission	Apr-95	Tokyo	DFAIT	613-995-1678
Tokyo Good Living Show	18-Apr-95	Tokyo	B.C.	613-995-1678
Osaka Building Materials Show: Info Booth	May-95	Osaka	DFAIT	613-995-1678
Off-site Housing Development: Product Promotion	Jun-95	Tokyo	DFAIT	613-995-1678
Aichi Housing Fair: Info Booth	Sep-95	Nagoya	DFAIT	613-996-2458
Building Products Buyers from Japan	Oct-95	Vancouver, Saskatoon, Toronto	DFAIT	613-995-1678
Japan Home Show: Info Booth	Oct-95	Tokyo	DFAIT	613-995-1678
Prefabricated Housing Seminars	Oct-95	Japan/Various	DFAIT	613-995-1678
Regional Building Products Fairs: National Stand	Oct-95	Sapporo, Sendai	DFAIT	613-995-1678
Canadian Building Products Show	Oct-95	Nagoya	DFAIT	613-995-1678
Mission from Nagoya	Oct-95	B.C., Alberta	DFAIT	613-995-1678
Canadian Building Materials Show	Oct-95	Fukuoka	DFAIT	613-995-1678
Canadian Building Products Show & Seminar	Oct-95	Osaka	DFAIT	613-995-1678
Housing Mission from Osaka	Nov-95	Canada/Various	DFAIT	613-995-1678
NAHB Japanese Visitors: Canadian Company Visits	Jan-96	Vancouver Area	DFAIT	613-995-1678
Incoming Mission from Japan	Jan-96	Vancouver Region	DFAIT	613-995-1678
Panel Users' Mission from Japan	Feb-96	Vancouver, Calgary	DFAIT	613-995-1678
West Japan Total Living Show: Info Booth	Mar-96	Fukuoka	DFAIT	613-995-1678
Latin America and the Caribbean				
Expo Construction: Info Booth	May-95	Bogota	DFAIT	613-996-5548
Engineering and Architectural Services Mission	Jun-95	Kingston, Belize City	IC	613-943-8807
Building Materials and Systems: Fair	06-Jun-95	Mexico	DFAIT	613-995-0406
EXPO CAPAC	Sep-95	Panama	DFAIT	613-996-6129
CONSTRUEXPO: International Construction Trade Show	17-Nov-95	Guadalajara	IC	613-954-3126
United States				
Incoming Building Products Mission from Seattle	Apr-95	Alberta	DFAIT	613-944-7486
Portland Home Show: Mission from New Brunswick	Apr-95	Portland	N.B.	506-453-3984
Recycled Building Products Market Seminar	May-95	Los Angeles	DFAIT	213-346-2700
National Hardware Building Products Show: National Stand	Aug-95	Chicago	DFAIT	613-944-7486
Remodellers Show: National Stand	Oct-95	Atlanta	DFAIT	613-994-7486

Activity	Date	Location	Dept.	Contact
Incoming Mission from Atlanta to Vancouver Building Products Show	Dec-95	Vancouver	DFAIT	613-944-7486
Value Added Wood Products Market Study	Dec-95	Atlanta	DFAIT	613-944-7486
Mission from L.A. to Wood Building Products Industry	Dec-95	Western Canada	DFAIT	613-944-7486
Hardware Building Products Show: National Stand	Jan-96	Chicago	DFAIT	613-944-7486
Lumber & Building Products Show: Mission	Jan-96	Michigan	DFAIT	613-944-7486
NERLA: National Stand	Jan-96	Boston	N.B.	506-453-3984
NAHB Houston: National Stand	Jan-96	Houston	DFAIT	613-994-7486
Retail Lumberman's Show: NEBS Mission	Jan-96	Boston	DFAIT	613-944-7486
Mission to Canadian Hardware Show	Feb-96	Toronto	DFAIT	613-944-7486
Detroit Design & Construction Mission	Feb-96	Detroit	DFAIT	613-944-7486
Building Products: New Exporters' Mission	Mar-96	Seattle	IC	604-666-1443
Canadian Building Products Show	Mar-96	Seattle	DFAIT	613-944-7486
Market Study: Commercial Building Products	Mar-96	Buffalo	DFAIT	613-994-7486
Market Study: Value-Added Wood Products	Sep-96	Los Angeles	DFAIT	613-944-7486

Western Europe and European Union

Interzum '95: Info Booth	May-95	Cologne	DFAIT	613-992-7001
Spanish Construction Co.: Incoming Mission	Jun-95	Montréal, Toronto, Maritimes	DFAIT	613-996-7544
Leipzig Construction Fair: Info Booth	Oct-95	Leipzig	DFAIT	613-996-3774
Interbuild '95: Ontario Exhibit	Nov-95	Birmingham	Ontario	416-325-6514
BATIMAT: National Stand	Nov-95	Paris	DFAIT	613-992-7001
Constamat: National Standards Trade Show: National Stand	Feb-96	Barcelona	DFAIT	613-996-7544
Seminars on Canadian Construction Techniques	Feb-96	Spain	DFAIT	613-996-7544
BATIBOUW: Info Booth	Mar-96	Brussels	DFAIT	613-992-7001

Acronyms and Initialisms Used in The International Trade Business Plan

(This list does not include sector-specific references)

ACOA	Atlantic Canada Opportunities Agency	IC	Industry Canada
AG Can	Agriculture and Agri-Food Canada	IDRC	International Development Research Centre
ASEAN	Association of Southeast Asian Nations	IFI	international financial institution
BBS	electronic bulletin board system	ISO	International Standards Organization
BOSS	Business Opportunities Sourcing System	ITBP	International Trade Business Plan
CCC	Canadian Commercial Corporation	ITC	International Trade Centre
CIDA	Canadian International Development Agency	MAPAQ	Ministry of Agriculture, Fisheries and Food of Quebec
CIS	Commonwealth of Independent States	MDB	multilateral development bank
CSA	Canadian Standards Association	NAFTA	North American Free Trade Agreement
DFAIT	Department of Foreign Affairs and International Trade	NATO	North Atlantic Treaty Organization
DFO	Department of Fisheries and Oceans	NRC	National Research Council
DND	Department of National Defence	NRCan	Natural Resources Canada
EC	Environment Canada	NRCan-CFS	Natural Resources Canada - Canadian Forest Service
EDC	Export Development Corporation	OECD	Organization for Economic Co-operation and Development
EU	European Union	PEMD	Program for Export Marketing Development
FITT	Forum for International Trade Training	R&D	research and development
FORDQ	Federal Office of Regional Development - Quebec	SMEs	small- and medium-sized enterprises
FSU	former Soviet Union	UNEP	United Nations Environmental Program
FTA	Canada-U.S. Free Trade Agreement	WED	Western Economic Diversification
GATT	General Agreement on Tariffs and Trade	WTO	World Trade Organization
GDP	gross domestic product		
GNP	gross national product		
HRDC	Human Resources Development Canada		



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