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foreign trade

Established in 1904

Published fortnightly by the Department of Trade and Commerce.
The Right Honourable C. D. HOWE, Minister,
WM. FREDERICK BULL, Deputy Minister

OTTAWA, MAY 25, 1957, Vol. 107, No. 11

Please forward all subscriptions and orders to:
The Queen's Printer, Government Printing Bureau, Hull.
Price: \$2.00 a year in Canada, \$5.00 abroad.
Single copies: 20 cents each.

Authorized as second class mail by the Post Office Department, Ottawa.

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".

cover The lumber from West Coast forests being loaded on this scow at the mill will be re-loaded on an ocean vessel and find its way eventually to a distant market. Last year an estimated 51.3 per cent of our lumber production went to overseas buyers. Because lumber bulks so large in the export picture, this issue is devoted to a survey of production, consumption and imports of lumber in over 60 different countries.

—Photo by Jack Cash, courtesy BCLMA

CANADA

With postwar lumber production double the pre-war figure, Canadian producers must cultivate foreign customers and look for new sales opportunities. To help them in this task, we present in this issue reports on the lumber market in over sixty different countries, prepared by the Trade Commissioners abroad. To introduce this special feature, here is a brief analysis of our lumber industry, the pattern of its export trade, and the factors that may influence its sales in 1957.

E. J. WHITE,
Forest Products Division, Commodities Branch.

THE FORESTS OF CANADA cover about 46 per cent of the total land area and have always played a vital part in the economic life of the country. Development of the forest-based industries has kept pace with Canadian expansion; today they contribute about 8 per cent of the national income and the net value of their production exceeds two billion dollars a year. Although over three billion cubic feet of wood are removed annually from the Canadian forest, current and potential utilization programs and practices have been organized more scientifically than ever before. Through better forest inventory methods, research into forestry and forest products, and engineering improvements, the attempt is being made to secure a sustained yield of quality materials in perpetuity.

Export Markets Vital

The scientific development of Canada's forests is certainly desirable, but no master plan of forest management and use is practical without considering market conditions, current and potential. Since about half of total Canadian forest production (worth over \$1½ billion in 1956) finds its way into export markets, thoughtful and continuing study of these markets is essential to the successful nation-wide analysis of forestry aims and methods. The importance of this research into export markets is indicated by the fact that in recent years the annual revenue from sales abroad of Canadian forest products such as newsprint, wood pulp and lumber has accounted for one-third

FOREIGN TRADE

Seeks Lumber Markets

of our total external trade and for almost half of our total exports to the United States.

Trade Follows Regional Pattern

The lumber industry, which in 1956 supplied export products to the value of \$326,372,000—or 21 per cent of the total of \$1,514,832,000 for all forest products—is more sensitive to fluctuations in export demand than most branches of the industry because of the nature of the product, and the study of export outlets is particularly important to it.

The pattern of export trade in lumber reflects to a large degree the physical and economic limitations of shipping crude bulk commodities. There is, therefore, a regional pattern of world lumber trade and a relative absence of re-export trade and indirect shipping. Only in times of extreme political stress or in dealing with lumber of exceptional quality is it normal to avoid the closest regional trade connections. Marginal markets beyond the fringes of this regional area tend to limit their purchases to premium quality and specialty lumber goods. Canada, the largest single exporter of both softwoods and hardwoods, fits into this pattern of trade flow by supplying standard bulk lumber items in volume to a relatively limited market area, while smaller quantities of special dimensions or grades find their way into many world markets.

Two Main Outlets

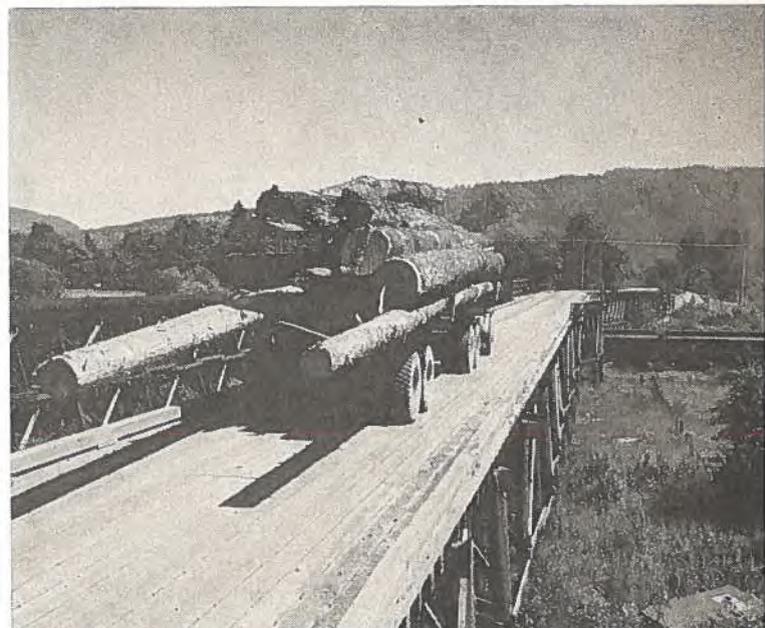
This special issue of *Foreign Trade* contains reports covering the supply of and demand for lumber within the territories under the jurisdiction of our various Trade Commissioners, who have analyzed the market for lumber in their areas. The tables on page four supplement the information contained in the various reports and provide an over-all picture of Canada's export trade in lumber, broken down into the four main consuming groups of countries. Figures covering domestic production and apparent consumption point up the relative importance of exports to the Canadian lumber industry.

The tables show that lumber production and domestic consumption in Canada are currently running at more than double prewar figures. The consumption total emphasizes the important role of the domestic market—the largest single outlet for our lumber production.

Analysis of these tables also reveals the importance of both the home and United States markets in absorbing the increased production. This fact is vital because other export markets have not taken any significant share of this increased postwar supply and this is pointed up in the table on percentage distribution of our lumber markets.

Features of 1956 Market

Changing market conditions in 1956 affecting the major outlets for Canadian lumber showed certain features which could be factors in the 1957 export picture. During 1956, in addition to the almost chronic dollar shortage in many of our prewar markets, the steadily increasing strength of the Canadian dollar placed a hurdle in the way of the Canadian lumber exporter vis-à-vis his competitors. Credit restrictions, particularly in the domestic, United States and United Kingdom markets, signalled a general slowdown in residential home construction in these countries and the major demand for lumber was thereby curtailed. Sharp increases in the already high ocean freight rates resulted from the Suez crisis and delivered lumber prices spiralled out of reach of many overseas cus-



Total Exports of Canadian Lumber, by species, to all markets

		1936-7-8	1947	1951	1952	1955	1956
<i>Production</i>	MFBM	3,728,701	5,877,901	6,948,697	6,807,594	7,920,033	7,677,304 est.
	Value \$000's	72,459	322,048	507,650	483,195	541,563	520,000 est.
<i>Apparent domestic consumption</i>	MFBM	1,966,165 est.	3,257,816 est.	3,647,977 est.	3,622,760 est.	3,543,125 est.	4,020,763 est.
	Value \$000's	40,000 est.	212,000 est.	213,283 est.	203,353 est.	182,994 est.	226,000 est.
Including imports but not including variance in inventories							
<i>Exports</i>							
United Kingdom	MFBM	990,896	1,121,244	896,041	857,183	840,196	480,799
	Value \$000's	20,823	77,791	79,068	82,768	70,041	39,820
Other Commonwealth countries	MFBM	221,967	324,176	239,547	135,293	362,833	283,730
	Value \$000's	4,170	30,808	23,749	14,403	31,488	24,503
United States	MFBM	505,875	1,065,184	2,162,301	2,249,018	3,274,042	3,061,790
	Value \$000's	13,277	79,771	196,035	190,676	272,568	252,082
All other countries	MFBM	134,653	224,423	135,369	95,118	125,670	114,992
	Value \$000's	2,717	20,845	12,902	8,963	10,602	9,967
Total exports	MFBM	1,853,391	2,735,027	3,433,258	3,336,612	4,602,741	3,941,311
	Value \$000's	40,987	209,215	311,754	296,810	384,699	326,372
Total exports expressed as a percentage of production							
		49.7	46.5	49.4	49.0	58.1	51.3 est.

Percentage Distribution of Lumber Exports

	1936-7-8	1947	1951	1952	1955	1956
United Kingdom	53	41	26	26	18	12
Other Commonwealth countries	12	12	7	4	8	7
United States	27	39	63	67	71	78
All other countries	8	8	4	3	3	3

Production and Distribution of Canadian Lumber

(in thousands of FBM and thousands of dollars)

		1936-7-8	1947	1951	1952	1955	1956
Birch	FBM	91,561	117,525	72,738	58,787	70,619	58,453
	\$	2,863	10,814	11,802	9,699	11,116	10,080
Maple	FBM	70,363	25,981	35,409	31,228	36,710	35,037
	\$	543	2,919	5,149	4,537	5,416	5,727
Hardwood N.O.P.	FBM	6,609	58,890	40,916	26,931	15,088	12,455
	\$	356	3,894	3,658	2,463	1,442	1,397
Total Hardwoods	FBM	168,533	202,396	149,063	116,946	122,417	105,945
	\$	3,762	17,627	20,609	16,699	17,974	17,204
Cedar	FBM	54,732	155,502	177,797	193,954	332,404	296,965
	\$	2,232	16,327	26,387	22,547	39,172	33,803
Douglas fir	FBM	847,399	883,591	1,284,492	1,159,516	1,794,198	1,540,505
	\$	16,338	66,111	110,758	100,520	138,212	114,047
Hemlock	FBM	190,472	235,818	563,418	515,518	704,137	615,271
	\$	2,592	18,976	46,072	44,036	55,704	46,200
Pine	FBM	115,018	198,844	178,478	173,489	177,367	157,397
	\$	3,841	46,905	18,807	17,877	18,690	16,204
Spruce	FBM	503,599	1,040,408	1,066,055	1,155,075	1,425,914	1,182,772
	\$	11,779	71,925	88,097	93,189	111,326	95,508
Softwood N.O.P.	FBM	1,850	18,418	13,935	22,114	46,304	42,456
	\$	43	1,339	1,024	1,941	3,621	3,406
Total Softwoods	FBM	1,740,070	2,532,581	3,284,175	3,219,666	4,480,324	3,835,366
	\$	36,825	191,583	291,145	280,110	366,725	309,168

tomers, who turned to sources of supply more advantageously located. The United Kingdom, in an attempt to conserve dwindling foreign exchange reserves, released for sale to the British timber trade some 270 million FBM of the 400 million FBM of softwood lumber in her strategic stockpile, thus reducing the country's requirements of overseas lumber. About 200 million FBM of this lumber was Canadian. In recent years a corresponding drop in demand in all major markets during the same year has been unusual and this reduction in 1956 was felt by the Canadian lumber industry—particularly in British Columbia, where three-quarters of production goes to export markets.

Outlook for 1957

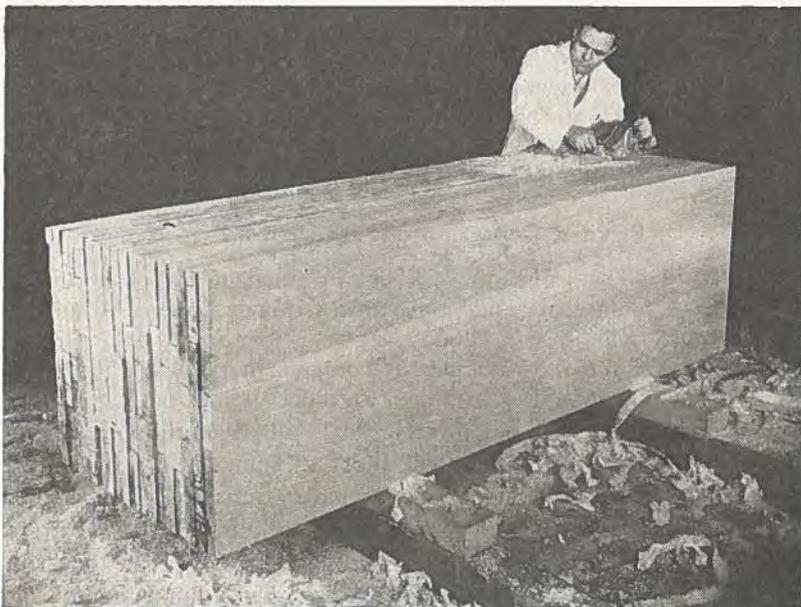
For 1957, total lumber exports are expected to be somewhat below those of 1956. It is difficult to predict the residential housing potential which, on a seasonally adjusted basis, is still running below 1956 levels in the United States. However, if U.S. credit restrictions are relaxed appreciably during the year, the pace of home construction could be stepped up to meet the reported substantial demand for housing in this major lumber market. Additional releases from the United Kingdom stockpile have reportedly exhausted most of this material, and although a considerable volume remains unsold, the desirable grades and sizes have already been consumed. Charter rates for waterborne shipments have been falling and indications are that this major deterrent to overseas lumber sales may well be removed during the current year. These factors are significant indicators of a probable recovery from the decline in lumber exports which began in the latter part of 1956. Thus, while lumber export volume

in 1957 is expected to total less than that of 1956, prospects for improvement in over-all demand appear somewhat brighter for the second half of the year.

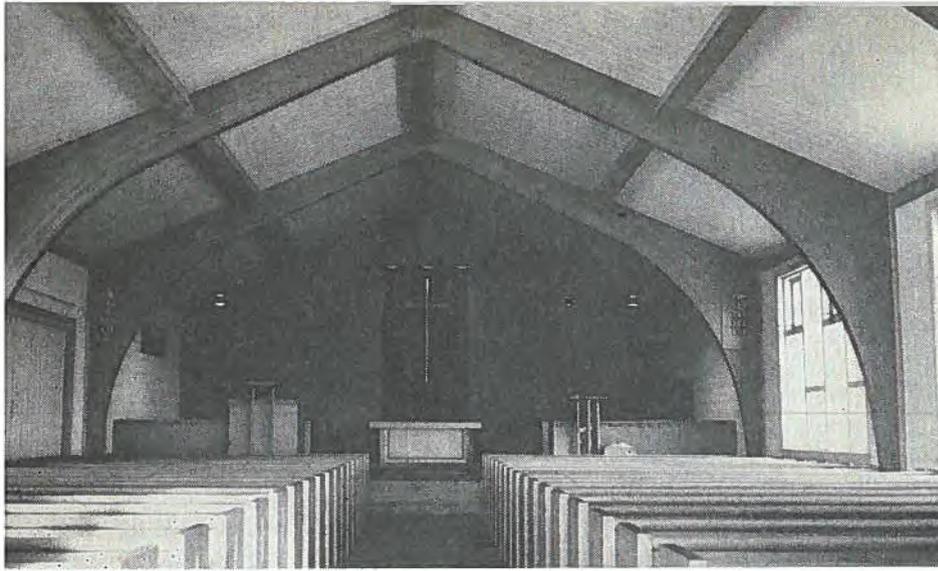
Aid for the Exporter

The Forest Products Division of the Department of Trade and Commerce provides a service to the Canadian lumber industry through various trade promotion projects designed to meet the needs of the exporter. These projects range from market studies and analyses (such as this special issue) to the compilation of lumber export offerings from producers for the use of Trade Commissioners in promoting trade in their territories. Special brochures for distribution in export markets and recommendations of exhibits in foreign trade fairs as they apply to forest products are also prepared by the Division. The Department maintains a timber specialist in London, England, for promoting trade in Canadian forest products in the United Kingdom. The Forest Products Division welcomes requests from the industry and attempts to provide satisfactory assistance whenever possible.

In analyzing the various reports and data appearing in the following pages, the reader will note that, despite difficulties in marketing our lumber in volume in many markets, the Canadian exporter can always sell high-grade, top-quality material. Thus the success of Canada's long-term plans for forest development may lie in her ability to maintain an industry based on the traditionally high quality of raw material, of manufacturing practices and of merchandising methods, and on business acumen. In this way, Canadian lumber will enjoy continued prestige in all the marketplaces of the world. ●



This block of laminated white pine fashioned in the Forest Products Laboratories from wood donated by the Canadian Lumbermen's Association and shown being hand dressed to the required size was shipped to Britain recently. From it skilled craftsmen are carving a new figurehead for the "Cutty Sark", the famous tea clipper now lying at Greenwich which will be preserved as a relic of the great days of sail.



—Canadian Institute of Timber Construction

The 78 per cent of our lumber exports that go to the United States find many different uses. In this church, Canadian woods are used in the glue-laminated arches, the V-joint roof boards, the wooden pews, and also the simple but dignified altar furniture.

United States

Forecast sets spending on new construction in the U.S. this year at \$46.4 billion, with public construction up 12 per cent and private building holding at about the 1956 figure. This should stimulate domestic lumber production, which fell one billion FBM last year, and also promises well for lumber purchases from other countries, such as Canada.

H. A. GILBERT, *Commercial Secretary, Washington.*

CONSTRUCTION IN THE UNITED STATES, both public and private, will reach record levels in 1957. This was the forecast made by the U.S. Department of Commerce at the end of last year.

Outlays for new construction are expected to total \$46.4 billion this year, about 5 per cent above the record volume of more than \$44 billion in 1956, according to estimates of the Departments of Commerce and Labour. The Department of Commerce goes on to report that:

"Some expansion is likely in the coming year in most major types of construction, except new private housing. Because of the housing decline, private construction activity as a whole is expected to show only a nominal increase over this year's level, reaching a total of \$31.4 billion in 1957, but public construction outlays will probably rise a substantial 12 per cent, to \$15 billion. Physical volume (expenditures adjusted for price changes) also may be up slightly from 1956, and will about equal the record set in 1955.

"The anticipated volume of new construction in 1957 is based on the assumption that the general level of economic activity will advance moderately, with employment continuing at record levels, and personal income reaching a new high. It was assumed also that international developments will not significantly affect construction activity in continental United States during the coming year.

"Construction costs are expected to continue to rise, but at a rate slightly lower than in 1956. Building materials generally should be in adequate supply, with no more than minor spot shortages likely, because of extensive gains in plant capacity and record production levels. Mortgage funds, however, will probably continue to be relatively scarce, especially for long-term, low down-payment loans, reflecting widespread competition for credit to meet the unusually large demands of businesses, governmental units, and individual consumers in a record-breaking economy.

Private Construction Forecast

"The value of work put in place in 1957 on private non-farm residential construction is likely to total not quite \$14½ billion, about 3 per cent below 1956 volume. Anticipated increases in spending for additions and alterations to older homes and for construction of motels and other non-housekeeping residential units will not be sufficient to offset the 5 per cent decrease expected in outlays for new homebuilding. The decline in expenditures for new private housing, however, will probably be less than the drop in housing starts, since the dollar volume figure will

reflect higher construction costs and the continuing trend toward larger homes with more quality features.

"Prospects are that about a million new private non-farm dwelling units will be started next year.* This compares with an average annual rate (seasonally adjusted) of 1,100,000 for the first ten months of 1956 and a 1955 total of 1,310,000. The still relatively high level of housing starts predicted for 1957, despite continuation of present mortgage financing problems, results in part from sustained consumer demand for better housing, backed by rising incomes; a large volume of retirements (demolished, abandoned, or converted units) from the housing supply; and a steadily increasing and highly mobile population.

"Most of the gain in private construction outlays between 1956 and 1957 is anticipated from increased construction activity by the public utilities, and advances in all types of new non-residential building except commercial building, which is expected to remain unchanged from this year's record level.

"Announced expansion programs suggest unprecedented expenditures in 1957 of about \$5½ billion on privately owned public utilities. The most significant dollar gains among the several kinds of utilities will probably occur in natural gas pipelines and electric power facilities construction.

"Present indications are that private industrial plant construction will continue to expand in 1957, but at a much slower rate than during the past two years. The slower rate of expansion which is apparent from the declining level of contract awards in recent months reflects in part the fulfilment of capacity goals in some industries, and some revision of expansion programs in others. The \$3.2 billion expected to be put in place on industrial buildings in the coming year will be an all-time high, exceeding 1956 volume by 5 per cent and 1955 by 33 per cent.

"Outlays for commercial buildings will probably total \$3.3 billion, with an increase for office buildings offsetting a decline in expenditures for new stores and other mercantile buildings. Demand for additional office space is still high, as indicated by the continued low office-building vacancy rate. On the other hand, declining contract-awards volume and the completion of many new shopping centers suggest that store-building demand is beginning to taper off.

"An anticipated slight rise in farm construction, reversing a four-year downtrend, is based chiefly on recent advances in farm income. Religious and private

*Most recent figures on housing starts to the end of March 1957, as reported by the National Lumber Manufacturers Association, indicate an annual rate of only 880 thousand units for 1957, on a seasonally adjusted basis.

educational building, each of which achieved more construction put in place in 1956 than in any previous year, will likely expand still more in 1957.

Public Construction

"The expected increase in public construction activity next year reflects mainly continued expansion in all types of state and local public works, especially highways, schools, and sewer and water facilities. A backlog of needs for these categories still exists, despite rising expenditures in recent years.

"Highway construction probably will reach a new high of \$5½ billion, or about 8 per cent above this year's level, principally because of the expanding of federal aid to highways. State toll-road construction may decline somewhat, as work on new and continuing projects will not compensate for major completions in 1956. To provide essential community services to new housing developments and continually growing suburbs, record expenditures of nearly \$2.9 billion for public school building appear likely in 1957, and the value of new sewer and water facilities construction is expected to go over the \$1½ billion level for the first time.

"Public and private hospital building, which has been declining since 1954, may show an upturn next year, reflecting in part the influence of increasing Federal Aid funds. Nevertheless hospital construction outlays will not reach the levels attained in the 1950-52 period.

"Construction work at military bases is scheduled for another moderate advance in 1957, and will be at a postwar high. Outlays for public housing will show the first significant expansion since 1951, primarily because of the new federal program of military (Capehart) housing under title VIII of the National Housing Act. Conservation and development construction is expected to increase for the second successive year, when major works such as the St. Lawrence Seaway and the Oahe Reservoir on the Missouri River reach peak activity."

LUMBER PRODUCTION AND CONSUMPTION IN THE U.S.

Year	(million FBM)			
	Production		Consumption	
	Softwood	Hardwood	Total	Total
1939	21,407	3,741	25,148	26,438
1941	28,032	5,581	33,613	34,927
1943	26,917	7,372	34,289	37,260
1945	21,140	6,982	28,122	31,554
1947	27,937	7,467	35,404	34,648
1949	27,197	5,704	32,901	34,327
1951	30,383	7,711	38,044	38,560
1952	30,393	7,763	38,156	40,150
1953	29,562	7,180	36,742	38,699
1954	29,294	7,417	36,711	39,467
1955	31,601	7,506	39,107	43,071
1956	30,600	7,400	38,000	41,100

If this expected increase in construction takes place, lumber production should regain most, if not all, of the one billion FBM loss sustained in 1956 compared with 1955. In that year, output reached a record 39.1 billion FBM. The table on page seven illustrates production of lumber in selected years since 1939.

Lumber Consumption Should Rise

As in production, it is expected that in 1957 the downward trend in consumption evidenced last year will be reversed. Construction uses the greatest quantity of lumber in the U.S. (approximately 73 per cent of total consumption) and with the optimistic outlook for this phase of the U.S. economy, it is the general opinion that consumption for construction will not fall far short of the 1955 record of 31.6 billion board feet.

A difference of opinion exists over housing in 1957. William Levitt, the president of Levitt & Sons and the biggest house-builder in the United States, recently told a House Banking Subcommittee that the home-building industry was already in distress and that government aid was required immediately. Without this aid in the form of changes in GI and FHA regulations, he said, covering the amount of down payment on FHA loans and the rate of interest on mortgage money, the drop to one million starts in 1956 would continue into 1957 when the industry would be lucky if there were 800 thousand starts.

George Cline Smith, vice-president of F. W. Dodge Co., takes a different view. His opinion is that there has been a dropping-off in starts but this has been offset by the fact that, though the number may have decreased, the size of the individual units has increased. In other words, people have built larger but fewer houses and financed them more by conventional mortgages than by government-guaranteed loans. Mr. Smith says that, on the basis of population growth and other factors, a case could be made for the thesis that the U.S. is under-building housing at this time in relation to need and to long-range capacity. He cites the vacancy rate at the rock-bottom of 2.6 per cent of available dwellings, with no tendency to rise, as a strong point in substantiating his argument.

In the other fields of lumber consumption such as shipping, railroads, manufactures and the various uses of plywood, an increase of from 4 to 6 per cent is expected.

Import Outlook

In calculating the consumption of lumber in the United States for the past five years, exports have not had any major importance because they make up, on the average, only 1.8 per cent of total consumption. In 1955 exports totalled 844 million FBM and in

1956 they dropped off to an estimated 700 million. No significant change is expected in 1957.

In imports, there was a steady rise from the 2.5 billion FBM of 1952 to the 1955 record of 3.6 billion FBM. In 1956 imports fell to 3.4 billion FBM. Whether 1957 imports increase or decrease will depend on whether actual construction bears out present forecasts and the assumption that economic activity in 1957 will make a moderate advance. ●

MIDWEST—*With home starts picking up, lumber dealers in this area expect fair sales this year. This remains important market for many Canadian species, and attention to dealers' suggestions could mean even larger sales.*

THE RAPID GROWTH and the rising standards of living in the Midwest states enable the population to continue the shift to suburban living and provide a wide base of underlying demand for Canadian lumber. However, since February 1956 a decrease in home-building because of the difficulty of financing new houses has meant that retail lumber dealers have made fewer sales at lower prices. The Chicago Federal Reserve Bank reports that home-building in the Midwest last year, although still at a high level, dropped slightly more than in the United States as a whole. Housing permits in 29 major metropolitan areas ran 15 per cent below 1955; the figure for the whole country was 13 per cent.

In February, Chicago construction activity as measured by building permits increased substantially after a sharp drop in January. Home starts picked up from the January level but were about 20 per cent lower than in February 1956.

Confronted with this situation, Canadian shippers servicing the Chicago area cannot expect a record year. But in spite of decreased housing starts, most local dealers, wholesalers and commission agents are not unduly pessimistic—possibly because they are in close touch with U.S. lumber mills in the Northwest which noted early in March signs of a slight upturn in demand for and prices of lumber. Nearly 30 per cent of the trade contacted expect a good year for lumber sales in the U.S. in 1957, and a number expect business to pick up in the second half. Ten per cent expect business to equal that of 1956 and the remaining 60 per cent anticipate only a fair year, with business down an average of 15 per cent. A very few expect

sales to drop off more, down to one extreme of 40 per cent. A Minneapolis dealer summed up the situation by stating, "It will be a good year by any standard, except that of a boom market."

Imports All from Canada

Canadian producers have the Midwest lumber import market as such to themselves. Western white and Englemann spruce are by far the species most in demand, followed by dressed Douglas fir. Together they comprise 72 per cent of all imported Canadian lumber. B.C. cedar, hemlock, pine and hardwoods are also sold in substantial quantities.

Illinois ranks after Ohio, New York and Michigan as a market for western red cedar siding, but Wisconsin and Minnesota are other good Midwest markets for these species.

Current import statistics are not available but those for 1955 are given in the following table. It should be borne in mind that the table is an extract from customs clearances for certain districts which comprise parts of various states. Additional Canadian shipments

are cleared at other border customs points and eventually reach the Chicago area, but these are not included. With these limitations in mind, the table is presented to show the relative importance of the various species and the route followed to reach the areas mentioned.

Imports from countries other than Canada are negligible, consisting only of a few feet of soft spruce and hardwoods from Germany and a little Philippine hardwood lumber from Japan. The chief competition is from Douglas fir, ponderosa pine, Englemann spruce, hemlock and other species produced by U.S. West Coast mills. In addition, the price of lumber in relation to other building materials such as plywood, particularly Japanese lauan, has a deterrent effect on sustained sales. Contractors paying carpenters \$3.45 per hour have, among other techniques, had to adopt concrete forms built from plywood to save time and money.

Yellow (southern) pine and sugar pine compete very strongly with western white spruce. But given a competitive price, the Midwestern farmer constructing his

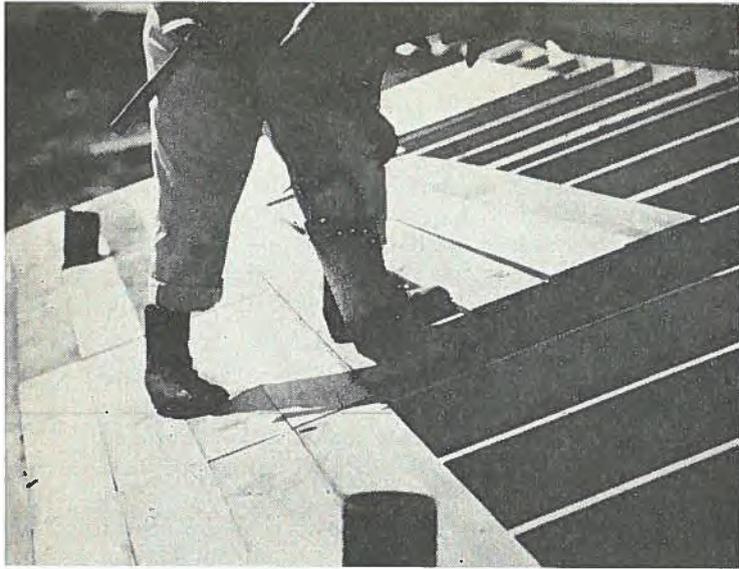
Imports of Canadian Lumber into U.S. Midwest Customs Districts 1955

(shipments valued \$1-\$250 excluded)

		Customs Districts		
		Duluth and Superior	Michigan	Others as shown
Fir hemlock rough.....	MFBM	21	73	
	\$	2,054	4,824	
Fir hemlock dressed.....	MFBM	2,547	573	
	\$	213,791	40,685	
Douglas fir rough.....	MFBM	195	365	
	\$	17,845	30,673	
Douglas fir dressed.....	MFBM	310,692	60,151	
	\$	22,837,162	4,195,300	
Fir N.E.S. rough.....	MFBM		256	
	\$		19,809	
Fir N.E.S. dressed.....	MFBM	18	7,361	
	\$	1,173	525,295	
Hemlock rough.....	MFBM	20	104	
	\$	1,366	9,145	
Hemlock dressed.....	MFBM	9,670	5,361	
	\$	849,658	402,090	
Spruce Sitka.....	MFBM	2,211		
	\$	226,126		
West white and Englemann spruce.....	MFBM	375,927	57,559	(Minn. Ohio 135
	\$	31,072,324	4,240,862	(Wis. 10,481
Spruce N.E.S.....	MFBM	1,729	51,542	Ohio 25
	\$	137,946	4,424,585	Ohio 1,941
Northern pine.....	MFBM	5,582	14,898	Ohio 44
	\$	632,915	1,818,196	Ohio 3,999
Pine N.E.S.....	MFBM	27,900	11,690	Minn. 25
	\$	2,409,042	999,175	2,429
Larch.....	MFBM	131	541	
	\$	12,763	38,333	
Cedar siding.....	MFBM	5,386	50	
	\$	1,274,780	8,148	
Cedar N.E.S.....	MFBM	13,677	3,857	Ind. 5
	\$	1,166,246	497,784	635
N.E.S.....	MFBM	173	242	
	\$	18,558	25,369	
Maple, birch and beech flooring.....	MFBM		817	
	\$		130,847	
Maple, birch and beech ex floor.....	MFBM	17	47,233	Ohio 47
	\$	9,574	8,207,720	9,494
Sawn planed hardwood, etc. N.E.S.....	MFBM	4,403	2,661	
	\$	267,679	322,429	

No imports into Chicago or St. Louis Districts.

MAY 25, 1957



—J. E. Merriam Const. Co.

A carpenter working on a house being built in a suburb in southwestern Chicago is using Canadian western spruce. The construction pace in the Midwest has lately speeded up.

own building will usually choose the latter. He prefers the appearance of the easily worked white spruce with tight knots that make a good solid painted surface. Net income per farm recorded a 6 per cent gain last year, according to recent U.S. Department of Agriculture estimates. Provided that the great plains states receive adequate moisture, the outlook for farm buildings should improve greatly. The rapid pace of farm consolidation should also bring about a need for more buildings in a central locality to house additional equipment.

Price and Other Factors

Present-day exchange rates are an unfavourable price factor and at times prevent Canadian suppliers from quoting in U.S. dollars and the U.S. merchant from calculating firm costs. Another vital price factor slowing sales of lumber is railway freight rates. For the single dealer claiming favourable freight rates to his area from Canada, four or five other dealers say that increased freight rates are leading their customers to try cheaper domestic woods.

One factor favouring Canadian lumber is the availability of species required, well manufactured to favourable specifications. Higher grades and quality are appreciated; so are uniform grading and inspection services. The principal complaint by dealers is the number of mills which do not have any dry kilns and therefore cannot maintain shipping schedules during inclement weather. Wide variation in availability of standard items, when air-dried, makes it difficult for the U.S. importer to use any given mill as a constant source of supply.

Communication Problems

In these jet-propelled times the number of suggestions made about simplifying communications are rather surprising. A Louisville wholesaler has not been able

to find any arrangement for teletype contact with firms in Canada. Another obstacle to ready communication with Canadian firms is Canadian telegraph charges. In Canada each digit counts as a separate word, but Western Union allows up to five digits per word count. It is necessary to use a flow of numbers to designate quantities and sizes in telegraphing about lumber. This may be a small matter in certain instances, but mills find that sending lengthy offering telegrams to a list of potential customers quite expensive in the aggregate. A Kentucky dealer suggests that improved telephone service to many mills would help.

Another fact about communications is advice about availabilities which a commission agent or wholesaler must have sooner or later—and preferably sooner. The following are typical quotes:

- "Send lists of available lumber with prices."
- "Mail regularly stock and price data."
- "Establish good representation through local wholesalers and commission men so we will know what is available."
- "Contact us more frequently, personally."
- "Keep us informed on what they have."

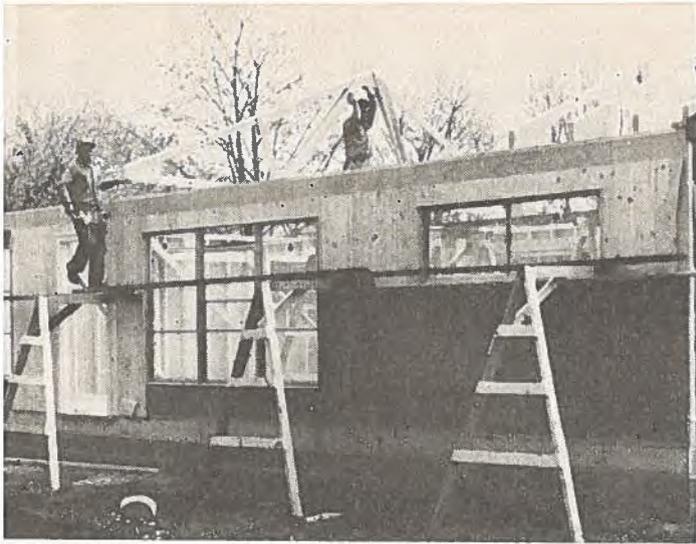
The Canadian Trade Commissioner in Chicago has available lists of U.S. wholesalers, dealers and commission agents in the eleven Midwest States. In addition, lists of Canadian suppliers are regularly distributed to the U.S. trade. Should you wish your name added to the lists of suppliers or your stock list sent out to U.S. importers, write the Chief, Forest Products Division, Department of Trade and Commerce, Ottawa, with whom the Trade Commissioner works closely.

—ROBERT F. RENWICK,
Consul and Trade Commissioner, Chicago.

MICHIGAN and OHIO—

Market expected to hold up well during 1957, but Canadian shippers face price competition from domestic producers and aggressive sales promotion will be needed.

MICHIGAN AND OHIO, heavily populated and highly industrialized states, continued to provide an important market for Canadian lumber during 1956. Some slackening of construction during the year, however, coupled with a normal winter decline, has caused concern and there have been few clear and unqualified appraisals of the market for 1957.



This prefabricated home going up in the Detroit area employs Canadian spruce dimension lumber and roof trusses, and also makes use of British Columbia red cedar sidewall shakes.

The decline in residential construction last year in the Midwest area was about 15 per cent; new housing construction in Detroit was down 20 per cent, and there is little evidence of any increase in home building. Industrial construction, on the other hand, seems headed for new highs this year both in Ohio and Michigan; this estimated 10 per cent increase in non-residential building is expected to absorb any slack in housing. Michigan industry alone is betting more than \$2,000 million worth of expansion on the premise that American consumers want more of Michigan's products—notably automobiles. Although money is reported to be tight in the residential mortgage markets, funds for this capital expansion appear to be available.

Tighter and more expensive mortgage credit and the strong demands on available funds for public and industrial construction have not been the only factors contributing to the drop in home building. During the past decade, many metropolitan centres in this area have experienced a great suburban expansion which in some cities has reached a critical point. In Detroit, for example, it is reported that less than 3,000 home building lots remain and much new residential construction is now beyond a 30-mile radius of the downtown city.

In these new suburban areas, building has moved faster than such services as water supply, sewage and drainage systems. As a result, some builders predict a temporary lull in home building while time, money and effort are spent to bring essential services into line with present and prospective residential development.

For these and other reasons, the Ohio and Michigan market for lumber this year will probably be little smaller than in 1956, with increased industrial expansion taking up any slack resulting from a possible decline in home building. Longer-range forecasts are optimistic.

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Even if this over-all market forecast proves true, the outlook for Canadian shippers to this area is not entirely clear. Much will depend on the activities of domestic suppliers and on the ability of Canadian producers to keep prices competitive.

Figures for the first nine months of 1956 show that lumber supply exceeded demand last year, despite a 4 per cent drop in U.S. production. Most domestic lumber used in these states comes from the South and the West Coast. At present, according to local dealers, construction in the Southern States has provided a ready "home" market there and only limited efforts have been made in northern markets on a price basis. Moreover, recent federal minimum wage laws have tended to decrease the competitive advantage of southern suppliers by raising their production costs. Any substantial drop in building activity in the South, however, could mean tougher competition for Canadian lumber, particularly in Ohio.

Although lumber production in Michigan and Ohio is not large, it must not be ignored; the annual cut in each of these states totals from 250 to 300 million FBM. In Ohio most of this saw timber (about 98 per cent native hardwoods) is of low quality and lumber from the state's 500 sawmills goes generally into rough construction or industrial use. Lumber production in Michigan, which once cut 5,500 million FBM a year, includes a higher proportion of softwoods and is steadily increasing in value. In both states, efforts are being made to improve and enlarge the lumber industry. Even now, this local production limits Canadian markets, particularly for some species and grades of Eastern lumber. Wood in some form or another is the basic raw material for at least 1,500 manufacturing plants in these two states.

Western Varieties Affected

In assessing 1957 markets in this territory for Canadian lumber, it is probably useful to consider three broad classifications—Western lumber, Eastern softwoods, and hardwoods. Of the three, the Western species predominate. It has been estimated, for example, that Canadian mills supply up to 75 per cent of all Douglas fir used in the area covered by Detroit dealers and it is these Western Canadian species which have been affected most by the slackening in demand. Demand for Douglas fir in recent months has dropped about 20 per cent as local dealers endeavour to work down the large inventories carried over from 1956.

Generally, Canadian shippers have kept their prices competitive with U.S. West Coast shippers and during these months of over-supply many U.S. mills have either cut back on production or closed down. Despite this, U.S. mill prices on Douglas fir standard and

better construction lumber are down an average of about 15 per cent from last year. It is not possible to determine at present whether this situation will continue or whether U.S. producers, riding on firmer spring markets, will be able to win business away from Canadian suppliers. One factor is the current exchange rate on the Canadian dollar which, local dealers report, Canadian shippers are finding increasingly difficult to absorb in whole or in part.

Western Canadian lumber is well known and readily accepted here; it is promoted aggressively and persistently, and Western shippers have earned a reputation for dependable grading and reliability in shipping.

Price declines for Western spruce, averaging about 12 per cent, are a little less severe than for fir. There are some indications that demand for both these woods will increase in coming months as carry-overs are reduced, direct requirements grow, and new inventories are built up.

Eastern Softwoods and Hardwoods

Eastern softwoods have not suffered the same slide in price and demand as the Western varieties but they sell in much smaller volume in this market. The average local differential on Eastern spruce is about 5 per cent below 1956 and Eastern spruce boards and dimension lumber, spruce and jack pine crating stock appear to be in steady demand. There are some reports of yellow pine displacing Eastern softwoods, largely on a price basis.

The market for hardwoods generally has remained stronger than for either of the other groups and prices for most varieties are about even with 1956 levels, although there is a large backlog of unsold oak flooring. Much of the credit for this goes to the furniture manufacturers whose shipments last year were up 11 per cent over the previous 1955 record. In recent months, this office has received a number of inquiries for good-quality birch and hard maple dimension lumber and specialty items for the furniture trade.

Promotion Needed

For both Eastern and Western Canadian shippers, the prime requirement at this time is for constant promotion of their products. For Western shippers, this probably means continuing existing programs, but the Eastern shippers should attempt a much better coverage of this market. A long-time Cleveland lumberman remarked some months ago that he had not seen an Eastern Canadian lumber salesman in the past twelve years! Regular contact by mail and telephone is helpful but cannot replace personal visits from Canadian shippers or their local representatives.

—A. A. LOMAS,
*Vice Consul and Assistant Trade
Commissioner, Detroit.*

NEW ENGLAND—*Demand for Canadian lumber should remain good, with slight decline in home building offset by gains in industrial construction.*

NEW ENGLAND'S SAWMILLS produce only a small part of the lumber needed by building contractors and industry in the area even though the 1954 economic census estimated regional sawmill production at \$70,541,000. Maine contributed 42 per cent of this amount and the remainder was shared equally by mills in New Hampshire and Vermont. This \$70.5 million output is a mere 9 per cent of the amount produced in the eastern states and just 2.2 per cent of the national total. Most of this production is pine and spruce, estimated to be 65 per cent of the total by board measure, and the rest consists of maple, birch and oak, in order of importance.

Market Prospects

During 1956 New England continued to be an important customer for Canadian lumber to meet the demand from building contractors. Official statistics for the region are not available and comparisons of construction activity for the year with the preceding building boom vary considerably. It is evident, however, that the backlog of demand has been reduced and the future market will depend on normal population increases.

As winter approached, loans for residential projects became more difficult to obtain, although mortgage funds were not as scarce as in other areas—perhaps because New England banks have the highest savings deposits per capita in the country. Aside from the seasonal decline, real estate authorities stated that the number of housing starts in the Metropolitan Boston area was down 40 per cent in January and February over the same two months in 1956. This decline was steeper than in other New England cities because the scarcity of residential property influences the Boston figure. However, the value of building permits is expected to be down throughout the region for at least the first half of 1957.

Lumber Is Popular Building Material

A house is not considered to be a home in this section of the country unless the natural warm beauty of wood predominates in the construction and, of course, it is the most suitable material for the familiar Cape Cod style of architecture. Western red cedar siding and shingles have long been favourite exterior finishes and machine-grooved cedar shakes are also becoming very popular. Home-owners in New England still prefer basements and this feature helps to sell more lumber.

Sheathing is generally eastern spruce and hemlock, Douglas fir and western hemlock; western white spruce and pine are also gaining acceptance.

A variety of species compete for dimension stock orders—the beams, joists and other building supports. Douglas fir and western hemlock predominate and eastern spruce and pine share the rest of the market. Cupboard and closet installations are frequently made of western white and ponderosa pine which have replaced first-grade eastern spruce. Hardwood flooring is used almost exclusively; southern oak is the first choice, followed by northeastern maple and birch. New England houses are not yet important users of plywood for sheathing or floors.

Lumber for Industrial Purposes

Regional industry is an important customer for lumber. The concentration of furniture plants in the area compete for the supply of first-grade, dry hardwoods. Furniture shipments were about 10 per cent higher in 1956 and business continues to be good this year. Manufacturers have been reducing their lumber inventories, however, to ease the limited supply from the mills in an effort to avoid further price rises. Number 2 common hardwoods, usually difficult to move, are now being sold promptly because of a strong demand for pallet lumber. Hardwood dimension stock and squares are needed for a wide variety of items. Spools, bobbins and shuttles for the important textile trade, shoe heels, skis and sleighs, bed legs, handles, and industrial patterns all add up to a substantial total.

There are also a number of industrial customers for softwoods. Massachusetts is one of the leading centers of the bedding industry and the frames and slats are made of pine or spruce. Furniture-makers also need spruce and pine slats and stringers. Crating stock and cleats, known to the trade here as furrins, are in demand for all sorts of containers.

Selling Canadian Lumber

The main competition for Canada in the New England market comes from the southern states for hardwoods and the domestic mills in the Far West for softwoods. We remain by far the leading exporter of lumber to this market.

Lumber brokers and wholesalers in Boston and Springfield, Massachusetts, and Providence, Rhode Island, maintain close relations with suppliers in eastern Canada. Higher rail freight from Ontario gives Quebec and Maritime mills a price advantage. Some of the big local wholesalers contract for timber stands in Quebec and arrange for mills adjacent to these stands to saw according to their specifications. Many orders are negotiated by an exchange of personal visits, telephone calls, and interviews at lumber conventions.

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Nevertheless, inquiries for sheathing, dimension and cleat stock arrive at the Consulate and lumber agents and wholesalers like to receive any offers which are circulated by our office. Some complain that eastern Canadian lumber is not always properly dried and that the grading fluctuates. These are isolated cases, fortunately, and the main concern of the importers seems to be assurance of a regular supply.

The principal western Canadian mills operate through their own sales offices in the main eastern U.S. markets and they are well informed on sales prospects and competitive offers. The long haul either by sea or rail makes freight costs a significant proportion of their quotations.

The Outlook

Industrial construction in New England should find 1957 a banner year. The lumber trade will benefit if this expectation proves right. The sale of construction lumber for new houses is expected to improve with the supply when the summer season approaches. The need for family accommodation justifies this prediction, even though prospective home-owners consider that labour and material costs are too high. Lumber for replacements and repairs will also be a substantial item, because so many of the homes are over thirty years old.

—F. B. CLARK,

Consul and Trade Commissioner, Boston.

NEW ORLEANS—*Canadian Douglas fir, western white spruce, hemlock and cedar sell well in this area, but competition from Northwest States keen. Birch and maple also used extensively in furniture making.*

THE SOUTHERN LUMBER MARKET has shown some improvement during the first two months of this year, but demand is still below the comparable period of 1956. As in other parts of the United States, the volume of home building has decreased steadily since the beginning of last year, because of the high interest rates on mortgages.

Canadian shippers of western softwoods had, up to a few months ago, an increasing market for their production here—the result of industrial progress in

the South during the postwar years and the consequent activity in the construction industry. The demand was chiefly for Douglas fir, followed by western white spruce, hemlock and cedar.

Canadian Position in Market

Several southern lumber wholesalers explained to me that Canada has benefited from the trend towards looking to the Northwest rather than the Southeast as a source of softwood lumber. Southern pine is an important factor in this market only for lower grades of lumber, because the southern forests can no longer supply virgin woods in sufficient quantity. It has therefore been necessary for local wholesalers to increase their purchases from Oregon, Washington, British Columbia and Alberta, and our softwood shippers thus have to compete in this market chiefly with shippers from the northwestern states.

Local importers are happy about their relations with Canadian firms, a recent survey by the New Orleans office indicates. Some Canadian suppliers have had to familiarize themselves with the sizes required by this market because odd widths and odd lengths are not generally used.

Canadian softwoods from British Columbia and Alberta are moving in carlots to all the Southern States; the main centres of distribution are Dallas and Houston for the southwest, Memphis and Atlanta for the southeast. Shiploads also come directly from British Columbia to Port Everglades (near Miami) and to Tampa for distribution in southern Florida. Our shippers have found their best market in Texas and Florida, where home building is more active than in other parts of the South.

There is no indication at present that the construction industry in this area will increase its activities substantially during the next few months and the market for softwoods should remain highly competitive in 1957. Our western shippers should make frequent visits to this territory if they wish to keep the foothold that they have obtained since the war.

Hardwoods Used in Furniture

The demand for hardwoods, although generally slow, has been less affected by the housing slump of recent months because the furniture industry absorbs a large proportion of the hardwood lumber consumed in the South. It is estimated that approximately 40 per cent of the United States' production of wooden household furniture comes from the South.

According to recent statistics published by the Forest Products Division of the United States Department of Commerce, total United States imports of hardwoods have increased from approximately 266 million FBM

in 1955 to approximately 273 million FBM in 1956. Canadian shippers of birch and maple are finding a good demand, particularly in the Southern States, which has a large proportion of the furniture factories and hardwood working mills. The general acceptance by the local trade of the fact that the higher grades of hardwoods, such as Canadian birch and maple, are no longer easily obtained in quantity from southern forests or from the Michigan area (the main source of birch and maple in the United States) is the main factor influencing Canadian sales.

Birch and maple are imported from Canada by lumber wholesalers who buy in carlots for resale to retailers, mills and furniture factories. They generally ask for yellow birch and hard maple in selects and better and in thicknesses of 4/4, 5/4, 6/4 and 8/4. There is a smaller demand for thicknesses of 10/4, 12/4 and 16/4. The local demand for Canadian hardwoods is limited mainly to the higher grades because of the high rail freight rates on shipments to the various southern distribution centres.

Increased Sales Unlikely

According to various sources consulted, the southern consumption of hardwoods will not increase appreciably during the remainder of 1957. Canadian shippers should however be able to maintain their present volume of sales, provided they can offer high quality at competitive prices.

—A. ANTOINE CARON,
*Consul of Canada and Trade Commissioner,
New Orleans.*

SAN FRANCISCO—*Large lumber production in Pacific Northwest moves mainly to domestic markets but some is shipped abroad, and competes with Canadian production.*

THE PACIFIC COAST STATES produce over 80 per cent of the lumber cut in the eleven Western States and 47 per cent of the national lumber output. California ranks as the second largest lumber producer, directly after Oregon; Washington State comes third.

California's output in 1954 totalled some 5 billion FBM out of a U.S. total of 36 billion FBM. Most

of the timber cropland is in the northern part of the state, where there are heavy concentrations along the coast and in the area south of the Oregon border, and it produces almost entirely softwoods. With minor exceptions, this state is the only source of redwood but Douglas fir and ponderosa pine are the chief products and the true firs and the sugar pines are also important. Port Orford white cedar, though cut in small quantities, is also valuable because of its high quality.

In 1953 Douglas fir was the leading species by volume (1.6 billion board feet) for lumber, plywood and veneer, pulpwood, poles and piling, and cooperage. Ponderosa pine was the second most important species (1.2 billion) for all these products except pulpwood and cooperage. Redwood was third in importance (969 million) for lumber but first for shingles, shakes and various split products and second for pulp logs. White fir accounted for 806 million FBM, sugar pine for 328 million, cedar for 86 million, and other softwoods for 23 million. Production of hardwoods totalled less than one million FBM.

Exports Widely Distributed

Approximately 134.8 million shipping pounds of lumber and shingles valued at \$5.3 million and 37.4 million shipping pounds of box materials and plywood worth \$918 thousand were exported through the San Francisco customs district in 1955—a total of 172.2 million pounds valued at about \$6.2 million.

Lumber and shingles went to 35 countries and box materials to 15. The main markets for lumber and shingles were the Union of South Africa, Australia, the United Kingdom, New Zealand and Japan. Each of the first three countries bought more than 30 million pounds valued at over a million dollars, and purchases by the last two reached about \$400 thousand and \$200 thousand respectively. Korea, the Union of South Africa and the United Kingdom were the principal buyers of box materials and plywood, with purchases worth \$491 thousand, \$263 thousand, and \$85,000 respectively.

Imports Analyzed

More than 48.8 million shipping pounds of lumber and shingles valued at \$2.3 million and 41.4 million shipping pounds of box materials and plywood valued at \$4.7 million were imported through the San Francisco customs district in 1955. The lumber and shingles came from 15 countries and the box materials and plywood from 11. The main sources of these four products were Japan and the Philippines. Japan sold \$1.4 million worth of lumber and shingles and \$4 million worth of box materials and plywood to the U.S.; the Philippines supplied lumber and shingles

valued at \$834 thousand and box materials and plywood worth \$359 thousand.

Although none of the four types mentioned was imported from Canada through the San Francisco customs district, about 31 million shipping pounds valued at about a million dollars were imported through the Los Angeles and the Washington State customs districts. A small amount of this possibly reached Northern California.

Consumption Varies

The export market is not a very important factor in the demand for California lumber, except for certain species. It is the domestic demand for lumber for construction and for industrial use—particularly the former—that determines the level of activity in the state's lumber industry. Lumber grown in California is consumed in all 48 states and a high proportion of most of the California species enters markets outside the three Coast States, especially in the Midwest. As a result, the local lumber industry reacts quickly to important changes in national business activity, particularly if these affect construction.

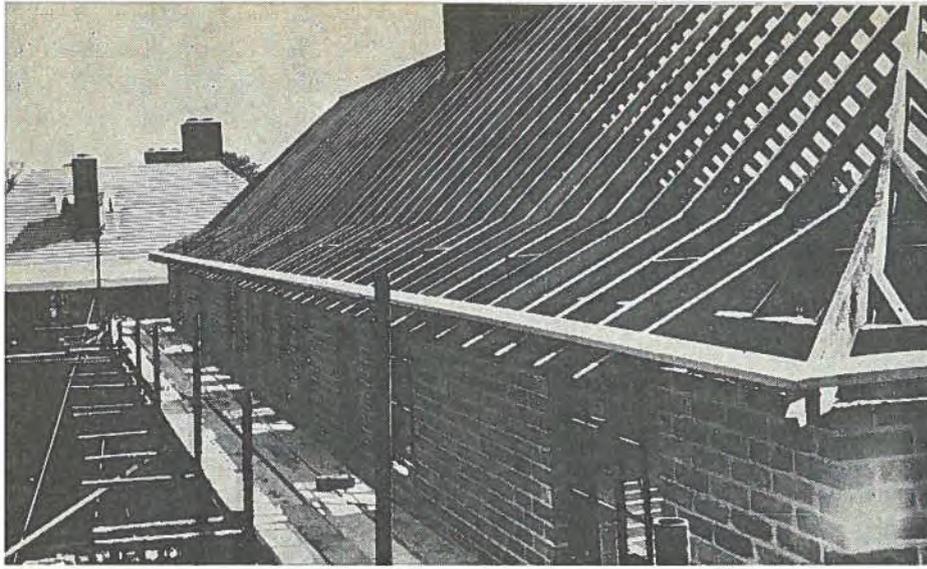
In California the value of construction climbed from \$3.9 billion in 1953 to more than \$5 billion in 1955. The number of dwelling units started in the state totalled 175 thousand in 1953 and 220 thousand in 1955. In 1956, there was a nation-wide drop in residential construction. Hardest hit by the decline in the demand for lumber were the Douglas fir and western pine producers. Markets for redwood lumber were somewhat stronger because redwood is also used for industrial purposes and because of the trend toward more expensive homes. At the end of 1956 the lumber industrial production index stood at 112 (1947-49 average=100). According to some reliable sources there is a distinct possibility of a housing upturn later this year in the United States and especially in the eleven Western States.

Competitive Position Difficult

Although spruce and northern white pine imported from Canada into the Eastern States and the Midwest do not compete directly with Pacific Coast species, Douglas fir and Western hemlock from British Columbia do compete with U.S. Pacific Coast species in a number of American markets. But in California—because of large local production, a relatively high volume of exports, a low volume of imports, and a nation-wide drop in residential construction—the Canadian lumber industry will find it difficult to compete in the next few years.

—GEORGES BLOUIN,
Consul of Canada, San Francisco.

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On a housing estate in Dorking, Surrey, Canadian imports provide the roofing timbers for one of the new homes. About 35 per cent of the 3.2 billion FBM of lumber used in the United Kingdom last year went into house construction, and most of this was bought abroad.

United Kingdom

Market for softwood lumber has fluctuated widely in postwar years. Prospects good for a pick-up in sales in 1957; lower ocean freight rates may help to improve Canada's competitive position.

G. H. ROCHESTER,
Commercial Counsellor, (Timber), London.

THE UNITED KINGDOM is one of the world's largest importers of softwood lumber and offers to countries like Canada, where lumber production exceeds domestic requirements, a most important market.

Production of softwood lumber in Britain is very limited; in the years just before the Second World War, it averaged annually approximately 150 million FBM. During the war, when all external sources of supply of softwood lumber (with the exception of Canada and, to a lesser extent, the United States) were cut off, Canadian and other military forestry units assisted the United Kingdom domestic producers to cut a yearly average of approximately 500 million FBM. In one year, 1942, approximately 600 million FBM were produced which, with the addition of a substantial volume of railway ties, brought total production of softwoods for that year to roughly one billion FBM.

This remarkable performance during the war years was accomplished, however, at the cost of the almost complete denuding of all stands of commercial timber in the United Kingdom.

In the postwar period home-grown production has fallen progressively, reaching a low of 76 million FBM in 1952. Since then, a gradual upturn in output indicates that a return to the prewar figure of 150 million FBM may be expected.

Fluctuations in Market

The magnitude of the United Kingdom market in prewar years (1935-1939) is illustrated by the annual consumption figure—approximately 4 billion FBM. With the elimination of home building and other civilian projects when war broke out, consumption during the war years was reduced to an annual average of just slightly over 1.6 billion FBM.

The immediate postwar years did little to restore lumber to its former position. Consumption did increase, but control measures held it down to an annual level of approximately 2.2 billion FBM up to and including 1952. Progressive relaxations introduced since that time have meant that present annual consumption is nearing 3.2 billion FBM.

Housing Heads Consumer Demand

The largest single consumer demand for lumber, amounting to approximately 35 per cent of total softwood consumption, is for house construction. This is followed by purchases for export packing, general industry and engineering, shipbuilding and transport.

The wide divergence between the rather nominal quantities of home-grown softwood available on the

one hand and the very substantial requirements on the other means that imports from overseas sources must fill the gap. This opens up opportunities for Canadian lumber manufacturers, particularly those on the East and West Coasts who are favourably located for waterborne shipments.

Annual British requirements of softwoods total approximately 3.2 billion FBM and domestic production about 150 million FBM, leaving slightly over 3 billion feet to be supplied from overseas. In actual fact, annual imports of sawn softwoods since 1953 have averaged 2.9 billion FBM, up to and including 1956.

Canada Is Major Supplier

Canada has been a major supplier of softwoods to the U.K. market for many years. Since the establishment of Imperial preferences at the Ottawa Conference in 1932, up to and including 1956, the Canadian industry has shipped an average of approximately 800 million FBM of lumber a year to the United Kingdom. During the postwar years, shipments have fluctuated considerably—from a high of 990 million FBM in 1947 to a low of 265 million in 1950.

The last quarter of 1953 gave every indication of the start of a long run of above-average shipments. In 1954, shipments totalled 835 million FBM and in 1955, 860 million.

Unfortunately, circumstances beyond the control of the timber industry intervened to change this. Restrictions on credit, increased interest rates, liquida-

tion of government-held strategic stocks of timber (mostly Canadian), and the progressive increases in ocean freights all had a depressing influence on the United Kingdom lumber market throughout 1956. As a result, a far-below-average 425 million FBM was shipped from Canada to Britain in 1956. Percentage-wise, compared with 1955, East Coast shipments held up better than those from the West Coast.

Position May Improve

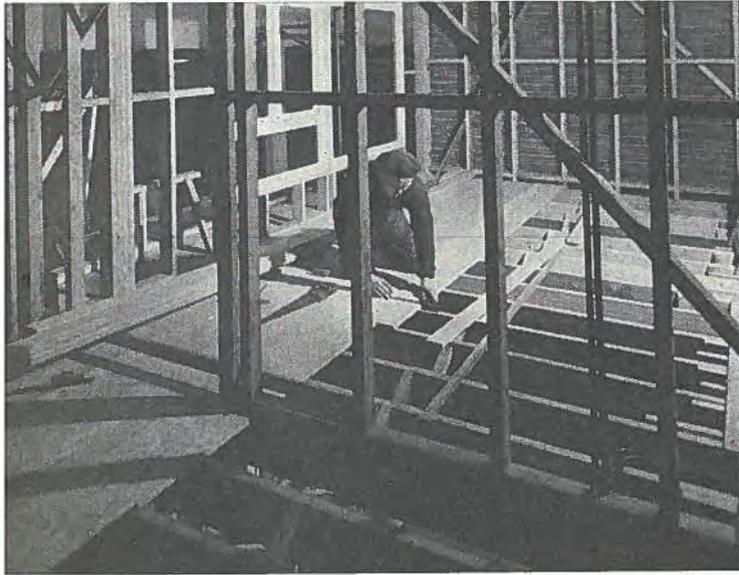
The situation early in 1957 appeared to be a repetition of 1956, but during the past month or so, a softening in ocean freight rates has given Canadian shippers some glimmer of hope for an improvement in their competitive position. The current rate of orders may replenish a heavily depleted order file.

Recently the Department of Trade and Commerce and the British Columbia Lumber Manufacturers Association have made a joint effort to promote the use of lumber in house design and construction in the United Kingdom. A home of typical Canadian frame-wall construction was erected at the *Daily Mail* Ideal Home Exhibition at Olympia, London, and was on display for the month of March. Approximately one million persons visited the Exhibition, 250 thousand of whom actually passed through the house. Pre-exhibition publicity sent out to 22,000 architects, quantity surveyors, municipal authorities and the lumber importers resulted in a large number of these highly desirable visitors to the house. Altogether it attracted a great deal of favourable comment. ●



—BCLMA Photo

Long, sturdy, stress-graded Douglas fir timber provides the decking for this British wharf jetty. Rising freight rates have recently handicapped Canadian shippers to this lucrative market, but their competitive position may soon improve.



One of the early stages in the construction of the house. The workman is laying the clear hemlock flooring for the bedroom area directly over the 8" x 2" joists of Pacific Coast hemlock, surfaced to Canadian lumber standards, for the first floor. The electrical conduit shown in the foreground and the plumbing pipes are all let into the walls.

This exterior view shows the completed house. Cedar bevel siding ($\frac{1}{2}$ " x 6") was used on the upper half and stucco on fir plywood below. The end walls were brick veneered to conform with building bylaws; the roof was cedar shingled. The car port (right) has two-inch cedar decking and the side slats are also made from cedar.



Canada Exhibits a Trend House

Don't tell people about the advantages of a frame house made from Canadian timber—show them. Don't talk to them about greater comfort at lower cost—show them. Don't try to describe the warmth and beauty Canadian woods lend to floors and walls—show them.

This spring the British Columbia Lumber Manufacturers Association and the Department of Trade and Commerce took this advice literally. Together they sponsored the "Canada Trend House", one of the highlights of the *Daily Mail* Ideal Home Exhibition at Olympia, London, March 4-30. The 250,000 people who passed through this house saw for themselves a modern six-room home of Canadian timber frame wall construction, with Canadian woods of several varieties used imaginatively both inside and outside. Designed by Wells & Hickman and built

and furnished by Heal & Son Ltd., London, the house had an area of 1,203 square feet, plus an extra 199 feet for the car port and built-in tool shed.

Before the Exhibition opened, letters went out to about 22,000 British architects, municipal authorities and timber importers, inviting them to come and see the Canada Trend House. For these experts and for men with inquiring minds, the builder provided neatly framed cut-away windows at various points through which they could study details of the construction. This device made it easy for them to see part of the studs, joists, roof trusses and battens of Canadian lumber standards western hemlock and spruce and to examine construction of walls, roof and floors. When the Exhibition closed, the house was sold to a builder and re-erected on a housing estate.

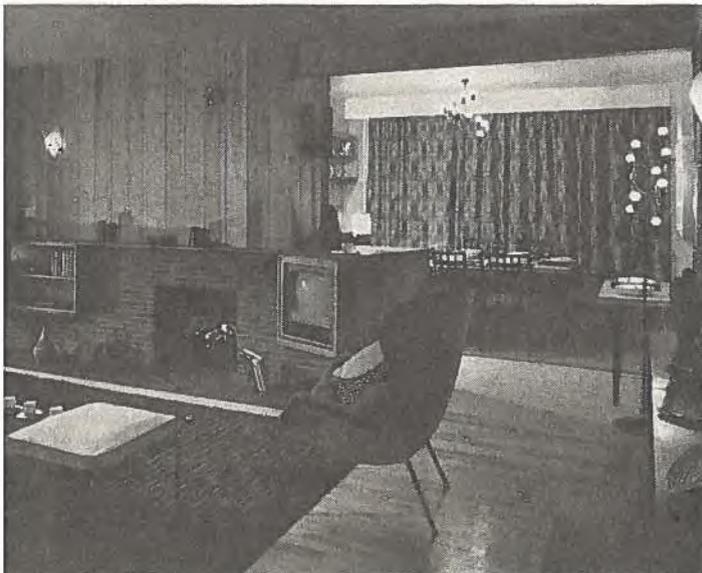


Looking across the living room towards the open staircase, which has Douglas fir rails and treads. The wall over the fireplace is faced in western red cedar and the flooring consists of hard-wearing maple strips. The fireplace installation includes built-in cabinets and a television set.



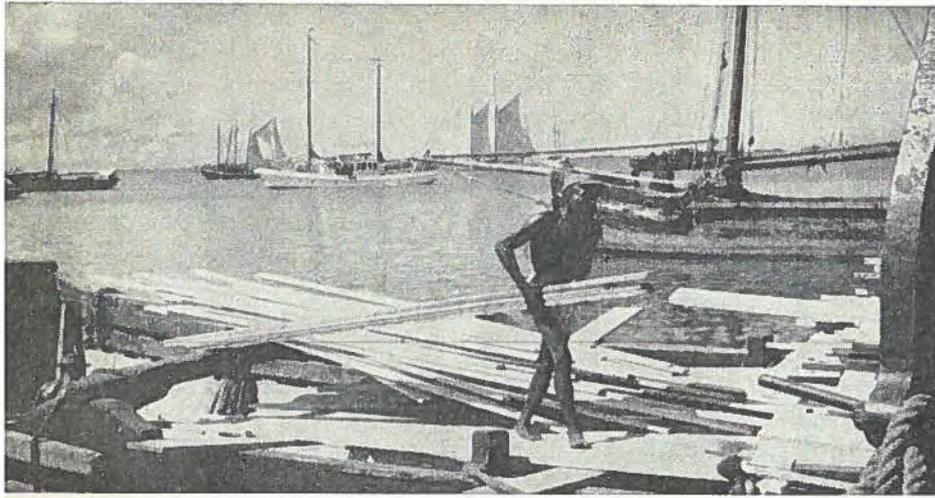
The largest of the three bedrooms is 15 x 11 feet and the flooring, as in the two others, is edge-grained hemlock. Window and door frames throughout the house are in white pine. The flush-wall wardrobes and cupboards drew admiring comments from British housewives.

This photograph of the living room shows the dining area on the right. The western hemlock glue-laminated beam over the entrance to the dining area supports the second-floor joists. The floor there, as in entrance, kitchen and bathroom, is of mastic tile on Douglas fir plywood.



The kitchen is 11 x 8 feet and makes ingenious use of space. In the middle of the picture, one can see the service counter which gives access to the adjoining dining area. The floor here is also mastic tile on Douglas fir plywood and the built-in cupboards are also made from plywood.





At this schooner jetty in Port-of-Spain, Trinidad, Canadian lumber comes ashore from a scow. Canada had a 41 per cent share of this market for lumber in 1956, with western red cedar accounting for over half the shipments.

British West Indies

TRINIDAD—*Possibilities are excellent for Canadian lumber, especially for white pine and western red cedar. Good-quality pitch pine has become scarcer and Canadian exporters should be able to increase their sales.*

TRINIDAD'S LUMBER IMPORTS have remained nearly constant in recent years although prosperity is greater and total imports have increased steadily. One reason for this situation is the increased domestic lumber production, but the main reason is a trend away from the use of lumber in building construction.

The local lumbering industry, which was insignificant in 1939, achieved an output estimated at 20 million FBM a year by 1950 and a government program of controlled yield has sustained this production in succeeding years. No further substantial increases are expected until the recently established pine and teak plantations come into production in several years' time. There are some 30 species of trees in Trinidad suitable for lumber; the most important are crappo, mora and olivier. The domestic market absorbs practically all local output.

Canada's Share Grows

Trinidad's imports of lumber have remained remarkably constant since 1951, the earliest year for which the statistics are comparable. The accompanying table shows the volume and value of lumber imported by species and countries of origin in each of the years 1951, 1955 and 1956. Canada's share of total imports

by volume increased from 25 per cent in 1951 to 41 per cent in 1956; shipments from Canada rose from 3.8 to 6.1 million FBM during that period. Western red cedar accounts for over half of the imports from Canada and the remainder consists largely of Douglas fir and white pine.

Canadian exports of Douglas fir to this market have barely held their own in recent years; white pine shipments have increased gradually and sales of western red cedar have trebled since 1951. Douglas fir is not popular with the building trade and has become less so in recent years because the price has risen close to that of pitch pine, which consumers prefer. Sales of Douglas fir have only been maintained because the oil industry has bought more for structural purposes. The large increase in sales of western red cedar has been accompanied by a corresponding decline in imports of pitch pine; the price of the latter has gone up more steeply and recently the long-leaf pitch pine has become scarce.

Although Canadian cedar and white pine compete indirectly with pitch pine, the only direct competition for Canadian suppliers is in Douglas fir; United States suppliers have secured a small part of the market for structural stock in the last two years by quoting lower prices. Trinidad's duty on lumber gives a preference to Commonwealth suppliers but the margin is small and, at present, is more than offset by the difference in rates of exchange between the Canadian and United States dollars. Lumber is imported under world open general licence and there is no discrimination against dollar suppliers.

Trinidad Lumber Imports

	1951		1955		1956	
	Quantity	Value	Quantity	Value	Quantity	Value
(in FBM and BWI dollars)*						
<i>Lumber—sawn, planed, or dressed, conifer</i>						
<i>Douglas fir</i>						
Canada	1,071,579	311,038	1,563,370	343,802	1,366,213	309,776
United States	200	20	61,565	13,843	127,976	38,418
Denmark					200	18
Totals:	1,071,779	311,058	1,624,935	357,645	1,494,389	348,212
<i>Pitch pine</i>						
Canada	100,000	6,000			3,000	108
Bahamas	3,436,441	743,646	3,484,462	738,478	2,085,155	521,100
British Honduras	1,107,631	252,491	1,307,288	338,754	829,481	192,209
United States	3,145,350	731,996	1,160,797	279,610	2,307,544	568,506
Nicaragua	2,440,379	563,846	3,410,462	777,263	2,681,091	615,688
Santo Domingo	177,552	44,531				
Honduras	530,346	131,261	104,426	24,583		
British Guiana					18,038	4,059
Totals	10,937,699	2,473,771	9,467,435	2,158,688	7,924,309	1,901,670
<i>White pine</i>						
Canada	1,050,934	248,185	1,004,617	241,581	1,080,783	280,516
United States	4,000	250	192,025	47,963	199,591	50,047
British Honduras			20,016	4,879		
Totals	1,054,934	248,435	1,216,658	294,423	1,280,374	330,563
<i>Western red cedar</i>						
Canada	1,201,542	299,173	3,696,312	697,339	3,590,654	713,742
United States			250,233	50,151		
Totals	1,201,542	299,173	3,946,545	747,490	3,590,654	713,742
<i>Other conifer lumber</i>						
Canada	280,746	25,439	6,800	3,585	27,798	8,387
British Guiana	1,028	231				
United States	207,000	1,495	22,000	851	46,590	9,284
Australia			1,500	30		
Surinam					234	76
Totals	488,774	27,165	30,300	4,466	74,622	17,747
<i>Lumber—sawn, planed or dressed, non-conifer.</i>						
	Quantity	Value	Quantity	Value	Quantity	Value
United Kingdom	4,000	200	180	166	2,500	160
Canada	119,680	18,919	2,000	130	504	286
British Guiana	284,918	64,568	333,247	106,639	198,881	69,868
United States	107,662	6,960	32,600	2,504	200	10
Others	90,204	21,293	1,115	197	26,076	7,128
Totals	606,464	111,940	369,142	109,636	228,161	77,452
Totals, all kinds from all countries	15,361,192	3,471,542	16,652,224	3,671,748	14,592,509	3,389,386
Totals, all kinds from Canada	3,824,481	908,753	6,273,099	1,300,280	6,068,952	1,312,815
Canada's percentage share	25	26	37	35	41	38

\$1.00 BWI=\$0.56 Canadian (approx.)

The trend in building construction towards concrete and other materials which are not affected by termites and excessive humidity will probably continue. Off-setting this, however, is the placing of the capital of the West Indies Federation in Trinidad which will stimulate construction and should keep lumber imports

at least at their present level for several years. In view of the scarcity of good-quality pitch pine, Canadian suppliers may well increase their present large share of the market for lumber in Trinidad.

—P. T. EASTHAM,
Assistant Trade Commissioner, Port-of-Spain.

JAMAICA—*Lumber dealers here expect lumber imports to increase 10 per cent this year. Canadian sales small at present but would increase if we could compete with yellow pine.*

JAMAICA HAS BOOSTED ITS LUMBER CONSUMPTION to more than 20 million FBM a year; construction of new tourist hotels and expansion of the bauxite mining industry appear to be the main reasons for this rise. Most of the island's needs are met by Central American and United States suppliers of pitch pine who can deliver in small boats to the wharves of local lumber distributors.

Imports Are Unrestricted

Of the 17 million FBM of softwoods imported into Jamaica in 1956, Nicaragua, British Honduras, the United States and Honduras supplied 83 per cent. Lumber imports from Canada amounted to less than 1 per cent of the total. DBS figures for 1956 show that Canada's exports of timber, lumber and wood manufactures to Jamaica totalled \$330 thousand in value and consisted mainly of red cedar shingles (\$111 thousand) and barrels (\$43,506), followed by Douglas fir planks and boards (\$16,163), staves and headings (\$14,917), and plywood (\$11,577).

There are no restrictions on imports of lumber into Jamaica but price is an important factor. At the present time, lumber mills in Central America and the Southern United States are offering No. 2 common yellow pine for about \$103 per 1,000 FBM, C.I.F. Kingston, on terms of 60 to 90 days. Yellow pine is by far the most popular species in this area but local lumber dealers would be glad to buy Douglas fir from Canada for the same price.

Canadian Exporters Face Problems

One of the biggest problems for Canadian exporters is to obtain charter boats with shallow enough draught to unload at the wharves of the lumber dealers. A vessel of 230 feet which draws 25 feet of water is about as large as most dealers' wharves can handle. The larger distributors order in quantities of up to 1.25 million FBM at a time.

Some contractors here feel that pitch pine has greater resistance to termites than other species but infestations occur in all imported softwoods. The usual practice is to treat structural timbers with anti-termite chemicals; one firm offers timber that has been chemically treated under pressure.

The mountains of Jamaica have hardwood timber stands that yield over four million FBM of lumber a year. Most of it is used locally but small quantities

(less than two million FBM) are exported to Britain and the United States.

Outlook Is Bright

The outlook for lumber sales in Jamaica is bright; a number of new hotels are to be built by American and Canadian investors and housing starts are running slightly ahead of last year. Lumber dealers in Kingston, the capital and principal city, expect that lumber imports will increase 10 per cent in 1957.

—H. E. CAMPBELL,
Trade Commissioner, Kingston.

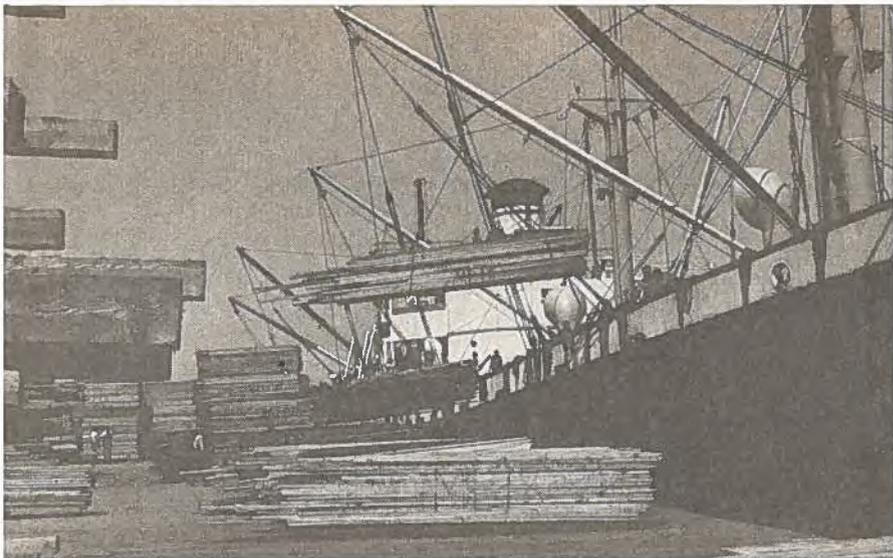
British Honduras

British Honduras does not import much lumber; in fact the colony exports most of the 38 million FBM of pitch pine and mahogany produced there each year. About one-third of the annual production is hardwood (chiefly mahogany) and the remainder is pine.

Local consumption (about 3 million FBM) represents only a small proportion of the total output and the colony depends on its export markets to absorb the remainder. The main markets for mahogany are the United States, the British West Indies, and the United Kingdom. Canada also takes significant quantities. The largest customer for pitch pine is Jamaica, which bought over half of the 7.2 million FBM exported from British Honduras in 1956. Other countries in the Caribbean are important customers for pine and small lots of the higher grades go to Germany, the Netherlands, and the United Kingdom.

Bahamas

Most of the lumber imported into the Bahamas goes into boat building or to provide interior finish in new hotels and houses where pitch pine grown locally cannot be used. In 1956, the Bahamas bought abroad 3,441,000 FBM of lumber, valued at £220,791, compared with 2,834,000 FBM worth £167,856 in 1955. The United States was the largest supplier, with 2,841,000 FBM, followed by Canada (565,000) and British Honduras (28,000). In 1955 the U.S. sold 1,949,000 FBM to this area, Canada 877,000, and British Honduras 6,000 FBM.



—Canadian Lumbermen's Association

This Central American freighter is loading West Coast lumber at Nanaimo for Latin American buyers. Sales to this area are not large, because many of these countries themselves produce and export lumber.

Latin America

MEXICO—*There is good demand here for railway ties, wood for the construction industry and posts. Canadian exporters have to compete with U.S. suppliers close to the Mexican frontier.*

MANY KINDS OF WOOD grow in Mexico in climates and altitudes which range from tropical coastal areas through temperate zones to high altitudes. Mexico nevertheless is a net importer of lumber. The reasons for this include the lack of effective reforestation programs and inadequate transportation from the areas with the potential for major production.

Seventeen varieties of rough or semi-finished lumber are included in the list of imports. The more important among them are railway ties, wood for the construction industry, posts, and plywood and lumber sheets. Oak is still imported for flooring, although the building trades report that rubber or synthetic tile is rapidly replacing it. Douglas fir, spruce, pine and cedar are brought into Mexico, chiefly for use in home construction. Canadian suppliers recently bid successfully on a large contract to supply ties to the Pacific Railway. But, in general, the United States supplies 95 per cent of Mexico's requirements from abroad and buys an equal proportion of Mexican exports of lumber.

Importers must obtain permits to buy lumber and freight costs are a primary consideration. Supplies from the United States are drawn almost exclusively from areas close to the Mexican border, a fact to

which the Canadian exporter must pay close attention when he quotes prices.

MEXICO'S WOOD IMPORTS

(value in '000's of pesos)*

Description	1955	1954
Railway ties (creosoted)	29,371	22,460
Wood for construction purposes	14,490	7,404
Posts (over four metres)	10,635	3,623
Common logs	3,965	3,678
Railway ties (not creosoted)	1,649	153
Plywood & lumber sheets	1,320	426
Firewood	1,288	1,431
Other wood products	3,269	2,013

*1 Mexico peso=\$0.0765 Can.

Value of Forest Output Rises

According to the Bank of Mexico, the value of Mexican forest production increased 14.7 per cent between 1954 and 1955—from 497 to 570 million pesos—and maintained that level in 1956. The higher value resulted almost entirely from higher prices. The Bank's figures include chicle, which declined in volume by 28.7 per cent, and production of ties which fell by 22 per cent. The local lumber industry observes that federal and state taxes add \$1.75 to the price of the average tie of 42.5 B.M. before it moves from the point of production.

In an effort to preserve the nation's trees and at the same time encourage the woodworking industry, the Government has prohibited export of logs except under special licence, and of all other wood that is

not at least semi-finished. Similarly, all lumbering is under government licence.

The bulk of Mexican exports are of tropical, non-precious woods; moulding, furniture stock, plywood and similar products do not need export licences and mahogany logs are occasionally available.

Lumber companies engaged in import-export trade and the furniture-making industry in Mexico complain of the difficulties of obtaining standard types and cuts of wood, and of poor selection.

—C. J. VAN TICHEM,
Commercial Counsellor, Mexico, D.F.

CENTRAL AMERICA and PANAMA—*Market strictly a limited one; cheap hardboard appears to offer best possibilities for Canadian suppliers.*

THE CENTRAL AMERICAN COUNTRIES AND PANAMA are basically exporters, not importers, of lumber and all (except El Salvador) produce for export some hardwoods, pine and tropical cedar. Furthermore, the popular construction materials are concrete, cement blocks, cheap hardboard and tile. In the rare cases where lumber is used, domestic production is sufficient to fill the demand. The one exception to this rule, El Salvador, obtains nearly all its requirements from Honduras and Guatemala.

Statistics of lumber production for domestic use are extremely difficult to obtain and are not accurate. There is some plywood made in Guatemala, Panama and Honduras and on the whole the area is considered self-sufficient in this product.

Honduran exports for 1953 (the latest statistics available) totalled approximately US\$3.5 million and the principal market was Cuba, followed by Venezuela and El Salvador. Nicaragua's exports for 1955 went principally to the United States, the West Indies, and some European countries and totalled US\$3.4 million. Guatemala's exports of lumber in 1954 reached approximately U.S.\$384 thousand and the principal buyers were the United States, El Salvador and British Honduras. Imports are confined almost entirely to a few manufactured products and the principal supplier is the United States—except for

El Salvador which, as mentioned above, obtains most of its supplies from Honduras and Guatemala. In 1954, for example, the United States sold U.S.\$22,161 worth of lumber (F.O.B.) to Guatemala; in 1953, it shipped \$42,207 worth of plywood, \$49,033 worth of construction lumber and \$92,775 worth of manufactures of wood to Honduras, and in 1955 sent \$7,742 worth of wooden posts and pilings to Nicaragua.*

Hardboard Might Sell

These markets have not proved too attractive to Canadian suppliers because the quantities in any one order are usually very small. In 1953, for example, Canadian exporters shipped US\$2,020 worth of plywood to Honduras. However, there is an increasing demand for lumber byproducts, particularly cheap hardboard, and this is the only possible sales opening at present in Central America. A visit by a leading Canadian manufacturer of hardboard might prove rewarding, in our opinion, judging by the number of inquiries we have received.

—H. W. RICHARDSON,
Trade Commissioner, Guatemala City.

*Detailed statistics on imports and exports of lumber in all these countries may be obtained by writing to the Forest Products Division, Department of Trade and Commerce.

COLOMBIA—*Small market for specialized lumber products, but current restrictions bar Canadian shipments.*

IF COLOMBIA were not at the present moment severely restricting imports because of exchange shortages, it would provide a small but specialized market for Canadian lumber.

The Canadian exporter should realize, first of all, that a large part of Colombia is truly tropical. Wood is particularly vulnerable to termites and therefore for most construction, commercial or private, builders are not likely to use lumber. However, there are certain regions in the high plateaus which because of their altitude do enjoy a temperate climate and there lumber can be used successfully and economically.

Colombia has important stands of timber which, although they are not sufficiently diversified to fill all its needs, are still adequate for many uses.

The amount of land in forest is estimated at from 50 to about 70 per cent of the total land area. These

forests usually consist of mixed species of trees, including mangrove swamps along the Pacific and Caribbean coasts and mixed tropical forest and jungle up to about 5,000 feet. Temperate-zone trees are found above this line.

At best, this country can only be considered a small market for specialized lumber products—and only in times of relative freedom from import controls.

—W. B. McCULLOUGH,
Commercial Counsellor, Bogotá.

VENEZUELA—Canada's share of this booming market for lumber is increasing but there is still room for Canadian exporters to expand their sales.

VENEZUELA'S LUMBER INDUSTRY is not able to keep pace with the growing demand for timber and in some cases cannot supply from native woods the types most needed. Imports consist mainly of large timbers which are sawn in local mills and used chiefly by the construction trade for concrete forms. Buyers do not have to obtain an import licence and there are no exchange difficulties to hinder the trade. Large timbers of white pine, pitch pine, Douglas fir and hemlock over 25 centimetres (9.85 inches) on each face enter duty free.

Canadian Lumber Sales Rise

In 1955, Venezuela imported timbers and semi-manufactured lumber valued at \$4 million and Canada's share of the market was about 9 per cent; in 1954 it was only 1 per cent. Canadian sales rose substantially again last year; Venezuelan figures for the first ten months show that shipments from Canada represented 23.9 per cent of total timber imports. DBS figures put Canadian lumber sales to Venezuela at \$1.32 million last year, as against \$569 thousand in 1955. Much larger shipments of hemlock planks and boards and moderately larger sales of plywood accounted for the increase.

The accompanying table gives Venezuelan imports of various types of lumber for the first ten months of 1956. The figures should be of interest because this is the first year that Venezuela's lumber statistics have been presented in enough detail to compare Canada's shipments with those of other main suppliers.

MAY 25, 1957

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Venezuela's Lumber Imports, ten months 1956

(weights in kilograms and values in bolivars*)

Description	Weight	Value
Lumber merely sawed: of 25 cm. or less per face at its entrance sections:		
Total imports	2,333,251	811,547
Main suppliers: United States	1,495,750	402,758
Paraguay	514,326	301,038
Canada (11.6 per cent)	297,259	94,510
Planed or tongued-and-grooved lumber:		
Total imports	434,177	174,429
Main suppliers: United States	316,341	104,601
Italy	13,432	26,664
Canada (4.5 per cent)	25,918	7,865
Lumber in sheets, counter-veneered or crosswise, common woods:		
Total imports	388,796	474,361
Main suppliers: Italy	135,391	218,479
Spain	87,011	85,824
United States	67,537	84,496
Canada (10 per cent)	73,744	47,830
Lumber in sections for the manufacture of barrels and casks:		
Total imports	715,286	694,918
Main suppliers: United States	706,799	683,461
Canada (.3 per cent)	589	2,602
Lumber of white pine, pitch pine and Douglas fir, sawn, measuring more than 25 cm. in thickness at both ends (includes hemlock, considered as pine);		
Total imports	53,791,633	8,414,607
Main suppliers: Honduras	24,875,979	3,752,255
Canada (31 per cent)	16,947,896	2,633,707
United States	10,680,846	1,844,224

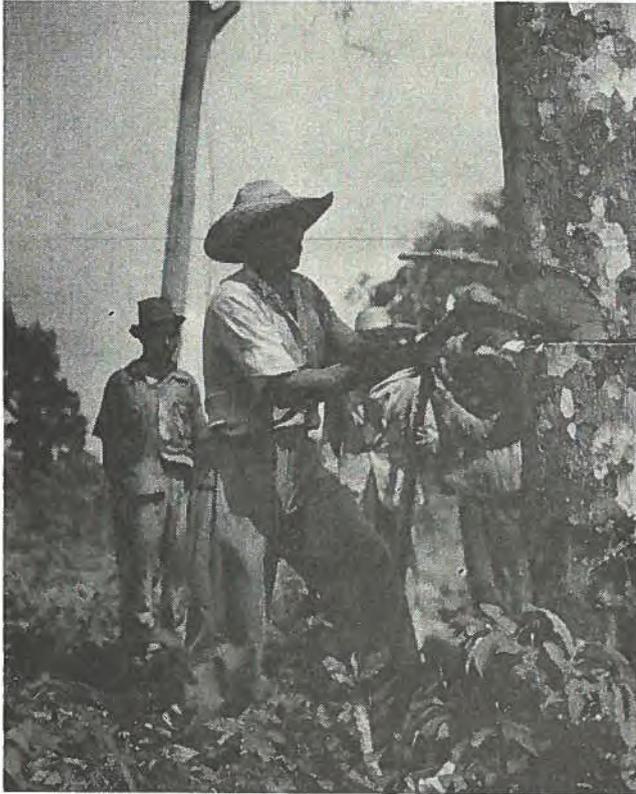
1 bolivar=\$0.287 Canadian (approx.)

Purchases under the last category represent more than 80 per cent of the total value of Venezuelan lumber imports and more than 90 per cent by weight; it is in this category that Canadian sales are outstanding. As in previous years, the main competition came from Honduras and the United States.

Possibilities for Increased Sales

What is the limit for expanding sales in this market? Mainly it depends on the future pace of construction and on the extent to which the local forest industry expands. Construction shows no sign of abating; public works projects total \$500 million a year and the Government has long-range plans to sustain or increase expenditures. Industrial development is booming and the population is growing. As long as world demand for oil continues and Venezuela has oil to sell, there does not seem to be any limit on construction.

The future role of domestic lumber production is harder to assess but the annual cut is increasing. In 1956 it reached 243 thousand cubic metres, a rise of 12.4 per cent from 1955. Although output is sure to increase in the future, local producers have their problems. Forests cover about 40 per cent of the



Harvesting native-grown timber in Venezuela. Local production does not supply all local needs and the demand for large timbers for concrete forms is particularly strong.

country but they have never been scaled to any extent. Much of the timber is hard to get at and working conditions are difficult; there are no extensive stands of a single species and cutting practices are not advanced. It is safe to assume that for years to come purchases abroad will continue to be necessary. Imports during the first ten months of 1956 exceeded those of the previous year by 14.1 per cent—a somewhat faster rate of gain than that of local output.

Fortunately for Canadian exporters, the demand is most likely to rise for those products which already sell well—large timbers of hemlock, Douglas fir and pine. Extra effort, however, is needed to boost sales; the two traditional suppliers, the United States and Honduras, are closer to the market. Local importers appreciate the quality of Canadian lumber but there are three approaches which might result in further sales:

- *Try extending credit;* this is a buyers' market. Most Venezuelan importers regard a letter of credit as a curious instrument. To open a letter of credit for large amounts would cost the importer about \$420—little enough on a percentage basis but the money he puts out would earn interest at high rates for the 90 days or more it is tied up. There is no doubt that

a judicious extension of credit terms would help sales in this market.

- *Pay strict attention to documentation.* The Venezuelan requirements are rigid and the slightest error means delay and penalty.

- *Visit your Venezuelan agent;* he will welcome a personal call. This will give you an excellent opportunity to plan joint sales campaigns and clear up those confusing points which resist discussion in letters. The importer likes to feel he is well looked after and often he can offer valuable suggestions for increasing sales.

Railway Ties Needed

There is a potential market here for railway ties; plans call for the laying of some 4,000 kilometers of track. The first step is a double track for the 175 kilometers between Puerto Cabello and Barquisimeto. Work on this project is well advanced and there are hopes of completing it by the end of the year. The forests of Anzoátegui, which are located near this particular line, have supplied thousands of ties. In eastern Venezuela several private corporations are actively exploiting mineral deposits which open up additional possibilities for the timber trade.

—W. G. BRETT,

Assistant Commercial Secretary, Caracas.

BRAZIL—Major producer and exporter of lumber herself, Brazil does not offer market to Canadian producers at the moment.

BRAZIL ranks as a major exporter of lumber, selling abroad well over 800 thousand metric tons in 1955, with pine in all its forms far in the lead. Most of this lumber goes to five markets: Argentina, the United Kingdom, Uruguay, Germany, and the United States—in order of importance. The table below gives figures on the volume of exports during the last four years.

LUMBER EXPORTS

(in metric tons)

Jan.-Mar.

	1956	1955	1954	1953
Pine in all forms	96,882	672,730	484,880	563,836
Other rough lumber	18,679	112,853	84,213	55,406
Other prepared lumber	48	205	121	542

FOREIGN TRADE

Brazilians buy very small quantities of logs and prepared lumber from other countries, such as persimmon and cornel wood from which to make loom shuttles. The following figures show how limited the market is:

(in metric tons)

	Jan.-Mar.			
	1956	1955	1954	1953
Prepared lumber	33	35	76	—
Logs	—	19	7	14

All woods are classified under the fifth import category with the exception of reeds for the manufacture of pencils and wood for loom shuttles. Only the persimmon (*diospyros virginiana*) and cornel (*cornus florida dogwood*) types are allowed entry for this purpose and they are classified in the second category.

Under the present system of foreign exchange control, it is impossible for Canadian lumber to compete with national products and Canadian producers cannot sell in this market at the moment.

—G. F. OSBALDESTON,
Vice Consul and Assistant Trade
Commissioner, São Paulo.

ARGENTINA—Chronic dollar shortage restricts the market here for Canadian timbers. Brazil, Paraguay, Chile and European countries supply most of Argentinian needs.

ARGENTINA'S LUMBER INDUSTRY is based mainly on imported timber although domestic production of some wood products other than planks and boards about equals imports. The northern states provide most of the locally-grown timber; at present no other commercial forest stands are accessible. Tierra del Fuego has large tracts of good-quality pine which could be exploited but to do so would mean building railroads and truck roads, plus harbour installations. Argentina considers it uneconomic to develop these forest resources at the moment and similarly it would not pay to harvest the hardwoods in the south around Neuquen and Chubut and in the Rio Negro area.

Domestic Production

The Government does not issue official production figures but the Argentine Timber Chamber of Commerce estimates that output in 1956 was as follows:

MAY 25, 1957

Square timbers	5,879,264 FBM
Quebracho logs	898,815 short tons
Other logs	382,606 short tons
Railway ties	1,034,000 units
Telegraph poles	33,932 units
Other poles & fence posts	1,730,200 units
Firewood	616,000 short tons

This production represents a weight of about 11 million short tons.

The above products are a mixture of native hardwoods and softwoods; it is not possible to distinguish one from the other in the available records. The softwood is mainly Paraná pine produced in the state of Misiones. This state is also the main producer of hardwoods for use in furniture and plywoods and for making chemical pulps. The northwestern states produce similar products to Misiones. Quebracho, used mainly to make extract, comes from the Chaco, Formosa and Santiago del Estero and a small amount from southern Salta. Some of the timber is used for railway ties and much of it for firewood.

The delta area of Entre Rios province between the Paraná and Uruguay Rivers, ending at Buenos Aires, is developing rapidly as a producer of pulpwood from its plantations of poplar, willow and eucalyptus. But local production will probably never supply more than a small part of the demand. The pulp industry will continue to depend on imported pulpwood.

Imports from Neighbouring Countries

Argentine imports, especially of planks and boards, are large and are used entirely to make up the deficit in local production. Practically no timber is exported; in 1955 Argentina shipped only 2,000 FBM of cedar to Chile and this represented her entire wood exports.

ARGENTINE WOOD IMPORTS

Product	Unit	1956	1955
Logs	Short tons	252,453	232,502
Square timbers	Board feet	5,577,661	5,833,652
Telegraph & telephone poles	Units	62,241	28,500
Boards and planks	Board feet	259,045,784	425,382,289
Furniture wood planks	Board feet	100,068	102,231
Plywood	Short tons	—	265
Barrels & casks	Units	40,063	151,297
Staves	Short tons	—	717
Miscellaneous woods	Short tons	2,454	1,037
Wood pulp	Short tons	275,486	217,887

Figures for 1956 covering countries of origin are not yet available but apparently there has been no appreciable change from the year before. Brazil, Paraguay and Chile are the main suppliers. Together they shipped 727 thousand tons of the total 1,152 thousand short tons of wood which Argentina imported in 1955.

Brazil's contribution was mostly Paraná pine but it also sold some tropical hardwood for the furniture industry. Paraguay shipped the same woods as Brazil, plus a substantial amount of quebracho. Chile's share consisted of a variety of woods—mainly laurel, cypress, rauli, acacia, plum and several members of the oak family, also Araucaria pine, larch, cedar and poplar. Statistics for 1955 show that the United States shipped over 26,000 tons of wood made up of 271 thousand FBM of untreated Douglas fir boards five inches or wider; 187 thousand FBM of Port Orford cedar logs and timbers for making battery separators; 1,209 thousand FBM of battery separators, blanks and veneers, and 32 thousand FBM of hardwood blanks for making textile machine shuttles. Other imports included ash and beech from Italy, Baltic pine and spruce from Soviet Russia, Poland and Czechoslovakia, and furniture woods from the other countries of the Americas such as mahogany from Peru. Large tonnages of wood pulp come from other European countries as well as Baltic pine from Finland, corkwood from Portugal and Spain, and oak barrel staves from Yugoslavia.

Wood Imports Controlled

In the above review of the timber trade for 1955, the amount of timber permitted import was governed almost entirely by the compensatory trade agreements then in force between Argentina and the main supplying countries. Supplying countries which had trade agreements with Argentina included Brazil, Paraguay, Chile, Russia, Poland, Czechoslovakia, Finland, Italy, Austria, France, Benelux, and Yugoslavia. In cases where bilateral trade agreements are no longer in force, timber imports are subject to a previous import and foreign exchange permit issued by the Argentine Central Bank.

Argentina still has a chronic scarcity of dollar exchange and for this reason cannot be considered a market for Canadian timber. The Central Bank would be most unlikely to grant scarce dollar exchange to an importer to bring in, say, Douglas fir, hemlock, spruce, or white pine from dollar countries when he can buy suitable substitutes from other areas.

In a few isolated cases, dollar exchange might be made available to buy Douglas fir if a project calls for timbers in squares, baulks or beams, etc., of a size or length not available in other kinds of suitable woods. Imports of Douglas fir from the United States were authorized in 1955 because they were classified as a foreign capital investment; the investor did not have to obtain the necessary dollars from the Bank to finance his purchase.

—C. S. BISSETT,

Commercial Counsellor, Buenos Aires.

CHILE—*Exports of lumber, mainly to Argentina, have fallen off because of exchange difficulties; small quantities imported, but not from Canada.*

CHILE is an important producer of lumber and lumber products and has traditionally exported these commodities to the neighbouring Latin American countries. Under special circumstances, this country has also been able to compete in the European market. The year 1956, however, was a difficult one for the industry. The change-over from a favourable fixed exchange rate to a fluctuating one affected the competitive position of producers in world markets unfavourably. The new exchange system implemented during the year also contributed to difficulties over the existing bilateral agreement between Chile and its best lumber customer, the Argentine.

Of Chile's exportable forest products, lumber and timber are the most important, representing 84 per cent of exports of this type. Another significant export is plywood. The remaining lumber products—telegraph and telephone poles, cross-ties, shingles and unassembled boxes—are of lesser importance. Chile's forest reserves consist of native hardwood species (raulí, laurel, coigüe) and the "insignis" pine which is a species of pine transplanted from the southwestern United States. This pine, grown in plantations throughout a number of Chilean provinces since 1916, is now estimated to cover 550 thousand acres.

In the yearly lumber season covering the second half of 1954 and the first six months of 1955, Chile produced 248 million FBM of lumber, close to the average during the past five years of 250 million FBM. Insignis pine has been continually increasing in importance, displacing the indigenous species, and this trend is expected to continue in the future.

Exports Fluctuate

Exports of lumber and timber have varied greatly from one year to another. In 1955, the figure reached 84.2 million FBM, or 34 per cent of all lumber manufactured. During 1951-55, lumber exports averaged 24 per cent of total production. Before the Second World War, Chile's principal customers were Germany and Argentina. In the postwar reconstruction period, the United Kingdom imported large quantities of Chilean timber but this market has now practically disappeared.

Of late years, the Argentine has almost become Chile's sole important customer. It is estimated that during 1954 and 1955, this country purchased 96 per cent of Chile's total lumber exports. During 1956 increased

competition (particularly from Brazil) reduced demand and trade and exchange difficulties substantially cut sales to this important market, resulting in a depression in the Chilean industry. Several mills have been forced to cease operations because of a lack of markets.

A new trade agreement currently under study between Argentina and Chile will undoubtedly mention the question of lumber exports from this country. Chile's best lumber customers in the future can be expected to be Argentina and Peru.

The large copper mining companies in Chile found it necessary in the past to import quantities of softwoods for special construction purposes. The United States supplied most of these requirements but Canada has participated periodically in this business. With the Chilean authorities encouraging these same companies to buy locally as much as possible, it is anticipated that only special lumber purchases will be made abroad in the future and quantities will be smaller.

—L. D. BURKE,
Assistant Commercial Secretary, Santiago.



A good deal of Canadian hardwood such as birch and maple goes into furniture, like this shown in our photograph. The United States, Britain, South Africa and Australia buy considerable quantities, particularly of birch, for this purpose.

MAY 25, 1957

URUGUAY—*Few openings for Canadian lumber exporters here; United States suppliers have advantages in exchange rate and freight costs, and total dollar purchases are small.*

URUGUAY PRODUCES LITTLE LUMBER and what it does produce is almost entirely various scrub timbers and eucalyptus. Only 3 per cent of the country's 72,000 square miles is forested; natural stands of scrub timber are found along the banks of the rivers and small plantations of the more valuable eucalyptus are scattered throughout the country.

Buys Industrial Timber

It is estimated that Uruguay imports practically all the timber it needs for industrial purposes; only a small amount of its own eucalyptus is used for scaffolding. Last year imports of timber and wood products totalled 94,580 metric tons.

Practically all imported lumber, except pickets and posts, arrives uncut. Farmers use the pickets to build fences and there is a great deal of fencing to be done because Uruguay's main industry is livestock. Statistics show that most of the lumber imports come from Brazil, with Paraguay in second place as a supplier. The remainder is divided among France, Italy, Japan, the United States, Finland, Sweden, Yugoslavia, Switzerland, Germany, and African countries. Canada does not appear as a source.

Paraguay stands second to Brazil because it can supply much of the demand for cedar and freight is cheap. Brazil, of course, also ships most of the pine used here; these shipments totalled approximately 52,000 metric tons in 1956, or about 55 per cent of total wood imports. Brazilian exporters enjoy a price advantage in this market largely because of the short freight haul. Teak, which builders specify for house construction, comes exclusively from United States sources. U.S. companies also supplied all of the 580 metric tons of Douglas fir brought in last year.

May Be Freely Imported

The new import and export exchange law of August 1956 classified lumber as a raw material and as such it can be freely imported. But dollars are scarcer than other currencies, a fact which favours European lumber exporters. United States suppliers have the advantage over Canadian of lower freight costs and a more favourable exchange rate.

—C. B. BIRKETT,
Commercial Counsellor, Montevideo.

PERU—*United States dominates the market for imported lumber; Canada sells some plywood and some Douglas fir planks and boards, but sales unlikely to expand.*

PERU IS A LARGE PRODUCER of timber and her huge reserves in the equatorial regions of the Amazon basin are providing a steadily increasing supply of both hard and soft woods for domestic consumption and export. As the forest regions are further penetrated, production will rise and at the present time the Government is actively promoting the development of this industry. Unfortunately no statistics are available on the volume of production either in total or by species. Nevertheless it is large enough to satisfy a very large proportion of local demand for construction in the rapidly growing centres such as Lima and Arequipa, and for industrial use.

The Trade Pattern

In 1955 Argentina and the United States were by far the leading markets for Peru's lumber. In that year Argentina purchased 2.9 million square feet and the United States ran a close second, with 2.4 million square feet. Smaller quantities were shipped to Great Britain and Denmark. Exports to all countries in 1955 totalled approximately 5.5 million square feet, worth soles 21,015,009*. Principal varieties sold abroad were mahogany and cedar planks, and laurel, moena wood, cypress and oak logs and billets. Exports for the period January-June 1956 reached 3.4 million square feet. Of this, about 2.6 million square feet consisted of mahogany and cedar in planks and 815,550 square feet were assorted tropical hardwoods, principally moena wood in logs or billets. Information on destinations is not yet available.

Statistics covering lumber imports into Peru are extremely difficult to analyze because they vary from square feet to square metres to kilograms. Imports from all countries in 1955 were valued at \$/56,176,578.00. The United States is the largest foreign source of supply, followed by Chile, Nicaragua, Ecuador and the Dominican Republic. By far the largest import during 1955 was 2.5 million square metres of Oregon pine from the United States.

Some 988 thousand kilograms of plywood were also imported during 1955—principally from France, Chile and Surinam, though 16 other countries also shared in this trade, including Canada, with shipments of 42,550 kilos. Other imported species included hardwoods such as oak and ash, small quantities of

American pine, balsa from Ecuador and posts and pilings from the United States and Sweden.

Data on imports for January-June 1956 so far available show only the weights in kilos. The leading species were: Oregon pine (25.3 million), posts and pilings (588,210), plywood (507,569) and oak (409,494).

Market Possibilities

Peru has never been a market for Canadian lumber and there seems little likelihood that opportunities will improve in the future. As might be expected, the United States dominates the imported lumber market. American exporters have several advantages over their Canadian competitors, the chief of which is excellent shipping services with regular sailings from both East and West Coast ports, and closer proximity to the market. Unfortunately Canadian exporters can do little or nothing to compensate for these U.S. advantages.

Northern softwoods such as pine, hemlock, and spruce are particularly vulnerable to termite attack and so are little used in construction. Apart from their great beauty in flooring and panelling, which are the main uses in residential construction, local woods resist termites. They are also popular with Peruvian builders who know their working qualities.

—D. H. CHENEY,
Commercial Secretary, Lima.

DOMINICAN REPUBLIC

—*Little or no current market here for Canadian lumber because local production meets demand.*

OUTPUT OF LUMBER in the Dominican Republic is enough to take care of most needs and provide a small surplus for export. Pine lumber is the main product and production totals about 25 million square feet a year. From 1950 to 1955, the country produced 142 million square feet with a total value of \$13 million.

Exports and Imports

Pine exports to Puerto Rico and Venezuela totalled 569 thousand square feet in 1954 and 413 thousand in 1955. Dominican statistics do not show any exports of pine for the first ten months of 1956. The

*Soles 19.7=Can.\$1.00

Republic ships railway ties to Puerto Rico and the United States and poles to Curaçao and Puerto Rico.

Plywood is the main lumber product imported and Surinam is the chief supplier. Boards, planks and beams of various kinds enter the market from several countries but in small amounts. Canadian lumber sales to the Dominican Republic, according to DBS statistics, last year consisted entirely of Douglas fir planks and boards valued at \$9,600; the year before no sales were made.

The Dominican Republic does not require importers to obtain permits to buy lumber but duties range from two to six cents a kilogram, depending on type, and

consular and other taxes amount to 31 per cent of the F.O.B. cost. The Dominican peso is at par with the U.S. dollar.

Prospects Are Uncertain

Prospects for sales of Canadian lumber in the Dominican Republic are very doubtful because local production meets the demand for most types of lumber. Plywood imported consists mainly of mahogany or some other equally hard wood.

—M. B. BURSEY,

Commercial Counsellor, Ciudad Trujillo.

HAITI—*Small market here for rough lumber for building purposes; Canadian product should sell well if it is properly promoted.*

THE DENUDED AND ERODED SLOPES of Haiti were once rich sources of mahogany, logwood, lignum vitae and yellowleaf pine. Cutters have plundered the forests for years to make lime and charcoal; there has been little tree planting and scarcely any regard for the consequences of over-use. Today the forests have been reduced to scattered stands of little commercial value; only a few stands of natural pine remain in the least accessible mountainous regions. Soil erosion has become a major problem.

If there were a strict reforestation program, Haiti could arrest its soil erosion and eventually produce enough lumber to meet its needs. It is unlikely that this will be undertaken in the near future, although since 1941 an agricultural development society (SHADA) has established a moderately large stand of pine in the northeastern part of the country.

Lumbering is carried on by a great many individual operators but there are no figures to show the volume and value of production. Exports of wood totalled U.S.\$86,761 in the year ending in September 1955 and lumber imports reached \$605 thousand in the same year. Haitian merchants import most of their rough lumber through ports in the southern United States, probably because of lower shipping costs.

Selling in Haiti

There are no import restrictions on lumber or wood products in Haiti. The gourde is pegged at five to the U.S. dollar and there are no exchange restrictions affecting dollar imports.

Business in Haiti is done mainly through agents but some wholesalers buy products such as lumber direct. The Haitian merchant is reluctant to tie up his capital in letters of credit; Canadian exporters should make offers on a basis of sight draft, cash against documents. United States suppliers grant long credit terms once they have established good relations with a buyer.

Personal Visits Important

The value of personal contacts here cannot be exaggerated. Visits of company representatives foster goodwill and result in increased sales. Merchants like to have their questions answered on the spot and it all helps to keep repeat orders coming.

Shipping to Haiti will remain costly until port facilities are improved to cut loading and unloading time. There is now a regular fortnightly service from eastern Canada direct to Haiti.

The species and grades of lumber in demand are those suited to the building trade. Furniture woods, mainly mahogany, are obtained locally. Exporters should quote prices C.I.F. and in U.S. dollars.

Rough Lumber Might Sell

Economic conditions here do not appear to favour a larger market for lumber this year. In fact, since the office was opened two years ago we have received only one inquiry from Canada about the market for dressed and rough lumber. There is reason to believe, however, that our rough lumber for building purposes would sell well if it were properly promoted.

—J. M. LEMIEUX,

Canadian Embassy, Port-au-Prince.

MAY 25, 1957

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PUERTO RICO—*Canada supplied about half of the lumber imports, which totalled about 75 million FBM last year. Demand for fir and hemlock should continue and perhaps increase this year.*

PUERTO RICO DEPENDS ON IMPORTS to meet its needs for construction lumber; only a few local species which are resistant to climatic conditions and termites are used here to make furniture. Puerto Rico obtains most of its lumber from the continental United States and foreign sources.

The summary of imports of lumber and other wood products into Puerto Rico which appears in the following table shows the importance of this lumber market to foreign suppliers.

IMPORTS OF WOOD PRODUCTS
(thousands of U.S. dollars)

	1952-53	1953-54	1954-55
<i>Wood, unmanufactured</i>			
United States	891	503	343
Other countries	38	49	60
<i>Sawmill products (lumber)</i>			
United States	6,856	5,658	5,021
Other countries	2,666	3,128	4,642
<i>Wood manufactures</i>			
United States	3,679	3,796	3,926
Other countries	436	456	678

Canadian Lumber Well Established

No import licences are required in Puerto Rico and the currency in use is the United States dollar; tariffs on imports are the same as in the continental United States. Imports of lumber into Puerto Rico during the calendar years 1955 and 1956 totalled approximately 75 million FBM each year. Canada supplied about 50 per cent of this amount and most of it came from British Columbia.

United States suppliers have the advantage of regular steamship services and the tariff on their lumber is only \$1.00 per thousand FBM; despite this, Canadian lumber is very well received in Puerto Rico. Canadian firms supplying the market are well established and have developed close relations with the import trade.

Puerto Rico seeks fir and hemlock for construction lumber; builders use it almost entirely for cement forms.

Shipping facilities from Canada's West Coast are currently a cause for concern. The ship charter market is in a very strong position and higher charter costs increase the C.I.F. price considerably. Importers can only hope that the situation will improve in the near future and thus avert a further price rise.

Canadian sales of lumber to Puerto Rico have been improving practically every year and during 1956 they achieved a record \$2.5 million, according to DBS statistics, compared with \$2.4 million the year before.

Economic conditions in Puerto Rico continue to improve and the prospects for Canadian lumber sales during 1957 look bright.

—M. B. BURSEY,
Commercial Counsellor, Ciudad Trujillo.

CUBA—*Large amounts of lumber imported, almost entirely for use in concrete construction work. Price and payment terms more important than quality in this market.*

OUT OF A TOTAL ANNUAL CONSUMPTION of more than 60 million FBM of lumber, Cuba imports approximately 50 million FBM—chiefly yellow pine from the southern United States, Honduras, Nicaragua and Brazil. The United States supplies about 60 per cent of the total, Honduras 30 per cent, Nicaragua 5 per cent, and all others 5 per cent. Practically all of the imported pine lumber is used in making forms for concrete construction. Domestic pine is also used for this purpose, but because it is so hard, it is much more difficult to work than the imported variety. However, it costs considerably less than imported lumber and is used in concrete construction, particularly in the eastern end of the Island where the only stands of commercial-size timber now remain.

Southern U.S. pine continues competitive in this market because of the lower delivery costs made possible by the railway car ferry service connecting Havana with West Palm Beach and New Orleans. The heavy port and stevedoring charges in Havana do not apply to carload shipments. These are moved directly from the ferry to the importer's warehouse with a minimum of delay and handling expenses.

New Competition Coming

On the other hand, the much lower F.O.B. vessel price of the Central and South American pine offsets the extra discharging costs which ferry shipments escape. Local importers are of the opinion, however, that with the diminishing supply of Southern U.S. pine it is only a question of time before this lumber will become too expensive to compete in the Cuban market. Faced with this prospect, dealers are giving more attention to alternative sources of supply as

indicated by imports from Brazil, which are comparatively recent. This lumber, known as Paraná pine, is meeting the needs of the Cuban consumer and it is expected that it will steadily become a more important factor in this market.

An entirely new domestic source of supply is now in the development stage. This is the manufacture of a hardboard from sugar cane bagasse. A number of mills are at present being constructed for this new industry which will produce pulp, paper, and soft and hardboard. If the latter proves more economical, it may eventually replace lumber—if not entirely, at least to an important extent. With an annual production of over five million tons of sugar, Cuba has an abundance of bagasse for conversion into various products which are now largely imported.

Prices, Terms, Quality

The controlling factors in selling to this market are price and terms of payment; currently the latter are sight draft for shipping charges and 30-60 and 90 days sight for the remainder of the invoice, documents on acceptance.

Cuba has no import or exchange restrictions, but with the present premium on the Canadian dollar and fluctuation in the rate, importers prefer quotations in U.S. dollars which are at par with the Cuban peso. Quotations should be on the basis of C.I.F. Havana or other ports of destination.

The Cuban market demands good, sound lumber but not necessarily top grade as long as it serves for its primary use here—concrete construction work. Most of the imported yellow pine is rated second grade. With the continued construction boom throughout the island, no falling off in the demand for lumber is expected within the foreseeable future.

Lumber Imports Tabulated

Cuban lumber imports during 1955 and 1956 were as follows:

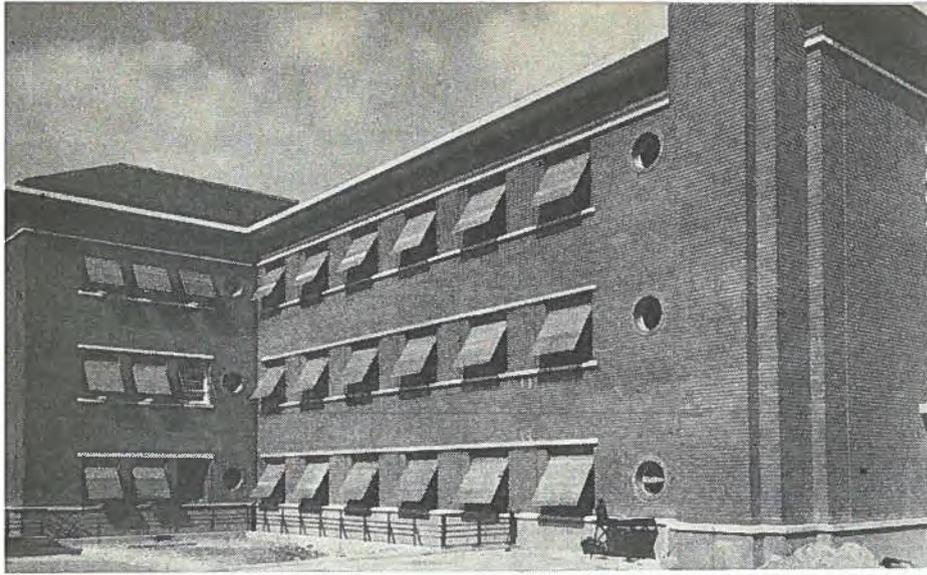
	1956	1955
	(in sq. ft.)	
Yellow pine (U.S.)	34,327,511	25,249,681
Yellow pine (Honduras)	19,939,217	23,608,340
Yellow pine (Bahamas)	547,429	1,302,511
Yellow pine (Nicaragua)	2,249,200	1,782,330
Bahamas pine	46,810	—
Sap gum and tupelo	1,838,031	1,900,967
Costa Rica cedar	—	186,559
Colombia cedar	50,852	149,498
Cedar from Belize	—	377,228
Douglas fir	82,212	38,246
White pine (Canada)	—	16,964
Paraná pine (Brazil)	535,000	—
Plywood (several countries)	25,713,399	20,168,783
Totals	85,329,661	74,781,107

—J. E. O'NEILL,

Office of the Commercial Secretary, Havana.



Railway ties, like these used on a switch siding in western Canada, form an important part of our lumber exports. They move to the United States and Britain; Douglas fir ties are most popular.



Some of the Canadian lumber shipped to France goes into exterior roll-up shutters like those pictured here. When this type of shutter is unrolled downward from the top of the window, it can be kept flush with the window frame or adjusted outward to allow air to circulate better throughout the building.

Europe

IRELAND—*Lumber imports will decrease this year, but should recover in 1958. Spruce ranks as leading Canadian seller.*

IRELAND DEPENDS ON TIMBER IMPORTS to meet its present needs and will continue to do so for many years to come. The present wooded area extends over 237 thousand acres but nearly half represents plantings over the past nine years. In fact, Ireland is considered to be one of the most treeless countries in Europe—only one per cent of the total area is forest.

The Republic has a state forestry program under way, based on a fifty-year rotation for Sitka spruce (considered the most important species), Douglas fir and western hemlock. These species will provide most of the material for sawlogs. Some hardwoods are included in the program as well as softwoods with longer rotations, such as Scots pine, Norway spruce and larch. Ireland recently opened a new forestry school at Arklow, Co. Wicklow.

Timber Trade

Irish timber exports are small and consist mainly of pitprops and pitwood (4,347 standards in 1956) shipped to Great Britain. Other exports last year were made up of 238 standards of lumber to Great Britain and 407 standards to Northern Ireland, plus 532 standards of railway ties to Northern Ireland.

The import trade is summarized in the following table:

IRELAND'S LUMBER IMPORTS 1956

<i>Railway Ties</i>	
Total	2,491 standards
France	1,904 standards
<i>Conifer lumber, sawn, planed or dressed</i>	
Total	42,316 standards
Finland	18,224 standards
Sweden	12,318 standards
Canada	6,978 standards
Soviet Union	2,871 standards
<i>Non-conifer lumber, sawn, planed or dressed</i>	
Total	426,468 cu. ft.
United States	112,669 cu. ft.
British West Africa	90,907 cu. ft.
Philippines	61,358 cu. ft.
Japan	47,588 cu. ft.
Canada	25,166 cu. ft.
British Borneo	13,963 cu. ft.

Because of balance-of-payments difficulties, the Government has taken steps to restrict imports and this has caused a slump in the building industry. Buyers have large stocks of lumber on hand and will cut down on purchases abroad during 1957. However, there are signs that the balance-of-payments position is improving and after 1957 imports of lumber should resume their former importance. Irish dealers may buy timber from Canada without restriction, provided it is delivered within nine months of the date of order, is for use in the Republic, and is paid for in dollars.

The Atlantic freight rate from Eastern Canadian ports to Dublin is £21 a standard compared with £15 a standard from the Baltic countries, and this works against Canada. But Canadian sup-

pliers can compete in terms of credit offered and in services. Spruce from Eastern Canada is considered stronger than some of the Baltic species and grading of the Canadian product has aided sales; spruce makes up by far the largest proportion of sales of all Canadian species.

Pacific Coast timbers, and particularly Douglas fir clears, are popular and meet with no competition from other suppliers. The demand for Douglas fir clears for making church and school furniture and for flooring probably will increase. Irish buyers also like maple and birch for flooring. Limited quantities of western red cedar are used for ornamental beams and for cedar shingles and, less extensively, for roofs and gable ends. Foundries use yellow pine (*pinus strobus*) for making patterns and western hemlock has found a limited market for carcassing and box-making. Importers would prefer the ends of Canadian timber to be stencilled in a colour such as red or black instead of the hammer stencil which shippers now use.

BELGIUM—*Large amounts of softwood lumber bought from foreign countries, including Canada. Finnish, Russian and Swedish competition hard to beat.*

BELGIAN BUYERS OF NORTH AMERICAN LUMBER are mainly interested in softwoods—chiefly Douglas fir and, to a lesser degree, hemlock and balsam.

It is estimated that present annual Belgian consumption of softwood lumber is 200 thousand standards. About one-third of this (70,000 to 75,000 standards) comes from native forests and the remaining 125 thousand standards are imported—some from Canada.

Before the last war, imports ran as high as 200 thousand standards a year but fell to 155 thousand in 1938. In that period, annual consumption reached about 185 thousand standards and domestic production 30,000 standards.

Consumption of this type of lumber in recent years has been:

1952	170,000 standards
1953	180,000 standards
1954	200,000 standards

Consumption has not risen since 1954 though the construction industry has been booming and the level of industrial activity extremely high. There are two principal reasons for this. First, hardwoods have

The Irish building trade generally considers that timber construction is impermanent and a fire hazard; insurance rates on timber buildings discourage greater use of lumber. Architects, however, are interested in materials which give good insulation, good surfaces for finishes, are easy to handle and permit flexibility in design. Lumber, of course, possesses these qualities and Canadian producers might render a welcome and valuable service—and a rewarding one to themselves—by demonstrating how timber structures could be used to advantage to meet the country's needs for housing, schools, hospitals, and farm and industrial buildings. A few buildings and houses erected in Dublin in recent years are mainly timber construction and made use of Canadian timbers. They are much admired and acknowledged to be well suited to their purpose and settings. The timbers used were Canadian Douglas fir, spruce and western red cedar.

—G. SHERA,

Office of the Commercial Counsellor, Dublin.

begun to replace softwoods for such things as window-frames, doors, flooring, etc. Second, plywood is being used more and more in the furniture and building trades.

No Licensing Problem

The Belgian Government places no obstacles in the way of importers who wish to bring lumber into the country. Import licences, where required—for example, for veneers and plywoods—are easily obtained and there are no foreign exchange problems. Belgian importers can buy all the Canadian lumber they wish and get the dollars to pay for it.

The grades usually required are the following:

—for high-grade lumber

No. 2 Clear and better allowing, in most cases, up to 15 per cent No. 3 Clears.

—for medium-grade lumber

Selected Merchantable.

No. 1 Merchantable.

No. 2 Merchantable.

In most cases, the medium-grade lumber sold is No. 1 Merchantable with up to 15 per cent of No. 2 Merchantable.

Belgian statistics on softwood lumber imports during the period 1952-1956 show that Finland, Russia and Sweden were the principal suppliers. Figures for 1955 were:

	Volume	Value
<i>Softwood Planks and Boards</i>		
Austria	11,728	26,456,000
Finland	201,361	517,809,000
France	16,177	24,754,000
Norway	911	811,000
Netherlands	1,026	2,846,000
Poland	17,770	45,187,000
Rumania	2,663	7,361,000
Sweden	172,862	471,863,000
Czechoslovakia	10,967	24,041,000
U.S.S.R.	201,360	561,669,000
West Germany	1,259	2,370,000
United States	15,969	49,500,000
Canada	5,531	18,966,000
Honduras	762	2,941,000
Nicaragua	769	2,457,000
Brazil	23,404	76,886,000
Various countries	5,729	7,590,000
	690,258	1,843,507,000

	Volume	Value
<i>Hardwood Planks and Boards</i>		
France	53,110	131,608,000
Netherlands	1,747	9,090,000
Poland	456	2,237,000
Yugoslavia	3,863	21,191,000
West Germany	714	3,612,000
Japan	13,123	81,469,000
Thailand	13,515	44,029,000
British North Borneo	2,695	8,421,000
Malaya	505	1,678,000
Philippines	1,396	5,482,000
Belgian Congo	9,667	30,730,000
Gold Coast	3,477	13,001,000
French Equatorial Africa	854	2,612,000
United States	10,216	33,582,000
Various countries	2,471	18,959,000
	117,809	407,701,000
<i>Railway Ties</i>		
France	14,382	21,131,000
Netherlands	841	614,000
West Germany	885	2,243,000
Other countries	3	7,000
	16,111	23,995,000

The relationship between imports from Canada and total imports of softwood lumber for the past five years is shown below:

	Volume (cu. m.)	Value
<i>1952</i>		
Total imports	497,945	\$ 21,891,660
Canada's share	3,239	261,900
<i>1953</i>		
Total imports	487,361	23,761,700
Canada's share	11,725	845,440
<i>1954</i>		
Total imports	606,899	29,621,860
Canada's share	22,515	1,290,280
<i>1955</i>		
Total imports	690,258	36,870,140
Canada's share	5,531	379,320
<i>1956 (first 9 months)</i>		
Total imports	343,596	17,192,100
Canada's share	2,378	149,240

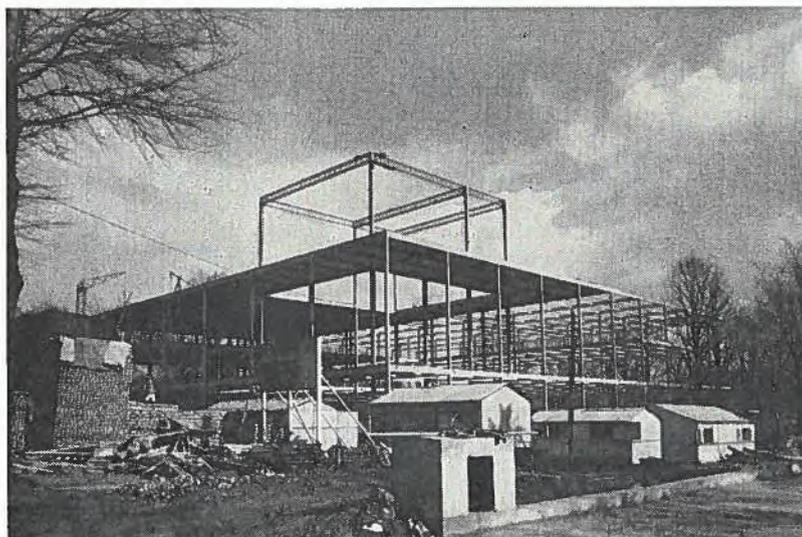
As these figures confirm, Canada is supplying a modest portion of the softwood lumber being imported by Belgium.

The main suppliers of hardwood planks and boards and of railway ties to the Belgian market in 1955 were:

The Belgian market for lumber, as for most other products, is extremely competitive. Canadian lumber exporters are handicapped by the continual increases in ocean freight rates and Belgian importers believe that it will be difficult to increase sales in this market as long as ocean freights remain at the current high.

However, Canadian lumber exporters should try to maintain or even improve their reputation for making prompt shipment of orders received. They might also consider extending more liberal credit terms to approved accounts of long standing. This would help them to maintain their position in the market and win new business when freight rates begin to fall.

—G. H. McCLYMONT,
Office of the Commercial Counsellor, Brussels.



The Canadian Pavilion for the 1958 World Fair in Brussels begins to take shape. Canadian woods are used for ceilings and floors.

THE NETHERLANDS—Lumber imports total about Can.\$109 million a year; Canada's share currently reaches about \$750 thousand. Best opportunities lie in straight-grain, clear lumber of long dimensions, but prices favour Scandinavian suppliers.

LESS THAN HALF THE AREA OF NOVA SCOTIA and with a population of over 11 million, the Netherlands has little room for forests and domestic lumber production (principally *pinus sylvestris*) is therefore negligible. This local lumber is used mainly for poles and posts on farms and canals and in mines, and amounts to only some 10 to 15 per cent of the total Dutch lumber and wood requirements. A small amount of oak, beech, elm and poplar is produced and used in making matches, wooden shoes and similar local products. Some of the better qualities are used in veneers. However, it is estimated that only about 2 per cent of the domestic output is of a size suitable for sawing.

Imports Change Little

This is therefore essentially an import market, though there is a little re-export. Imports in 1956 of wood and lumber of all kinds totalled 1,529,000 metric tons valued at 437 million guilders (Can.\$109 million), compared with 1,586,300 metric tons valued at 454 million guilders (Can.\$114 million) in 1955. Because there has been little change in the amount and pattern of these imports in the two years, an examination of the latest figures provides a fair picture of the character of the market.

The largest import classification is "other coniferous wood" amounting to 943 thousand metric tons valued at 314 million guilders (almost Can.\$80 million), or about 80 per cent of total imports in 1956. Canadian exporters might be interested in examining the following breakdown of this total by countries of origin:

IMPORTS OF "OTHER CONIFEROUS LUMBER"

	1955		1956	
	Metric Tons	1000 guilders	Metric Tons	1000 guilders
Sweden	400,258	138,881	423,955	142,908
Finland	206,214	69,508	140,061	45,364
Austria	147,883	46,363	125,576	39,425
Soviet Russia	127,014	45,375	155,682	54,534
Czechoslovakia	45,485	13,730	37,986	11,532
West Germany	14,114	4,890	30,178	10,735
Norway	10,581	2,762	6,763	1,890
Poland	7,635	2,520	7,261	2,346
Brazil	5,288	2,116	4,406	1,804
Portugal	4,801	1,336	6,535	1,998
France	2,536	593	1,736	412
United States	1,180	511	1,187	539
Rumania	1,077	310	122	39
Switzerland	986	321	232	89
Belgium/Luxembourg	785	255	628	206
CANADA	1,579	424	90	53
Total	977,746	329,920	942,565	313,905

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Other categories of interest to Canada, with imports in 1956, are:

Rough sawn Douglas fir—2,242 metric tons valued at 853 thousand guilders (Canada, 2,134 tons, 799 thousand guilders; U.S., 104 tons, 54,000 guilders).

Smaller dimension sawn Douglas fir—3,174 tons, 1,847,000 guilders (Canada, 1,766 tons, 1,033,000 guilders; U.S., 1,390 tons, 806 thousand guilders).

Other sawn coniferous lumber—6,888 tons, 3,226,000 guilders (Germany, 2,050 tons, 715 thousand guilders; Canada, 1,714 tons, 1,074,000 guilders; U.S., 1,533 tons, 915 thousand guilders).

Some pitprops were imported from Belgium, Germany and Russia but none from Canada in the two years. Veneers made from coniferous woods were imported from the Scandinavian countries, Russia, Germany and Belgium to a total quantity of 42,300 tons valued at 6,432,000 guilders; none came from Canada. The only other classification of interest to Canada is pulpwood, total imports of which were 160 thousand tons at 26,650 guilders, of which Finland supplied 100 thousand tons and Eastern Canada the remainder. This is all for use by the one papermaking firm in the Netherlands.

The official statistics list a great many other classes of imported woods but these are mostly tropical species from Africa, South America and Indonesia. Small quantities of oak, beech, elm and poplar are supplied by France, Germany and Belgium.

Re-exports of wood go mainly to Belgium, Germany and other neighbouring countries and represent the traditional middleman role of Netherlands traders. The total re-exports in 1956 were 56,000 tons valued at 13,856,000 guilders (Can.\$3,464,000), less than 3 per cent of the quantities imported.

Domestic Consumption

The figures given earlier provide a clear indication of the Netherlands market. Consumption of the kinds of lumber and dimensions in which Canada might have an interest probably totalled a little under 1.5 million metric tons valued at Can.\$105 million. Translating this into more familiar terms, we are told by the trade that there is an annual consumption here of 350 thousand to 400 thousand standards (say 700 to 800 million FBM) of what they describe as "sawn whitewood"—that is, exclusive of hard and tropical woods.

Sales Conditions

Lumber and wood imports have been freed from restrictions; they are still subject to licence but these are granted automatically. Competitors, mainly Scandinavian countries, have the advantage of

proximity and lower freight—the freight rate from Scandinavian ports is about one-quarter of the rate from the Canadian West Coast. Another important competitive factor is that most trade in Scandinavian lumber is on a cash against documents rather than letter of credit basis.

How to Increase Canada's Share

Canada's current share of this market is valued at about \$750 thousand a year, according to Dutch statistics. Essentially a price market, there is little hope of developing business in competition with Scandinavia for the normal construction dimensions. Only our better qualities stand a chance and these are really competing with tropical woods for flooring, ship's decking, ladders and other specialty uses where straight-grain, clear lumber of long dimensions can command a premium price. Sales could undoubtedly be stimulated with some well-planned promotion but this would

FRANCE—Imports of softwood lumber reached \$41 million in '56; Canada supplied about 2.2 per cent. Import quotas for dollar lumber for first half of '57 have been cancelled.

LUMBER PRODUCTION in Metropolitan France totals approximately 247.6 million cubic feet a year. Hardwood represents between 50 and 60 per cent of this total and consists mainly of oak and beech. These woods, plus tropical hardwoods from French overseas territories imported in the form of logs or lumber, cover domestic requirements in France and allow for exports to Britain, Germany and other European customers. These hardwood exports in 1956 reached approximately \$11.5 million, of which beech accounted for \$4.8 million and oak \$3.9 million.

Softwood Imports Important

Of more interest to Canada is the fact that France is a net importer of softwood lumber. Although some \$5.7 million worth of softwoods were exported in 1956 from the large fir and pine stands in the south-west and eastern parts of France, total softwood imports amounted to \$41 million, a 14.8 per cent increase over 1955. As shown in the following table, 70 per cent (or \$28.3 million) of the softwood lumber supplies last year came from Sweden, Austria and Russia.

Canada's share of the French market in 1956 was approximately the same as in 1955. Closely in line with the average gain of all softwood lumber imports, Canadian sales to France increased by 14 per cent.

have to be accompanied by prices that would compete with the tropical woods. The trade is well and favourably acquainted with Canadian species, especially Douglas fir, for the uses indicated above. Douglas fir is required in No. 2 clear and better in thicknesses from 1" to 6"; and selected merchantable and No. 1 merchantable in assortments sized 10" x 10" and 20" x 20", 20 to 40 feet long. There is also an occasional demand for Sitka spruce and western red cedar. In general, the trade here prefers Canadian sorting and grading methods and this has been an important factor in our favour.

Several firms already import from Canada in small but regular quantities and would be happy to increase their purchases whenever prices make this possible.

—B. C. BUTLER,
Commercial Counsellor, The Hague.

Shipments of spruce, hemlock and cedar planks went up 60 per cent in 1956 but Douglas fir, which represents about half of Canada's softwood shipments to France, increased only 12 per cent.

*SOFTWOOD IMPORTS INTO FRANCE 1956

	Millions of dollars	Share of total
Sweden	15.1	36.8
Austria	8.9	21.6
U.S.S.R.	4.3	10.5
Finland	3.6	8.8
Germany	3.5	8.5
United States	2.2	5.4
Canada	0.9	2.2
Miscellaneous	2.5	6.1

*French statistics, based on landed costs.

Competition Is Stiff

Canadian exporters of softwoods are at a disadvantage in the French market vis-à-vis other suppliers for a variety of reasons. Of these, the import licensing program is the most important.

Imports from the OEEC countries, together with Finland, Russia and Poland, are free from restrictive import licensing controls, but import licences for lumber from the dollar countries are carefully screened even in normal years. Because of balance-of-payment difficulties this year, the French Government cancelled the \$1.7 million import quota originally established for United States and Canadian lumber for the first half of the year. It is possible,

however, that this may be merely a postponement and that lumber imports from the dollar countries may be reinstated during the second half of the year.

From the point of view of laid-down costs, Canadian lumber is more expensive than Scandinavian and even, in some cases, than American. It has also been reported that Scandinavian prices are more stable than Canadian. Scandinavian suppliers, of course, have the advantage of shorter shipping routes.

Wood as Construction Material

In France, as in most countries, there is a vast range of uses for softwoods but the largest single use is in construction. In spite of the shortage of investment funds for building and a scarcity of skilled labour, France increased the number of housing starts from 280 thousand in 1955 to 300 thousand in 1956. It is considered that this minimum level must be maintained to ensure replacement and to restore, even partially, the deficits in construction over the last two decades. For a number of years, therefore, the lumber requirements for building should tend to remain at least at the 1956 consumption level. A large part of the lumber from Scandinavia and Russia is used for construction. Only occasionally, when extra-long timbers are required, does Canadian Douglas fir find its way into construction in France. Investigation shows that most of the Canadian lumber goes into roll-up exterior shutters which are being used on many of the homes and apartments built since the war. Lesser amounts are used for ladders and some types of artistic furniture.

There are no statistics to show whether there has been an increase in the over-all use of lumber in French construction in comparison with the traditional materials (cement, stone and brick). However, there are various organizations campaigning for the greater use of wood. The Centre Technique du Bois has held contests for French architects and given prizes for the best designs for houses made of wood; the Confederation Nationale des Industries du Bois built a complete home of wood at the Building Materials Exhibition in 1956, and a group of French architects were flown to Sweden by an association of Swedish lumber producers to study developments in that country. Canada's contribution to this campaign will be the distribution in 1957 to French architects of the booklet *Frame Construction with Canadian Timbers*.

Before such campaigns can become really effective, however, there will have to be a basic change in the building codes of the large French cities. The use of frame construction is discouraged at the moment by regulations requiring a builder to pay a premium for his building permit if he does not use the traditional materials.

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The rate of building in France should continue this year at the 1956 level, and it is expected that the consumption of imported softwood lumber will total about \$40 million in 1957. Because of the cancellation of the U.S.-Canada dollar import quota for the first half of the year, however, most of this lumber will come from the Scandinavian countries, Austria and Russia. These countries may in consequence enjoy a slight increase in business at the expense of the North American suppliers. The present French foreign exchange position spells difficulties for Canadian lumber exporters in 1957.

—J. H. BAILEY,
Assistant Commercial Secretary. Paris.

WEST GERMANY—*Domestic production meets about 70 per cent of lumber needs; market for West Coast lumber difficult to develop further because of differing specifications and other problems.*

THERE IS LITTLE LIKELIHOOD that shipments of Canadian lumber to this country can be substantially increased in the foreseeable future, despite the fact that imports of lumber from the dollar area are liberalized and there are no customs duties. The main reasons for this prospect are that the domestic lumber industry is firmly entrenched and efficient, German lumber specifications are entirely different from Canadian specifications, and German architects and builders are not accustomed to working with and using Canadian species. Moreover, lumber is not used in construction in Germany to the same extent that it is in North America or, for that matter, in the United Kingdom. Other materials get the preference through choice or because of price.

Domestic Industry Strong

The domestic industry normally produces about 70 per cent of Germany's softwood and about 90 per cent of its hardwood lumber requirements. There are about 11,000 sawmills in operation and in 1956, a typical year, 7.2 million cubic metres of softwood and 1.4 million cubic metres of hardwood lumber were produced. Imports come mainly from countries within easy shipping distance—notably Austria, Sweden and Finland. Exports of lumber from Germany amount to only two or three per cent of domestic production.

SOFTWOOD IMPORTS FROM U.S. AND CANADA

	1956		1955		1954		1953		1938	
	metric tons	1000 DMs.								
United States	24,141	16,353	38,571	16,869	15,188	10,750	11,425	8,905	38,947	-
Canada	1,117	366	2,663	742	299	113	45	13	6,869	-

Imports into Germany of North American lumber have never reached significant figures, at least in recent decades. Imports of West Coast lumber have always been small because such lumber is customarily used only for a few special purposes. For instance, there is a small but steady demand for Douglas fir (Oregon pine) No. 2 clear or better for ship decking.

Germany normally buys abroad about 30 per cent of her requirements of softwood lumber. In 1955, a representative year, these imports totalled 564,177 standards (1 standard = 4.672 cubic metres), of which European countries supplied 523,873 and overseas countries 40,304 standards. Nearly half the European total was supplied by Austria (234,394 standards), followed by Sweden (139,549 standards), and Finland (78,217 standards). Brazil was the largest overseas supplier with 15,007 standards, chiefly Paraná pine, and the United States was second with 11,029 standards. Canada shipped only 761 standards.

Imports from North America

In a normal year shipments of softwood lumber from the United States to Germany consist of two-thirds Carolina pine and pitch pine and the remainder of Oregon pine and cedar from the West Coast. The cedar is known as incense cedar and is used for making pencils.

Quantities and values (in Deutsche marks) of shipments of softwood lumber from Canada and the United States to Germany for the years 1953-56 inclusive and for 1938 are shown in the table above.

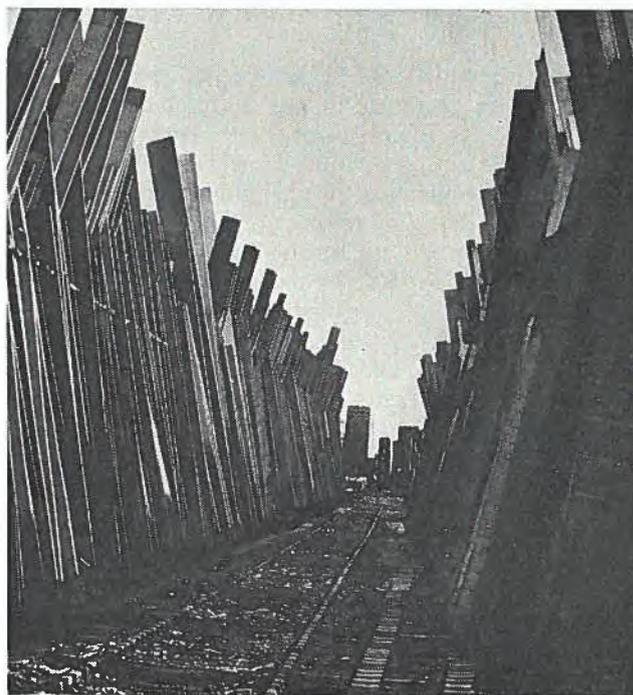
These figures reflect the persistently low volume of trade in lumber between North America and Germany. German lumber importers claim that there is little likelihood of Canadian West Coast shippers increasing their share of the limited business in Douglas fir as long as the Canadian dollar remains at a premium over the U.S. dollar.

Softwood lumber imported into Germany is duty free and there are no restrictions on imports from the dollar area. (It is not yet certain what the tariff situation will be if the Customs Union becomes a reality.) This gives rise to the question of whether the market for Canadian lumber, particularly West Coast lumber, can be developed further in this booming country. It appears that it would be a difficult and costly undertaking.

First, architects and builders would have to be educated to the advantages of using the Canadian varieties in ordinary construction. The problem of specifications would have to be overcome. Canadian mills would have to put through special runs to cater to German requirements and they might not find this profitable or convenient. The question of specifications is all-important as is evidenced by certain 1955 developments. In that year, two cargoes of a general range of West Coast Canadian lumber were diverted from the United Kingdom because of the dock strike and unloaded in Hamburg. Only about 25 per cent of these cargoes was sold in the German lumber market, which was buoyant at the time, even though prices were set at distress levels. The lumber had to be reloaded and sold elsewhere because the specifications did not meet German needs.

—E. H. MAGUIRE

Consul and Trade Commissioner, Hamburg.



Canada not only exports lumber but also imports it. High on the list comes mahogany, much of it from British Honduras. Our photo shows mahogany stacked in a Belize lumber yard.

NORWAY—*Most of this country's forest production is used to make pulp and paper; a small proportion of the total output enters the world lumber trade.*

NORWAY IS A SMALL NET EXPORTER of timber, shipping about 58,000 cubic metres of sawn softwood lumber and about 62,000 cubic metres of planed lumber a year. Norway and Canada would be greater competitors in the world market if Norway found exporting timber more profitable than making it into pulp and paper.

Domestic Production Rising

Domestic production in 1954 rose to 295 thousand standards of sawn timber and 179 thousand standards of planed lumber. In the 1955-56 season, out of a total production of 7,750 thousand cubic metres of timber, the sawmills received about three million cubic metres or 350 thousand standards. According to the Timber Trade Federation of Norway, this figure will represent the normal amount from now on. In the following table, exports last year and in 1955 are compared with 1937; it shows the changes in volume and types of lumber shipped.

NORWAY'S LUMBER EXPORTS

	1937	1955	1956
	(in cubic metres)		
Mining timber	41,822	8,675	25,036
Pitprops	8,408	66,916	25,967
Square timber	319	590	317
Deals and battens	17,310	14,232	18,071
Boards	5,542	8,588	16,558
Laths	4,508	1,902	3,363
Boxboards	71,462	26,596	22,798
Planed goods	78,240	56,681	62,453

Most of the lumber produced in Norway is used locally by the building trade and to make barrels, boxes, doors and sashes, furniture, etc. The lumber trade imported some 58,000 cubic metres of sawn and planed European pine and fir in 1956 and about 28,000 cubic metres of other woods (including birch, ash, beech, oak, hickory, mahogany and teak) from Denmark, West Germany, Sweden, British West Africa, Thailand, and Burma.

Imports under Licence

Imports of lumber from dollar countries are subject to licence. These licences are granted only when it is impossible to buy the necessary supplies from Europe and especially from Sweden and Finland, which can assure quick and cheap delivery.

—J. C. DEPOCAS,
Commercial Counsellor, Oslo.

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FINLAND—*Last year lumber production declined 7 per cent and exports more than 16 per cent from 1955; the forest industry lacks capital and credit to carry out the technical improvements necessary to maintain its competitive position in world markets.*

FINLAND IS THE WORLD'S THIRD LARGEST EXPORTER of lumber, following Canada and Sweden. Economic conditions in Finland during the past year and the weakening of the lumber export market resulted in a decrease in lumber output. Lumber producers were beset with a general strike in March of 1957 and the money market continued tight; these in themselves deterred production, and the weak export market was a further depressing factor.

In the 1955-56 cutting season, the cut for commercial purposes was 5 per cent less than in the previous year; piled timber decreased 7 per cent and thick softwood about 21 per cent. For the calendar year 1956 it is estimated that the final figures of lumber production will show a decline of 7 per cent from 1955.

The following table shows Finnish production for the last three years:

	1956	1955	1954
	(in 000's of cubic metres piled measure)		
A. Felled timber for sale			
Spruce pulpwood	12,076	12,451	11,350
Large softwood	8,693	11,830	11,969
Fuelwood	7,228	4,739	4,419
Pine pulpwood	5,085	5,213	3,959
Large hardwood	1,475	2,574	2,395
Pitprops	1,389	1,374	1,117
Poles & other timber	677	419	323
Totals	36,623	38,600	35,532
	(in 000's of standards)		
B. Sawn goods	980	1,070	1,028

Exports Declined Last Year

Exports of sawn and planed lumber (exclusive of spars, railway ties, boxboards and splitwood) in 1956 totalled about 617 thousand standards, compared with 760 thousand standards in 1955 and 715 thousand standards in 1954. Finnish producers had more difficulty selling in the United Kingdom, their largest market, and this, combined with the decline in production due to internal conditions, led to the marked decrease in exports. Prices for export lumber also fell more than 10 per cent.

Currently, the industry lacks capital and credit—a situation accentuated by a shortage of foreign exchange—to carry out all the technical improvements necessary if Finland is to compete successfully in the world

market for timber. It is probable that the present slowdown in development of the forest industries will continue unless more capital can be made available.

Estimates for 1957 place Finland's exports of lumber at about the same figure as in 1956 but up to the end of February 1957, she had sold 360 thousand standards on the export market compared with 303 thousand at the same time last year.

The following table shows lumber exports to the principal markets during the last three years:

	1956	1955	1954
	<i>(in standards)</i>		
United Kingdom	234,500	320,800	277,600
Netherlands	59,300	84,400	71,500
West Germany	55,100	76,800	64,200
Belgium	48,400	42,900	38,600
Denmark	18,300	35,200	46,000
France	14,300	22,300	23,000
Soviet Union	48,000	48,800	60,700
Other European countries	82,300	71,200	80,100
Non-European countries	57,000	57,900	53,500
Total sawn and planed	617,200	760,300	715,200
Spars, railways ties, boxboards and splitwood	36,700	21,600	14,200
Grand total	653,900	781,900	729,400

—A. P. BISSONNET,
Commercial Secretary, Stockholm.

DENMARK—*Market is open to Canadian lumber but Canadian firms find competition from nearby countries hard to beat.*

DENMARK'S IMPORTS OF LUMBER and other wood products totalled \$26 million last year but the market is dominated mainly by Swedish suppliers who are near at hand and have low freight costs. Most of the imports into Denmark consist of softwood boards and planks although she also buys some Douglas fir for shipbuilding and a few special hardwoods. Both softwoods and hardwoods were placed on the free list applicable to imports from dollar countries at the beginning of 1955 but there has been no increase in volume of imports from either the United States or Canada.

Over the past three years total imports have declined from 891 thousand cubic metres in 1954 to 578 thousand last year; they are now less than 50 per

cent of domestic production, which totals about 1.25 million cubic metres a year. Credit restrictions affecting new housing have caused some of the decline in purchases from abroad. Denmark's domestic production consists mainly of conifer and beech lumber and she exports telegraph poles and softwood and hardwood planks, mainly to Germany and the United Kingdom. Value of export shipments last year reached \$4 million.

Imports from Canada of conifer planks and boards in 1956 totalled D.Kr 139 thousand (1 D.Kr—\$0.1385 Can.) and from the United States D.Kr. 1,460 thousand. The U.S. also shipped oak, mahogany, cedar and hickory.

—C. F. WILSON
Commercial Counsellor, Copenhagen.

SWEDEN—*Overall exports of lumber are again on the increase after a small decline in 1956, although Swedish exporters are facing tougher competition in the United Kingdom market. Canadian sources supply occasional small amounts of Douglas fir for Swedish shipyards.*

SWEDEN IS THE LEADING EUROPEAN EXPORTER OF LUMBER and second only to Canada in world lumber trade; in the United Kingdom market she is Canada's chief competitor. Currently Swedish production totals about 1.75 billion cubic feet a year, consisting of lumber for export and domestic use, pulpwood, fuelwood, veneer, wood for furniture manufacturing, and waste. Spruce and pine have been the traditional mainstays of the forest industries, with smaller amounts of birch for plywood and aspen for match sticks. Technical developments, however, now permit greater use of birch, which is available in some quantity throughout the country. More than 15,000 miles of woodland roads built since 1942 now supplement the waterways which were once practically the only means of transporting timber.

Sweden has achieved very high standards of silviculture and the annual growth totals 2.1 billion cubic feet; each spring about 250 thousand acres are planted to trees. Both private companies and government agencies carry out forestry research. The Swedes are using new methods for taking forest inventory which are proving successful and the reforestation program seems to be progressing satisfactorily.

Lumber production for the period 1953-55 totalled 1,700 thousand standards a year on the average and of this, 990 thousand standards were sold abroad.

The proportion of lumber, pulpwood, fuelwood and waste produced from trees of various ages in the annual cut is shown in the following table:

<i>Pine and Spruce</i>			
<i>Age of trees in years</i>	<i>75-100</i>	<i>30-50</i>	<i>5-15</i>
	<i>(in per cent)</i>		
Lumber	50	10	....
Pulpwood	30	50	....
Fuel	10	30	20
Waste	10	10	80

Sales Decline in 1956

In 1955 the export of sawn and planed timber reached a new record of 1,048 thousand standards (including 31,000 standards of squared spars). In 1956, exports dropped 5 per cent to 993 thousand standards (including 22,000 standards of squared spars). The distribution of last year's exports among the leading importing countries, with corresponding figures for 1955, is shown in the following table:

	<i>1956</i>	<i>1955</i>
	<i>(in standards)</i>	
United Kingdom	394,000	451,000
Netherlands	182,000	160,000
West Germany	123,000	139,000
Denmark	81,000	91,000
France	56,000	34,000
Belgium	32,000	36,000
Other European countries	59,000	61,000
Non-European countries	66,000	76,000
Total	993,000	1,048,000

The decline of 55,000 standards in total exports corresponds approximately to the decrease of 57,000 standards in lumber exports to the United Kingdom. The quantity of planed timber included in the total reached 40,000 standards in 1956, compared with 42,400 in 1955. In 1956 about 18,000 standards (80 per cent) and in 1955 about 27,500 standards (90 per cent) of the quantity of sawn spars included in the total exports were sold in approximately equal amounts to Denmark and Germany.

In addition to the above, Sweden shipped 13,200 standards of railway ties and 14,200 standards of boxboards in 1956, compared with 6,000 and 15,600 standards respectively in 1955.

The United Kingdom is by far Sweden's best market for lumber. At the time of writing, Swedish exporters are confronted by three problems which currently influence their sales in the United Kingdom. These are: (1), sales of Russian lumber which reached 175 thousand standards at the end of March with the



Swedish logs arrive at a Swedish mill. The Swedes rank next to Canadians in world lumber trade, and take first place among European exporters, with emphasis on softwoods.

possibility that the Soviet Union might offer a further 75,000 standards; (2), offerings by British dealers of emergency lumber stocks for sale; (3), the reported considerable decrease in freight rates from the West Coast of Canada, which makes Canadian competition much more effective. Although this third problem was considered the most serious in Sweden's view, it now appears that the freight-rate decrease is not large. Swedish lumber exports, despite these problems, have improved considerably over last year. Almost 500 thousand standards were sold in the first quarter as against less than 350 thousand in the same period last year. The Netherlands has become an active buyer; so have Belgium and France.

Imports Remain Small

Swedish imports of softwoods last year totalled only 12,000 standards as against 16,000 standards in 1955. Figures for 1955 show that Sweden imported 112,700 cubic metres of lumber of all kinds. It consisted mainly of pine and spruce from Norway and Finland, oak from France, West Germany, Japan and Poland, and beech from France, Yugoslavia, and Poland; Canada shipped about \$7,000 worth of Douglas fir, spruce and softwood plywood in that year. Our sales in 1956 were almost nil.

In other years Sweden has offered a small, specialized market for Douglas fir for shipbuilding. At present the shipyards appear to be well stocked and it is not likely they will make further imports for another year or two.

—A. P. BISSONNET,
Commercial Secretary, Stockholm.

PORTUGAL—Exports of lumber far surpass imports and, because of dollar shortage, purchases abroad are made mainly from Brazil, the Overseas Provinces, and Europe.

ON BALANCE, Portugal is a net exporter of lumber products. In 1955, for example, she sold abroad 327,810 tons of lumber valued at 494 thousand contos*, but imported only 47,000 tons valued at 84,000 contos.

Local production is mainly confined to different varieties of pine, although eucalyptus, chestnut and plane are also important. In addition to these varieties, olive, cork and oak trees represent large and valuable additions to Portugal's forest resources. For all practical purposes, however, wood from these trees does not enter into the lumber industry. The bark from the cork tree brings in a continuous income and the olive tree is valuable from the point of view of olives and olive oil. The oak is considered more important for the production of acorns for feeding to pigs than as a source of timber.

Although detailed statistics are not available, the following table indicates the production of forest products in continental Portugal during 1955:

Fuelwood	1,656,000 tons
Charcoal	792,000 tons
Wood for planks and boards	682,800 tons
Pulpwood	190,800 tons
Pitprops	54,720 tons
Others	5,760 tons
Total	3,382,080 tons

Imports Small, Exports Large

Of the total imports of 46,690 tons, planks and boards accounted for 43,786 tons. Portuguese Africa and Brazil supplied, in approximately equal proportions, 87 per cent of the total imports, and Sweden and Finland provided another 7½ per cent. Imports from the United States reached 594 tons and from Canada only 24 tons.

Unfinished staves, mainly for the wine industry, accounted for another 2,324 tons of which the United States supplied 918. Most of the remainder was imported from Italy, with a small quantity from Costa Rica.

Imports of ties totalled 435 tons, all of which came from European countries. The rest—some 145 tons—is listed under "wood manufactures N.O.P.", including

*One conto=1,000 escudos=approx. Can.\$34.00

furniture, and nearly all West European countries have a small share in this trade.

The Scandinavian imports consist mainly of redwood which is well known and popular in this market and is principally used in house-building. Other varieties in demand are pitch pine and oak for the making of barrels and casks. On a much smaller scale, the demand is for beech, ash, sycamore and white pine.

The various types of lumber exported from Portugal in 1955 were:

	Quantity tons	Value Contos
Pitprops	145,883	62,968
Shooks	131,919	294,469
Manufactures of wood (casks, barrels etc.) ...	26,460	88,313
Boards	19,361	30,903
Pine wood, semi-finished	2,636	3,745
Manufactures of wood, N.O.P.	1,059	10,709
Plywood	497	3,258
	327,810	494,395

Pitprops are the most important item by volume although shooks return a far greater revenue. Manufactures of wood such as casks, barrels, etc., although far less in volume, also constitute a bigger foreign exchange earner.

The markets for Portuguese timber products are shown in the following table:

	Quantity tons	Value Contos
United Kingdom	192,658	185,211
South Africa	25,636	62,853
Israel	19,071	45,602
Morocco	18,082	36,576
Spain	9,332	5,764
Belgium	8,804	5,187
Portuguese Overseas Provinces	7,490	21,280
Netherlands	5,815	10,669
Cyprus	4,372	9,088
Iraq	3,734	9,157
Rhodesia	2,219	5,355
Egypt	1,141	2,532
Others	29,456	95,121
Total	327,810	494,395

Britain is by far the most important customer and imports all the types of lumber products which Portugal sells. South Africa, Israel and Morocco are almost entirely importers of shooks; Spain and Belgium only import pitprops. The Overseas Provinces take all types with the exception of pitprops, and the other countries listed are mainly interested in shooks.

The market for Canadian lumber in Portugal can be considered strictly limited for the following reasons:

- Preference is given to supplies from the Portuguese Overseas Provinces.
- Brazilian lumber has been well established in this market over a long period.
- European sources are more easily available and freight rates are lower.
- Currency problems do not arise in dealing with the Overseas Provinces, Brazil and Europe.
- The policy is to confine purchases to soft currency sources of supply, with the result that import licences for dollar purchases are difficult to obtain.
- Lumber is included in some of the commercial agreements Portugal has made with other countries.

—RICHARD GREW,
Commercial Counsellor, Lisbon.

SPAIN—*There is no opportunity to sell lumber here because of present exchange difficulties, although the potential market is large.*

SPAIN IS A LARGE POTENTIAL MARKET for imported softwood timber, but because of a critical shortage of foreign exchange, imports are kept to a bare minimum. Although there is a substantial domestic sawmilling industry in Spain, its output is not nearly big enough to meet the demand, especially for the better grades of timber. Sawmill equipment and handling methods are antiquated; local lumber is more suited to rough construction purposes and making box shooks. The country also produces a small quantity of quite good pine lumber but it represents only a small fraction of the total production and falls far short of meeting the total demand for good-quality lumber.

The Government buys large amounts of timber from abroad for its various housing schemes; at the present time it is taking delivery of large orders of third-grade

MAY 25, 1957

Paraná pine from Brazil. This is poor-quality timber which builders use to finish the interiors of the government low-cost houses. The Housing Board (Instituto Nacional de la Vivienda), a state-owned enterprise, is the only importer which can buy entire shiploads of lumber. Private importers are able to place only occasional small orders and thus their purchases cost them much more in comparison. Timber importers estimate that if there were no exchange problem, Spain could absorb readily about 40 million FBM of softwood timber a year.

Hardwood logs are imported from Spanish Guinea on the west coast of Africa. They are sawn and kiln-dried in Spain for furniture and cabinet stock and some are peeled for veneers. The national railways import substantial quantities of oak railway ties, chiefly from the United States; recent imports have been financed from funds provided by the United States ICA aid program. Spanish railways will not consider the purchase of softwood ties.

Principal Suppliers

Lumber imports consist mainly of pine and spruce for construction and the principal suppliers in recent years (1950-55 inclusive) have been Finland and Sweden, with smaller amounts from the Spanish colonies and South America. France and Portugal (especially the latter) obtained a substantial portion of the business from 1950 to 1952 but since then their share has been negligible. Spanish statistics show that in 1955 wood imports totalled 63,380 thousand cubic metres; the average for the six years 1950 to 1955 was about 54,000 cubic metres a year.

Imports Rigidly Controlled

Timber imports are rigidly controlled and this situation will probably continue for the foreseeable future. Spain currently faces a severe shortage of foreign exchange of all kinds and even the Scandinavian countries are getting practically no business in timber; imports from dollar countries are not even considered. However, the Canadian exporter should regard Spain as a potential market for West Coast softwoods and, if the critical exchange situation should improve, some business might be possible. Vancouver obviously is at a disadvantage freight-wise compared with shipments from Scandinavia, but Canadian timber was sold here occasionally before the Civil War in 1936. Given a favourable combination of circumstances, we again could sell our lumber to Spain. But until there is a marked change in the economic situation, Canadian lumber exporters have bleak prospects here:

—M. T. STEWART,
Commercial Counsellor, Madrid.

SWITZERLAND—*Swiss consumption increasing, but high freight charges handicap Canadian suppliers of softwood lumber. Demand good for Douglas fir, spruce and hemlock.*

SWITZERLAND ACCOUNTS FOR less than 3 per cent—or 578.7 million FBM—of European lumber production, which totals approximately 24 billion FBM. She ranks ninth (just after Sweden, West Germany and Italy) in hardwoods. Nevertheless, domestic production covers about 85 per cent of Swiss requirements; the remainder is imported from abroad.

In 1956, Switzerland exported 3.5 million FBM of sawn lumber valued at Sfr.1.9 million, which represented 4 per cent of imports for the same year. Hardwoods and softwoods were sold in even quantities to neighbouring countries, mainly to France, West Germany and Italy, as a result of special bilateral agreements for the exchange of lumber in border areas.

Imports of lumber into Switzerland in 1956 increased to 82.3 million FBM valued at Sfr.44.7 million, (71.4 million FBM at Sfr.40.3 million in 1955). Austria, West Germany, Poland, Yugoslavia and the Soviet Union were the main suppliers of softwoods, which represented 62 per cent of Swiss lumber imports. Sawn hardwoods other than oak were purchased from France, Austria, Yugoslavia and West Germany; France and West Germany also supplied oak planks. According to Swiss statistics, 159,740 FBM of Douglas fir planks and boards valued at Sfr.172,240 were purchased from Canada in 1956, a decrease of 30 per cent from 1955 when 234,068 FBM valued at Sfr.289,231 were imported. The lumber trade between Canada and Switzerland is therefore marginal. In 1956 the proportion of Canadian lumber in total Swiss lumber imports was less than 0.2 per cent.

Swiss consumption of lumber increased last year by 1.9 per cent to 657.5 million FBM. With domestic production unchanged at 578.7 million FBM, the larger demand because of expanding building activity was met by greater imports and fewer exports (3.5 million FBM in 1956 compared with 5.1 million FBM in 1955).

Canada Becoming Non-Competitive

There is no exchange control in transactions between Switzerland and Canada; import licences are required for fuelwood and lumber but they are granted freely. Canada's marginal position as a supplier of lumber to Switzerland therefore results from the obvious disadvantage of distance from source to destination, but in 1949 (the best postwar year in Canadian-Swiss lumber trade) Canadian sales to Switzerland were nearly double what they are now. The main reason for this steady decline is the rising freight charges

which make Canadian lumber increasingly non-competitive. A number of Swiss lumber importers state that they have received offers for softwood lumber from East European countries at prices as much as one-third less than Canadian prices. The rising demand for hardwood flooring explains the increased imports of French oak and other hardwoods which in some cases are replacing Canadian Douglas fir. The premium on the Canadian dollar is to a certain extent also a disadvantage when importers are considering purchases in the dollar area.

Until recently, Canadian suppliers were reluctant to offer lumber of the N-list; exports were for the most part under the R-list. The importance of adaptation to other specific requirements of the Swiss market must not be under-estimated.

It is the opinion of Swiss lumber importers that unless Canadian products can be landed more competitively, the already small purchases from Canada will continue to decline. However, there is no doubt that Douglas fir and to a lesser extent spruce and hemlock can find a market in Switzerland if this difficulty can be overcome.

—B. I. RANKIN,
Commercial Counsellor, Berne.

GREECE—*About two-thirds of lumber used for building is imported but high freight rates, local preferences in types and sizes, and emphasis on credit terms make selling here difficult for Canadian suppliers.*

TO MEET THE BRISK CURRENT DEMAND for construction material, Greece must import over 300 thousand cubic metres of lumber out of a total annual consumption of 450 thousand. Much of this imported lumber is used to replace or repair buildings damaged during the occupation of the country (1941-44) and by the destructive postwar earthquakes. The industrial expansion program, which has made amazing strides in the past few years, has also used large quantities.

Domestic Production

In Greece forests cover about 2,406,000 hectares (5,943,820 acres); almost 65 per cent is state-owned. These forests yield principally shrubs and small-sized trees producing low-grade lumber. Most of this lumber is consumed locally and only about 81,000 cubic

metres can be used effectively within the country. Apart from briarwood and small shipments of walnut veneers and miscellaneous sawn logs, Greece has never been and never will be an exporter of lumber.

Imports Are Increasing

The lumber imported into Greece is used primarily for construction, furniture, veneers, plywood, hardboard, box shooks, flooring, cooperage, railway ties and telegraph poles. No pitprops are brought into the country. Official lumber statistics show the following imports during 1956:

	Tons	Cubic metres
Sawn logs and hewn lumber	9,736	17,140
Sawn lumber in boards, planks, beams, etc.,	145,743	264,054
Railway ties	11,842	12,239
Plywood	6,774	10,650
Plywood for furniture, over 2 cm.	49	n.a.
Veneers	87	n.a.
Furniture lumber	26	n.a.
Floorings, processed or not	1,653	n.a.
Cooperage, processed or not	472	n.a.
Other	7	n.a.
	176,389	304,083

The main suppliers were:

White lumber (white spruce): Austria, Rumania, U.S.S.R., Czechoslovakia.

Redwood: Sweden, Finland, U.S.S.R.

Douglas fir: United States, Canada.

Oak ties: France, United States.

Oak floorings: Japan, United States, Yugoslavia, Austria.

Plywood: Finland, U.S.S.R., Italy, Israel.

Hardboard: Sweden, Czechoslovakia, Austria, Yugoslavia.

Box shooks: Czechoslovakia.

Cooperage: Japan, United States, Austria, Yugoslavia, Rumania.

Furniture lumber: United States, France.

European Competition Strong

Greece's traditional suppliers are Rumania, Central Europe, Scandinavian countries, and the U.S.S.R. High freight rates from Canada have practically excluded Canadian lumber from this market. Present freight rates from Black Sea ports are about \$5.00 per cubic metre and from Trieste about \$4.00; for Scandinavian shipments they are approximately \$60 per Swedish standard.

The more responsible lumber importers are placing their requirements on the basis of 25 per cent letter of credit or 25 per cent cash against documents terms, with the balance to be paid over three months. The bulk of the imports are effected through private trade. The Greek State and its agencies purchase small quantities of lumber, including Douglas fir, each year. The Greek State Railways, the Telecommunications Organization of Greece, and the Public Power Corporation (P.P.C.) hold worthwhile public tenders at

different times during the year to replenish their stocks of railway ties (oak) and telegraph poles.

Imports Not Restricted

Greece has a liberalized import regime, free of import quotas or foreign exchange difficulties, for almost 97 per cent of her imports. Dollars are made readily available for lumber imports and price and credit terms continue to have a decided bearing on the ultimate suppliers.

Greece imports each year about 2,000 cubic metres of North American Douglas fir. Canadian suppliers, because of shipping difficulties, were able to ship only small parcel lots to Greece during 1956 (\$2,503). Other obstacles facing Canadian firms included generous credit facilities offered by competing suppliers, local preferences for certain kinds of lumber (such as oak ties and oak flooring) and certain specifications requesting boards, planks and beams to be supplied in length of four metres for white lumber (white spruce) and four to six metres for redwood lumber.

Lumber imports will continue to reach Greece from her traditional suppliers during 1957. Canadian business will probably be limited to small Douglas fir shipments unless shipping facilities and freight tariffs from the West Coast of Canada to Piraeus (Greece) improve before the year's end.

—A. B. BRODIE,
Commercial Secretary, Athens.

ITALY—*Market for Canadian lumber is limited to special orders of better-quality softwoods needed for specific purposes. Austria, Yugoslavia and Rumania her normal suppliers.*

ITALY'S FORESTS cover about 5.74 million hectares, or approximately 20.6 per cent of the entire productive land area. Broad-leaf trees such as beech, oak and chestnut predominate and provide a large part of the hardwoods needed for the domestic market. Italy must, however, import substantial quantities of softwoods to meet consumer needs.

Complete production figures for 1956 are not yet available but total fellings, in terms of industrial round wood, reached 3.8 million cubic metres in 1955, of which 2.3 million consisted of hardwood; the comparative figures for 1954 were 3.6 million and 2.1 million cubic metres respectively. Production of processed

wood, other than wood pulp and pulp products, during the same periods were:

	1955	1954
	('000's cubic m.)*	
Sawn softwood	837	939
Sawn hardwood	966	882
Plywood	150	150
Ties	181	196

*1000 cubic metres=approximately 424 thousand FBM.

Export and Import Trade

Italy's lumber exports are negligible and consist largely of sawn hardwood and plywood. Latest complete statistics available show that exports in 1955 and 1954 were as follows:

	1955	1954
	('000's cubic metres)	
Sawlogs and veneer logs	0.3	0.1
Poles, pilings and posts	0.1	...
Ties	0.5	...
Sawn softwood	1.9	0.5
Sawn hardwood	52	2.0
Veneers	3.5	3.0
Plywood	15	8.3

It is estimated that Italy imports from one-third to one-fifth of her total timber requirements; the neighbouring countries of Austria, Yugoslavia and Rumania are by far the largest suppliers. Imports and consumption of forest products in 1955 and 1954 were:

	Imports		Consumption	
	1955	1954	1955	1954
	('000's cubic metres)			
Sawlogs and veneer logs ...	479	344	*	*
Pitprops	22	29	113	144
Poles, piling and posts	103	57	661	541
Ties	0.8	5.1	181.3	201.1
Sawn softwood	1,639.7	1,653.5	2,476	2,592
Sawn hardwood	155.8	160.9	1,070	1,040
Plywood	0.7	0.8	135.7	142.5

*Utilized for processing

Sawn softwood is the most important lumber import. Austria supplied an average of 80 per cent of this product in 1955 and 1954, followed by Yugoslavia and Rumania with a total of 16 per cent. Imports from Canada in the same years consisted almost entirely of Douglas fir and hemlock and represented about 0.4 per cent of Italy's total imports of sawn softwood.

Canadian Opportunities

The main lumber imports from both Canada and the European countries mentioned above consist of coniferous wood, but the Canadian product is superior in quality. Italy has clearing agreements with Austria, Yugoslavia and Rumania and lower transportation

costs, quick delivery and the possibility of obtaining shipments as small as one carload at a time make these countries the logical sources of supply. Canadian softwoods are only imported, therefore, when a better-quality product is required to meet specific needs.

Most types of lumber are on the free list of imports and consequently the buyer does not need an import licence to purchase lumber from dollar countries. Current high transportation costs, however, prohibit Canadian sales to this market. The only exception is in cases where the merchant cannot obtain the kind of lumber he wants from the normal European sources of supply.

—K. F. OSMOND,
Commercial Secretary, Rome.

YUGOSLAVIA—Exports of softwood timber have declined and probably will continue to decrease for several years. The current plan calls for increased sales of finished wood products in the years ahead.

YUGOSLAVIA'S TIMBER OUTPUT is not only sufficient to supply her own needs but constitutes one of her leading exports. Slavian hardwoods, in particular, have a good reputation and command premium prices on world markets. The forested area of Yugoslavia covers some 8.3 million hectares, of which about 80 per cent consists of broad-leaf trees with beech and oak predominating; the remainder is made up of spruce, fir and other conifers.

Fellings in 1955 totalled 18.8 million cubic metres, of which 4.3 million were used by the lumber industry and the remainder for fuel; the comparative figures for 1954 were 19.1 million and 4.6 million cubic metres respectively. Production of processed woods was as follows:

	1955	1954
	('000's cubic metres)	
Sawn softwood	1,256.7	1,340.8
Sawn hardwood	591	527
Plywood	41	36
Ties	75	44
Boxboards	199	186

Detailed 1956 statistics on production are not yet available but the output of sawn softwood during the first six months of the year fell to 495 thousand cubic metres from 562 thousand cubic metres during the same period of 1955. There were no significant

changes in the production of sawn hardwood or plywood.

Lumber Exports Decline

Sawn timber still represents the bulk of Yugoslavia's wood exports, both quantitatively and in value. But it is interesting to note that finished wood products such as furniture and wooden fancy goods are absorbing increasing quantities of wood formerly exported as raw material. Exports of finished wood products have increased from 3 per cent of the total wood exports in 1950 to 24 per cent in 1955. Total exports of forest products other than wood pulp and pulp products were:

	1955	1954
	('000's cubic metres)	
Sawlogs and veneer logs	2.1	8.1
Pitprops .....	...	0.9
Piles, pilings and posts	12	0.2
Ties .....	...	5.5
Sawn softwood	356.3	509
Sawn hardwood	269.5	302.9
Veneers	3.9	3.5
Plywood	3.4	2.2
Boxboards	48	40

Exports of sawn softwoods and hardwoods by countries of destination are shown in the following tables:

SAWN SOFTWOOD

	1955	1954
	('000's cubic metres)	
France	2.8	1.8
West Germany	75.7	77.1
Italy	128.4	154.1
Switzerland	2.3	2.8
United Kingdom	18.2	33.1
Argentina	29.4	6.1
French North Africa	36.9	43.4
Turkey .....	...	100
Other countries	62.6	90.6
Total	356.3	509

SAWN HARDWOOD

	1955	1954
	('000's cubic metres)	
Belgium-Luxembourg	4.3	4.6
West Germany	2.8	1.7
Italy	104	105
Netherlands	16	23
Switzerland	9.4	5.7
United Kingdom	82	114
Egypt	19	17
French North Africa	8.6	7.1
Other countries	23.4	24.8
Total	269.5	302.9

During the first half of 1956, exports of sawn softwood reached only 123 thousand cubic metres as against 207 thousand during the corresponding period in 1955; exports of sawn hardwood totalled 85,000 cubic metres compared with 128 thousand. The sharp

decline in these exports is attributed mainly to the failure of the Yugoslav timber trade to adapt itself in time to the developments in foreign markets which led to a fall in prices towards the end of 1955.

Since World War II, Yugoslavia has heavily over-cut her forests. This situation is likely to prevail for several more years but the Government is making determined efforts to bring the difference between growth and fellings into balance as quickly as the economy will permit. This policy already is beginning to show results both in reduced quantities for export and domestic consumption. In the period 1949-1953, the per capita consumption of sawn wood averaged 42.4 FBM; in 1954-55, the average per capita consumption fell to 25.4 FBM a year.

The retail price per cubic metre of sawn softwood rose from 27,103 dinars (300 dinars equal U.S.\$1.00) in January 1956 to a peak of 27,543 dinars in June. In August, prices had dropped to 27,400 dinars and continued to show a slight down-trend for the remainder of the year.

Yugoslavia's current long-term plan for wood manufacture and export development envisages smaller exports of softwood timber. Under this plan, exports of sawn hardwood will also decrease but later on will probably revert to present levels. On the other hand, exports of practically all finished products are expected to increase progressively and by 1963 may constitute 49 per cent of total wood exports; the remainder will consist of sawn timber 45 per cent, and forest assortments 6 per cent. In comparison, exports of finished wood products during the period 1953 to 1955 averaged 19 per cent of total wood exports, with sawn timber accounting for 65 per cent and forest assortments 16 per cent.

—K. F. OSMOND,
Commercial Secretary, Rome.

Austria

An important producer and exporter of lumber herself, Austria offers little opportunity for Canadian sales. In 1956, Austria produced approximately 1.75 billion FBM, of which 1.48 billion FBM were exported—mainly to Italy, West Germany, the Netherlands, and France. In 1956, exports increased by 9 per cent over 1955 and consisted almost exclusively of softwoods. Austrian lumber imports represent 0.2 per cent of exports and include small quantities of softwood from West Germany, beech from Yugoslavia and Rumania, oak from Yugoslavia, and other hardwood from the United States (227,548 FBM during the first nine months of 1956).



This government tree nursery in Israel forms an important part of the large-scale reforestation work going on there. Because the land has been denuded of trees, as in many of the Middle Eastern countries, imports of lumber for the building program are essential.

Middle East

EGYPT—*Import permits for dollar lumber difficult to obtain, and freight charges push up the price. But certain lower grades of Canadian lumber might sell in small quantities.*

EGYPT'S PRODUCTION OF WOOD is estimated at only 15,000 tons a year and is used largely for fuel, to make simple farm implements and carts, and in certain minor industries.

Total imports of lumber into Egypt fell from 234 thousand metric tons worth E£8,150,000 in 1955 to only 141 thousand tons worth E£5,300,000 in 1956 (a 40 per cent drop in volume), mainly because of severe exchange restrictions and insufficient shipping space at the end of the year. Sales by Western countries went down 70 per cent—from E£4.4 million in 1955 to only E£1.3 million in 1956. On the other hand, imports from Eastern sources increased by 21 per cent—from E£2.8 million to E£3.4 million in 1956. Imports from the U.S.S.R. were up 270 per cent over the previous year.

Sources of Imports

The main suppliers of lumber in 1955 were, in order of importance, Finland, Sweden, Rumania, Czechoslovakia, Yugoslavia, the U.S.S.R., the United States, Japan and British Borneo. In 1956 the main ones were the U.S.S.R., Rumania, Czechoslovakia, Finland, Sweden, Yugoslavia and Austria. Exports from Canada in 1956, as shown in Canadian statistics, totalled \$10,000 and consisted of logs, hardwood, N.O.P. The year 1956 should, however, be considered an abnormal one for imports of lumber and the

141 thousand tons brought in did not equal actual consumption. Large stocks were held at the beginning of the year and part of them was used to meet the country's requirements. Present annual consumption is estimated at 180 thousand tons—two-thirds softwood and one-third hardwood.

Import permits in dollars are now issued only for certain essential goods unobtainable from soft currency countries and are not generally issued for lumber, except for American pitch pine and for government requirements.

Factors Governing Sales

Generally, sales are made on the basis of documentary credits but countries such as the U.S.S.R., Rumania, Czechoslovakia, Yugoslavia and Austria, which accept payment in Egyptian pounds, find it easier to obtain import permits. Freight charges for shipments from European and particularly Mediterranean countries are much lower than from Canada. Countries such as the U.S.S.R., Yugoslavia and Rumania are transporting their lumber in their own ships and always quote C. & F.

The main softwood species in demand are redwood, including pine, whitewood, baulks (fileri) and larch. Redwood is imported from Finland, the U.S.S.R., Sweden and other Nordic countries. Grades in demand are 4 and 5, U/S or not, and are used for manufacturing doors, windows, kitchen and hospital furniture, wooden cases, flooring and partition walls. White-wood is imported from Yugoslavia, Czechoslovakia, Austria, Rumania and the U.S.S.R., baulk (fileri) from Finland, and larch from Yugoslavia and Austria. The

latter may replace American pitch pine and is used for beams, for bridges, and for sheds. Grades in demand are 0, 1, 2, 3. Pine is imported from Corsica, Italy, Yugoslavia and Austria; this kind of redwood is used for manufacturing windows and cheap furniture. Pitch pine (mainly from the U.S.), goes into railway ties, bridges, sheds, etc. Grades in demand are merchantable and better. Canadian Douglas fir and spruce could be substituted for pine, whitewood and even redwood.

The main hardwood species in demand are beech, oak, walnut, ash, birch, elm and mahogany. Beech and oak constitute three-fifths of the hardwood consumption. Beech is imported from Yugoslavia, Rumania, Bulgaria, France, Italy, Austria, Hungary, Turkey, the United States and Japan, either in its natural state or steamed. Grades in demand are prime, mercantile and commercial. Oak comes from Balkan countries, the U.S.S.R., Poland, France, Italy, the U.S. and Turkey; grades in demand are F.A.S. No. 1 common and No. 2 common.

At the moment, distribution of more literature on Canadian lumber might be useful. Eventually a few import permits may be issued in dollars for lumber unobtainable from other countries or if C.I.F. dollar prices are more advantageous. As the import trade in Egypt is carried out by a limited number of large importers, cargo shipments might be arranged. This would mean lower freights and help Canadian suppliers to compete with European sources. Because lower grades are in demand and are offered by our competitors, Canadian suppliers should only offer the equivalent. Canadian planks and boards which might find a market in Egypt include Douglas fir, spruce (lower grade), ash (high grades), and larch (medium grades).

—E. N. MOUSSA,

Office of the Commercial Secretary, Cairo.

ISRAEL—Imports meet nearly all lumber needs but purchases from Canada curtailed, except for small amounts of Douglas fir, because of dollar shortage.

DOMESTIC PRODUCTION OF LUMBER in Israel is negligible. In fact, the land has become so denuded of trees through centuries of misuse that large-scale reforestation is now being practised. To obtain current supplies, the Israelis must turn to foreign countries.

Imports into Israel of "wood and timber", according to official statistics, increased from \$10.8 million in

1954 to \$13.2 million in 1955, and were valued at \$9.6 million for the period January-September 1956. The main suppliers were:

<i>Boards and planks, barks and beams of coniferous wood</i>	1954	1955	1956 (9 mos.)
	<i>(in cubic metres)</i>		
Austria	62,414	30,834	5,090
Finland	24,449	48,441	61,836
Rumania	11,841	20,988	7,591
Yugoslavia	10,972	16,630	21,748
Italy	2,006	14,495	3,372
Sweden	4,710	8,339	151
France	2,965	7,722	2,274
West Germany	6,186	....	....
CANADA (Douglas fir)	7,084	3,529	3,100
Trieste	7,580	(a)	(a)

(a) As from January 1, 1955, figures for Trieste included with Italy.

Boards and planks of beechwood

	<i>(In cubic metres—m3)</i>		
Yugoslavia	4,435	4,095	3,243
West Germany	2,233	3,647	567
Turkey	1,135	2,505	238
Rumania	103	2,268	918
Italy	66	1,316	85
Bulgaria	795	50	1,195
Austria	473	252	45
France .....	....	97	309
Trieste	359	(a)	(a)
CANADA .....	....	....	177

(a) As from January 1, 1955, Trieste figures included with Italy.

In addition, imports of "manufactures of wood and timber" increased from \$5.1 million in 1954 to \$7.5 million during 1955 and reached \$3.7 million during the first nine months of 1956. Wood shooks for citrus cases supplied by Yugoslavia, Portugal, France and Italy covered the bulk of this trade (102,849 cubic metres, valued at \$6.7 million in 1955). Other products included wooden poles for electricity transmission (\$3 million) wooden hoops for cases (1,853 tons valued at \$133 thousand), veneer wood, barrels, corks and crown corks.

Licensing and Exchange Controls

Difficult economic conditions have made necessary the introduction of strict import and foreign exchange controls in Israel during recent years. To conserve the limited dollar exchange and to find markets for Israel's growing exports, emphasis has been placed on bilateral clearing arrangements with most European countries. Import statistics show how this medium of trading has been used almost entirely in meeting Israel's requirements of lumber and wood products. An exception is the modest quantity of softwood for building purposes (Douglas fir). Over the past few

years, imports of Douglas fir totalled, according to DBS figures:

	Value (in thousands, FBM)	Quantity
1954	\$241,566	2,105
1955	79,665	685
1956	167,204	1,242

Israel's expanding economy and high rate of immigration (75,000-100,000 in 1957) have pushed a building program which should last for some years. Purchases unfortunately will continue to depend on Israel's large unearned foreign exchange revenues (including the United Jewish Appeal and loans) German reparations and restitution payments, and U.S. Government economic aid (currently suspended). In the circumstances, there appears little likelihood of increasing Canadian sales of Douglas fir or other lumber species to Israel over the next few years.

—A. B. BRODIE,
Commercial Secretary, Athens.

LEBANON and SYRIA—*Largest demand is for white softwoods, mainly spruce, but red softwoods also sell quite well. Aggressive promotion of softwood plywood for concrete shuttering would probably pay dividends, but high freight costs from Canada limit sales.*

CANADIAN SHIPMENTS OF LUMBER to this area consist almost entirely of Douglas fir, averaging about 11,000 standards a year; imports of red softwood total approximately 9,000 standards a year, of which Sweden supplies the largest share. Last year the Soviet Union shipped about 2,000 standards of its Siberian redwood Igarka, which is similar in quality to "industrial select" Douglas fir but comes at about two-thirds of the price.

Imports of white softwood, mainly spruce, now total about 22,000 standards a year; Rumania supplies about 70 per cent of the demand. Most of the remainder comes from Austria and Yugoslavia; very little is bought from Scandinavia.

It is remarkable that any Canadian lumber at all finds its way to these countries bordering on the eastern Mediterranean. Freight charges from Vancouver to ports here are about three times the charges from Scandinavia. Freight costs add about 80 per cent to the F.O.B. cost of Canadian West Coast lumber shipped to Lebanon or Syria.

There is little doubt that Canadian sales would climb if our laid-down costs could be cut. In 1949-50, when Canadian Douglas fir prices were only about 10 per cent above Sweden redwood prices, Swedish exporters found it was impossible to sell their product in these countries.

The regulations governing imports of lumber into the two countries vary considerably but other market characteristics are similar. Importers involved in the timber trade usually have branches in both countries, so it is convenient to think of them as a single market. Official statistics for 1956 are not yet available but the following table will serve to indicate the extent of the market.

Lebanon-Syria Lumber Imports

	(in tons)			
	1952	1953	1954	1955
LEBANON				
<i>Softwoods</i>				
Katrani (a type of cedar from Turkey now almost unobtainable but much favoured)	2,723	485	76	....
Fir (includes spruce, whitewood, redwood, Douglas fir, etc.)	16,631	17,895	25,600	32,400
Total	19,354	18,380	25,676	32,400
<i>Packing cases</i>	62	1,485	2,629	1,201
<i>Hardwoods</i>	2,533	2,243	3,194	5,957
SYRIA				
Katrani .....	....	....	546	733
Fir (including spruce, whitewood, redwood, Douglas fir, etc.)	17,013	17,886	13,965	26,277
Other	2,579	6,220	5,779	1,464
Total	19,592	24,106	20,290	28,474
<i>Box shooks and packing cases</i>	84	2	54	98
<i>Hardwoods</i>	2,321	2,912	4,322	2,757

The chief hardwoods imported are beech and oak but recently some of the Oriental and African hardwoods have been introduced. In 1955, the important suppliers, by value, were Rumania 22 per cent, Yugoslavia 21 per cent, and Bulgaria 13 per cent. In the past importers have bought some oak for furniture-making from the United States.

Market for Plywood Expands

The thousands of small carpenter shops which make furniture use imported veneers. In 1955 imports into Lebanon were valued at L£244 thousand* and into Syria at S£189 thousand**. In both cases the principal suppliers were France and Italy.

*To convert to Canadian dollars multiply by 0.3.

**To convert to Canadian dollars multiply by 0.27.

Plywood imports have expanded in recent years and two factories, using machinery from Czechoslovakia, are being set up, one in Lattakia and the other in Tripoli. Production of each will be about one cubic metre a day on the basis of 4 mm. plywood. Peeling logs will consist mainly of okoume from Gaboon in French Equatorial Africa, but the factories may use some local poplar.

Lebanon's imports of plywood in 1955 totalled L.£1,576 thousand and about half of the total came from France and was mainly okoume from French Equatorial Africa. Next in importance as suppliers are Italy and Czechoslovakia.

Syrian plywood imports in 1955 were valued at S.£1,159 thousand; Italy was the chief supplier with 35 per cent of the market, followed by Bulgaria and Rumania.

Both countries import practically no softwood plywood, but recently there have been signs of interest in waterproof plywood for concrete shuttering. Aggressive sales promotion in this market by producers of waterproof plywood such as Canadian Douglas fir should bring good results.

—G. F. G. HUGHES,
Commercial Secretary, Beirut.

IRAQ—*Market for softwoods increasing but buyers prefer white types and now obtain 90 per cent of their supplies from Scandinavia. Outlook promising but Canadian shippers lack direct shipping services and freight costs are high.*

IRAQ'S LUMBER TRADE is quite different from that of its neighbours to the west. The country uses relatively large amounts of teak and similar hardwoods from the Far East, which come in through Basra, on the Persian Gulf. Softwoods from Europe and Canada, because of higher freight charges, are more expensive. Little timber is produced locally although extensive areas in northern Iraq are being planted to trees and may some day supply poplar for a plywood industry.

Before World War II, softwoods from Scandinavia were almost unknown in this market and Rumania was then the chief supplier. Lumber imports were in the hands of a very few merchants and during the war quotas maintained this system. Following the

war the quota system was abolished and many new firms entered the lumber business; the pattern of the trade changed rapidly.

Softwood Imports Up

Hardwoods continue to come in from the traditional sources, but the trade is buying increased amounts of softwoods from Scandinavia. Buyers prefer white softwoods; red types are not popular simply because of their colour. The reaction is the opposite in Lebanon and Syria where the trade associates red colour with superior strength, durability and moisture resistance. Currently, softwood imports total between 8,000 and 10,000 standards a year, of which Sweden supplies about 80 per cent, Finland 10 per cent, and Rumania about 10 per cent; insignificant amounts come from Austria and Canada.

The most recent statistics are for 1955 and wood imports are grouped by country of origin with no distinction made among varieties. Imports totalled 48,000 tons of lumber valued at I.D.408 thousand*. Examining the countries of origin, it appears that the total was divided about equally between softwoods and hardwoods. Out of a total of about 24,000 tons of softwood, Sweden supplied 11,000 tons, Rumania 5,100 tons, Austria 1,970 tons (possibly some hardwood is included in this figure), and Finland 1,350 tons. Canada shipped 47 tons valued at I.D.2,399.

Market Should Expand

Producers of railway ties should note that Iraq has a fairly extensive railway system. There are the normal annual needs for replacement and in addition the line from Basra to Baghdad is to be changed over from narrow to standard gauge. In 1954 Iraq bought 13,500 tons of ties at a cost of I.D.162 thousand; half came from Australia and half from India. The railway administration still maintains its preference for hardwood ties and has never tried creosoted ties of Douglas fir. However, the Saudi Arabian government railroad from Damman to Riyadh uses creosoted Douglas fir ties almost exclusively which makes a good selling point.

To complete our examination of lumber imports we must mention the requirements of the date-packing industry. Each year the date associations use about two million boxes and they make their main purchases by international tender. Up to 1951 Sweden was the chief supplier but in recent years Portugal has taken over the biggest share of the market. The annual purchases have run as high as I.D.500 thousand but the average is approximately half that figure. Occasionally Canadian exporters have shown interest

*To convert to Canadian dollars multiply by 2.69.

in supplying shooks for date boxes but they have never been successful since the war.

Iraq's oil revenues are used to finance its vast development programs and thus this country offers good prospects as a market for lumber. But Canadian West Coast producers will continue to be handicapped because of high freight charges and the lack of a regular direct shipping service to the Persian Gulf.

—G. F. G. HUGHES,
Commercial Secretary, Beirut.

TURKEY—*Shortage of foreign exchange limits sales opportunities for Canadians to purchases by public tender, particularly of pitprops and pulpwood.*

TURKEY, once a better source of supply of lumber than a market for it, now depends on outside countries to provide her increasing requirements. To combat the indiscriminate cutting of the forests for firewood by the peasants and the destruction of saplings by the tremendous number of goats (over 17 million in 1952) a forest law was passed in 1937. This gave the State control of all forests, including those under private ownership, and contained measures for planting and protection against fire, marauders and insects. Today a mere 13 per cent of this huge country (296,185 square miles) is covered with forests and there is still a vital need for an extensive and stricter reforestation program. Estimates of local yearly production are:

Construction lumber	167,000 cubic meters
Pitprops	55,000 cubic meters
Poles	4,273 cubic meters
Logs	900,000 cubic meters
Firewood	4,000,000 cubic meters
Charcoal	40,000 cubic meters

Imports during the first nine months of 1956 totalled 6,500 tons and 284 thousand cubic metres of various kinds of lumber. The more important shipments included:

<i>Pulpwood</i> from Sweden	3,092 tons worth T£603,611*
<i>Pitprops</i> from Finland, Poland United States	90,896 cu. m. worth T£6,943,963
<i>Hardboard</i> from Yugoslavia, Finland, Poland, Czechoslovakia	2,874 tons worth T£1,337,000
<i>Plywood</i> from Yugoslavia, Israel, United States	59 tons worth T£74,000

*T£2.80=U.S.\$1.00

Turkey's present shortage of hard currency has limited her normal lumber purchases to EPU countries and those with which she has clearing agreements. During 1956 about \$2.6 million worth of lumber (including \$1.5 million worth of pitprops) was made available under United States ICA procurement authorizations.

Pulpwood imports, which reached almost 40,000 tons in 1954 (8,000 tons in 1953), fell to 3,092 tons during the first nine months of 1956. The requirements of the state-owned Imit Paper Mills (annual production, about 12,000 tons of paper of all kinds) are steadily increasing as new machinery is being installed. Pulpwood tender specifications usually call for 3½-foot lengths or multiples thereof for both barked and basted pulpwood.

The only opportunity for Canadian suppliers to do lumber business in Turkey within the next few years is through public tenders where foreign exchange is assured. Canadian pulpwood and pitprops are already well known there and correspondence on these two products will be welcomed by responsible Turkish firms.

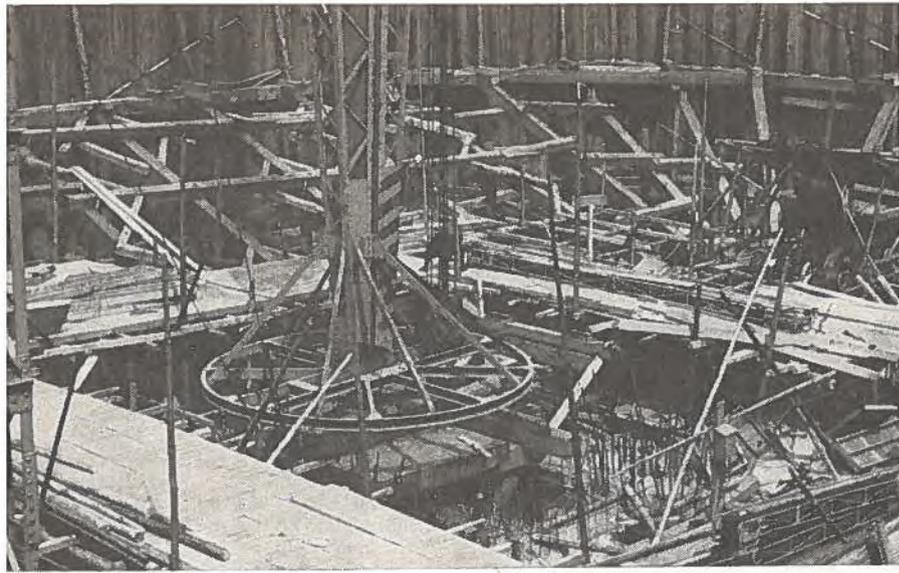
—A. B. BRODIE,
Commercial Secretary, Athens.

Jordan

THE POPULATION OF JORDAN is about the same as Lebanon but total imports of lumber and plywood amount to less than half of the Lebanese purchases. Softwood imports totalled approximately 21,000 cubic metres valued at J.D.430 thousand (to convert to Canadian dollars multiply by 2.68) in 1955. The chief supplier was Austria, followed by Rumania, Sweden, Finland and Yugoslavia. Hardwood imports are considerably less important, amounting to about 2,700 cubic metres in 1955 valued at J.D.97,000. Most of it comes from Yugoslavia, Bulgaria and Rumania.

Plywood, all of it hardwood, is imported mainly from Italy, Yugoslavia, France and Spain; imports in 1955 totalled about 1,500 cubic metres valued at J.D.86,000.

Lumber imports are subject to licence and because of Jordan's membership in the sterling area, the authorities rarely grant licences for payment in convertible sterling. Importers who wish to buy Canadian lumber have to use the Arab currency scheme, which involves the payment of a premium. Jordan's future exchange policy is not clear at present, and there is little indication that the lumber market here will be of interest to Canadian exporters.



—Jardine, Matheson & Co. (Japan) Ltd.

Japan has become the leading Asian market for Canadian lumber, mainly from the Pacific Coast. The picture shows the foundation of a new building in Tokyo, and the squares of Douglas fir used to hold the sheet piling in position.

Asia

JAPAN—Imports expected to increase to 2,000 million FBM a year by 1960. Chief purchase from the dollar area is Douglas fir in sizes needed for heavy construction and shipbuilding. Canadian suppliers must meet U.S. competition in this buoyant market.

CURRENT ANNUAL DEMAND for log material in Japan is estimated at about 17,500 million FBM, of which over 90 per cent is available from domestic sources. Coniferous species—pine, cedar and fir—account for 85 per cent of the forest growth of this country; the broad-leaf varieties which make up the rest include birch, ash, elm, beech and oak.

Imports, which at present total about 1,000 million FBM a year, are limited to North American Pacific Coast lumber in the larger dimensions and to tropical hardwoods like lauan and teak from such sources as the Philippines, Borneo and Burma.

If the present economic expansion which has stimulated the demand for lumber continues, imports may well double over the next three or four years. Canadian exporters, by careful cultivation of this market and close attention to its special needs, could participate increasingly in this business.

Japan's total domestic production of logs in 1956 amounted to 17,066 million FBM including fuelwood. Of this, 13,341 million FBM were produced by private operators and 3,725 million FBM from the national forests. Output in 1956 was about 550 million FBM more than in 1955. According to current estimates, production should increase at an average rate of 260 million FBM over the next four years, reaching 18,271 million FBM in 1960. At that time private forestry

is expected to produce 14,097 million FBM and national woodlands 4,174 million FBM.

Exports and Imports Analyzed

Roughly one-half of the timber exported from Japan is in the form of plywood, of which about 80 per cent is made from lauan, imported in the log from the Philippines and Borneo; the rest is made from domestic hardwoods. The principal markets for these exports are the United States, Britain and Canada.

The other half consists of domestic hardwood lumber destined mainly for Britain, Belgium and the United States; lauan lumber for the United States and Canada; domestic softwood lumber for Formosa, Okinawa and Korea, and tea chests for Ceylon.

Detailed statistics for 1956 exports are not yet available. The breakdown for 1955 is given in the table on page 56.

Lauan logs from the Philippines and Borneo represent about five-sixths of all Japanese timber imports. Most of the remaining one-sixth is made up of Douglas fir and other logs and lumber from the Pacific coast of North America. Imports from the Soviet Union (mostly pine) are not particularly large at the present time, but they could conceivably increase substantially and indications are that they will. Total timber imports in 1956 were 958 million FBM. This compares with 887 million FBM in 1955; imports for this year are shown in the table on page 56.

Consumption Rising Steadily

Japanese consumption in terms of supply and demand for the six years 1955-60 is illustrated in the following

JAPANESE LUMBER EXPORTS, 1955

Item	Destination	Quantity	Value (f.o.b.) U.S.\$
Domestic hardwood lumber	U.K., Belgium,	87,995 million FBM	16,667,600
Lauan lumber	U.S.	50,861 million FBM	8,413,600
Domestic hardwood plywood	U.S., Canada.	87,000 million sq. ft.	8,782,128
Lauan plywood	U.S., U.K., Canada.	542,510 million sq. ft.	27,754,742
Flooring	U.S., U.K., Canada.	2,071 million FBM	496,394
Domestic softwood log	South Africa	4,393 million FBM	279,209
Domestic hardwood lumber	Formosa, Okinawa, Korea.	39,425 million FBM	3,030,961
Domestic hardwood log	Formosa, Okinawa, Korea.	92 million FBM	27,044
Veneer chests	Ceylon	5,875 million kg.	904,947
Momi chests	Ceylon	1,530 million kg.	172,631
Single veneers	South Africa	6,360 million sq. ft.	200,450
Railway ties	Korea	1,763 million FBM	194,147
Other		516 million FBM	88,419
Total			US\$67,012,272

JAPANESE LUMBER IMPORTS, 1955

Item	Origin	Quantity	Value (c.i.f.) U.S.\$
Douglas fir and other Pacific west coast logs	U.S., Canada.	38,955 million FBM	3,959,005
Douglas fir and other Pacific west coast lumber	U.S., Canada.	31,603 million FBM	3,466,189
Hemlock, spruce, etc.,	Alaska	1,505 million FBM	153,153
Russian timber	U.S.S.R.	7,090 million FBM	411,808
Lauan log	Philippines	717,645 million FBM	47,867,150
Lauan log	Borneo	80,982 million FBM	4,638,238
Lignum vitae	U.S. (Origin-Central America)	249 million FBM	147,988
Teak	Thailand, Burma	514 million FBM	267,997
Other	Formosa, etc.	7,860 million FBM	1,013,795
Total			US\$61,925,323

table. It shows domestic demand exceeding domestic supply by an increasing amount each year, so that by 1960 imports of 2,000 million FBM will be required. Exports, it is anticipated, will remain at about their present level.

CONSUMPTION OF LUMBER

(in millions of FBM)

	Supply		Demand		Total
	(Domestic)	(Import)	(Domestic)	(Import)	
1955	16,513	887	16,766	633	17,400
1956	17,066	958	17,391	660	18,051
1957*	17,408	1,055	17,803	660	18,463
1958*	17,821	1,161	18,322	660	18,982
1959*	17,958	1,372	18,670	660	19,330
1960*	18,271	1,906	19,017	660	19,677

*—Estimated

In 1956, when demand reached 18,051 million FBM, consumption was as follows:

Mining timbers	1,124 million FBM
Pulpwood	3,370 million FBM
Poles	118 million FBM
Ties	385 million FBM
Housing	6,255 million FBM
Export	660 million FBM
Other*	6,138 million FBM

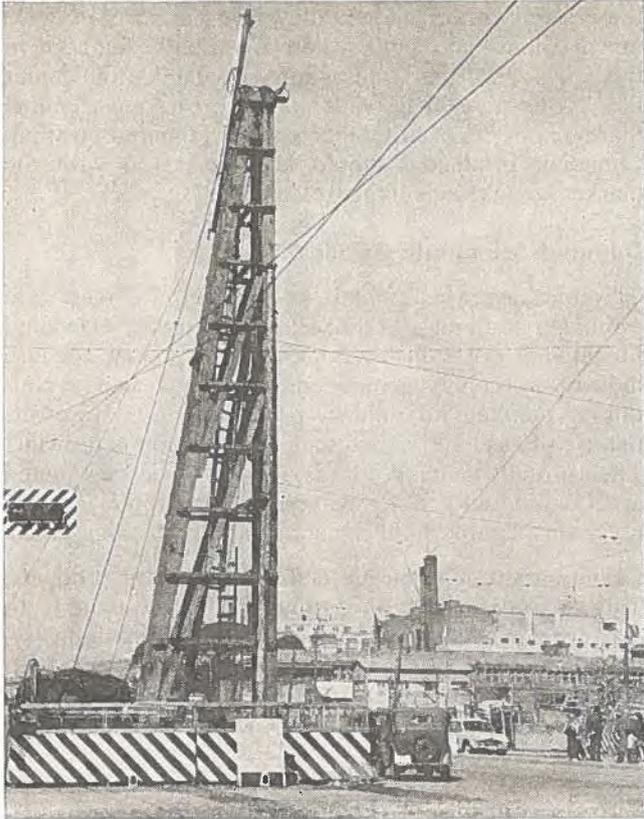
*Includes firewood, charcoal, box, pencil, and match wood, etc.

Consumption under all these headings (except mining timbers and export) is expected to show a gradual but steady rise through 1960. By that time, it is estimated, pulpwood requirements will total 4,228 million FBM and housing 6,912 million FBM.

Import Licensing

Licences for the import of timber into Japan are granted under both the Automatic Approval and the Fund Allocation Systems. Under the former, the licence is granted automatically to any importer on application. Under the latter, foreign exchange is allocated among a limited number of importers in accordance with their past record of imports. Imports of lauan logs from the Philippines are made under the Fund Allocation System, but the following timbers and lumber may be imported at present under Automatic Approval:

Description	From
Lauan, apitong & kapor (camphorwood) logs	Sterling area (Borneo, Indonesia).
North American lumber & logs	Dollar area (U.S., Canada, Alaska).
Teak	Sterling area (Thailand, Burma).
Lignum vitae	Dollar & sterling area.
Cork bark	Dollar & sterling area.



—Jardine, Matheson & Co. (Japan) Ltd.
Douglas fir in the larger dimension sells well in Japan. Here pile-driver gear made of Canadian Douglas fir is being used to drive piles to support an underground telephone-cable installation for the Tokyo municipal government.

Foreign exchange made available for lumber imports during the fiscal year April 1956-March 1957 was:

Philippine lauan logs	U.S.\$43,986,000
Borneo lauan logs	4,200,000
Indonesian lauan logs	675,000
North American lumber and logs	10,004,000

With the exception of white, yellow and red cedar, and other woods of these species which when cut, sawn or split to a thickness not exceeding 200 mm. are dutiable at 5 per cent, all Canadian lumber enters Japan free of import duty and encounters no import licensing difficulties.

Competition from the U.S.

In the timber trade with Japan, Canada's only competitor is the United States. The present Japanese import licensing system applies equally to the products of both countries. As between Canadian and United States supplies, prices do not vary to any extent. Thus, although the number of U.S. exporters and the quantity and variety of their offers are greater, the business will usually go, in the final analysis, to the supplier who puts forth the greatest selling effort. As a means of stimulating business, personal visits to

the market by exporters are recommended. Many Japanese lumber importers send their key men to visit their suppliers in the United States from time to time or maintain representatives or branch offices there. This practice has not been common in the past between Japan and Canada, although it is becoming more so. This is all to the good because personal contact can only result in a better appreciation of the market on both sides. Moreover, a correct knowledge of the financial capacity or credit standing of the importer can promote business and avoid unnecessary uneasiness. In the view of some lumber importers here, United States traders have a better understanding of the Japanese market than their Canadian competitors.

Market Requirements Outlined

Japan looks to North America largely for lumber of specifications which are difficult to obtain from domestic sources. West Coast timber species are all available in Japan and are more competitive in price than those imported from across the Pacific. But heavy construction work and shipbuilding call for sizes (20' and longer and 12" x 12" and larger) which are not available locally in large quantities. A substantial percentage of Japanese demand for West Coast timber is for Douglas fir. As far as sawn lumber is concerned, there is not much current interest in other species.

West Coast lumber is normally sold here in accordance with the Pacific Lumber Inspection Bureau's Export "R" List. The grades of lumber in sizes of 12" x 12"/24" x 24" squares, in lengths 20' and longer, demanded by the Japanese market are:

No. 3 Common for construction work	30-50 per cent
No. 2 Merchantable for construction & ship- building	35-55 per cent
No. 1 Merchantable } for shipbuilding, etc.	5-10 per cent
Selected Merchantable }	

There is also a very limited market (say 5 per cent) for Clear Lumber 5½" x 10" and wider, by 16' and longer, in the grade "No. 2 Clear and Better for ships' decking".

The total quantity of logs imported from the West Coast is about 25 per cent greater than that of sawn lumber. Although the United States exports logs freely, certain restrictions apply to the export of logs from Canada.

The generally buoyant state of the Japanese economy has resulted in an upswing in the demand for construction lumber. In consequence, imports of West Coast lumber will probably rise considerably; in fact, it is anticipated that imports of Douglas fir squares may be half as large again as last year and that the demand for other items will keep pace.

Japanese domestic timber prices have recently made a remarkable advance and are likely to continue firm. But the advantage which imported lumber might have enjoyed in consequence has been offset by the rise in ocean freight rates. Any softening of these will enhance the ability of North American lumber to compete with the domestic product over a wider range of uses. Unfortunately, although freight rates from the Canadian West Coast to Japan are usually the same as from American West Coast ports, shipping convenience seems to favour the latter and opportunities to ship by Japanese tramp vessels are less frequent in Canada than in the United States.

—J. L. MUTTER,
Commercial Counsellor, Tokyo.

TAIWAN—*Demand for lumber brisk but government import policy excludes Canadian supplies. But Canadian producers of fir lumber should keep watching this market because change in conditions might make sales possible.*

DESPITE VAST TIMBER RESOURCES—approximately 55 per cent of the Island's surface area is covered by forests—Taiwan does not produce enough lumber to meet domestic needs. The total timber reserve is estimated at about 227 million cubic metres, comprising both broad-leaf trees and conifers. In 1955 the overall cut was estimated at 545 thousand cubic metres, of which just over one-half consisted of coniferous varieties.

Imports Controlled

Taiwan's annual lumber imports average about 100 thousand cubic metres, the greater part in sawn timber form. Lauan logs are purchased from the Philippines and Douglas fir from the United States. The former are used to make plywood sheets and the Douglas fir lumber is used in construction. Other types of lumber and logs are imported from Japan, Hong Kong, Portugal, Australia, India, Thailand and Indo-China.

The Taiwan Government is extremely short of foreign exchange for imports and consequently uses United States aid dollars wherever possible. Imports of lumber are subject to government regulations as well as to foreign exchange control. A large part of the timber imports are financed by United States aid funds, although some lumber and logs are bought through

the general import budget allowance (imports of cork, match splints and sandalwood are usually financed in this way). Further transactions are carried out under the barter agreement with Japan. Although United States exporters of fir lumber are in a favoured position, Canadian producers should keep in touch with the market to take advantage of any change.

Demand for Lumber Good

Taiwan's average annual lumber requirements are estimated at about 400 thousand cubic metres. Demand for lumber for construction needs is heavy because industry is being encouraged. There is also a continuing demand for military developments. However, the use of steel and concrete in construction is growing. The railroads demand a large number of ties, estimated at 200 thousand in 1956, and the pineapple industry uses considerable lumber each year for packing cases.

Despite a strong domestic demand for forest products, Taiwan is exporting on a small scale, presumably to earn foreign exchange and to encourage home industry. Plywood products are sold to many countries. Wooden poles are exported to Korea and high-quality cypress logs go to Japan in a barter transaction for lower-grade lumber.

Current Conditions Exclude Canada

There is undoubtedly a potential demand in excess of the lumber currently produced or imported, but there is little prospect that Canada can participate in the market in the near future. Taiwan is experiencing a general timber shortage as a result of insufficient production and a policy of limiting imports. This results in extremely high prices, exceeding world market prices from two to four times. The Government's policy of allocating exchange for specific commodities and seldom for lumber, plus a general attempt to limit imports and encourage the domestic timber industry, makes this apparent demand non-effective as far as Canada is concerned. Until import regulations and government controls change, this situation will continue.

—W. M. MINER,
Assistant Trade Commissioner, Hong Kong.

Philippine Market Closed

Canadian lumber cannot currently find a market in the Philippines. The Central Bank of the Philippines, in fact, bans imports of all types of lumber under their classifications Nos. 240101 to 240310. The large domestic lumber industry and the need for exchange control suggest that this ban will continue for some time.

INDONESIA—*Some squared timbers, plywood and veneers, coopers' and builders' ware imported, but dollar shortage and import controls currently work against Canadian suppliers.*

INDONESIA DOES NOT PROVIDE a large market for imported lumber and lumber products. Local production, lack of foreign exchange and severe import restrictions combine to limit sales possibilities for exporting countries such as Canada. In this limited import market, Canadian firms must be prepared to face competition from European and other suppliers already established and frequently with the advantage of more direct shipping connections with Indonesia. Possible opportunities for Canada include builders' supplies, plywood and veneers, and plywood chests for the tea trade.

Domestic Production Rising

There are not many detailed statistics on Indonesia's output of lumber and lumber products. One reason is that few lumbering operations are on a large scale or heavily capitalized. However, data released by the Central Bank indicate that timber fellings in various areas of the Republic rose from 3,673 thousand cubic metres in 1954 to 4,045 thousand the following year. The local population uses the forests as a source of firewood, construction material and charcoal.

An extensive variety of timber grows in Indonesia because of the tropical climate and the mountainous terrain. Types best known on the world market include teak, ebony, sandalwood and various softwoods. Bamboo and rattan are other important forest products.

Trade in Timber

In prewar years, Indonesia exported lumber in relatively important quantities but postwar exports have been small. However, according to local statistics, exports are again increasing. Teak and ebony rank as the largest individual types of timber exported; miscellaneous tropical woods known as "junglewood" form the largest lumber exports by volume; rattan is especially important. Timber rough-hewn or in the round constitutes the largest percentage of timber exported. West Europe, Japan, Singapore and Hong Kong are the largest outlets.

The latest import statistics available are for January-October 1956. Items include sawn or squared timber, plywood packing cases, veneers and plywoods n.o.p., as well as coopers' ware and builders' ware. The quantity of squared timber imported during this period was small—only 950,762 kg. (2.2 lb.), all from Malaya and Singapore. These imports reflect the lack of sawmilling capacity in the heavily forested areas

of Indonesia, particularly Sumatra. As a result, logs have to be exported to the industrialized area of the Malayan peninsula and returned as partially and fully processed products.

Plywood packing cases imported during the ten months totalled 2,877,777 kg., down considerably from the previous year. Plywood and veneers n.o.p. amounted to 819,208 kg. and the largest suppliers were Hong Kong, the Netherlands and Finland, in that order. Other Western European countries and Czechoslovakia are also listed as suppliers. Coopers' ware involved a modest import of 49,737 kg., with supplies coming largely from the Federation of Malaya and West Germany. For builders' woodwork, the ten-month imports amounted to 1,106,110 kg. and Singapore was the largest supplier.

—J. E. LANCASTER,
Commercial Secretary, Djakarta.

SINGAPORE—*Countries in area covered by this office have substantial amounts of domestic lumber to sell in world markets. Only limited opportunity to sell Canadian woods for special uses here.*

PRODUCTION OF TROPICAL LUMBER in this territory is increasing and all the countries included are already net exporters. Local woods are better suited than imported varieties to withstand tropical conditions; this competition and the added cost of long freight hauls severely handicap Canadian timber sales in this market.

Canada did ship 10,000 square feet of plywood to Thailand last year to be used in making small boats and 80 thousand FBM of Douglas fir to Singapore and Malaya, mainly for spars and masts. Except for continuing imports to meet minor needs such as these, sales opportunities for Canadian lumber are likely to remain limited.

Local Production

● *Singapore and Malaya*—In 1956 Singapore and Malaya produced 684 thousand tons (1 ton = 50 cu. ft) of lumber, compared with 642 thousand tons in 1955. Exports reached 142 thousand tons and imports totalled 15 thousand tons. Most of the imported lumber came from nearby Sumatra and Thailand;

Canada supplied only 139 tons. Total consumption is estimated at about 530 thousand tons. Australia and the United Kingdom offer the largest markets, followed by some forty others—among them Canada, which took 138 tons last year. Lumber exports are carefully graded; no sawlogs are allowed to leave the country.

• *British Borneo*—Complete figures for British Borneo, Burma and Thailand are not yet available, but lumber exports from British Borneo (mainly Sarawak and North Borneo) are expected to exceed the 1955 total of about 128 thousand tons. Principal markets are the United Kingdom and Australia; imports of lumber are negligible.

HONG KONG—*Canada is a major supplier of American pine, but our sales limited because of keen price competition. Exporters advised to watch market closely to maintain present trade.*

THE SMALL COLONY OF HONG KONG imports all its lumber requirements because it has no locally-grown timber of any commercial value. Even large quantities of firewood must be brought in every year. Thus, Hong Kong is a sizable market for timber products, both for local consumption and re-export. Canada participates in this market to a limited degree, but Canadian suppliers find themselves at a disadvantage because of high costs, freight rates, and the premium on the Canadian dollar.

The timber trade is handled entirely by private firms without government restrictions. The table below

Sawlogs exported from British Borneo last year are expected to exceed the 336 thousand tons sold abroad in 1955. Japan, Hong Kong and Australia were the largest customers.

• *Burma and Thailand*—The lumber needs of Burma and Thailand are met mainly from domestic production. Although Burmese teak production has not regained prewar levels, Burma is still the world's foremost exporter of teak. Exports from both Burma and Thailand are estimated to have increased in 1956 over 1955.

—W. G. HUXTABLE,
Assistant Trade Commissioner, Singapore.

summarizes this trade for 1956; it must be borne in mind that all exports represent transshipment trade. The statistics are divided into the broad classifications of wood in the round (Item 1) and wood simply worked (Items 2-10).

Sources of Imports

Considering wood in the round, Canada provided all of the American pine that moved into the Colony last year (28,542 cubic feet), and all of the timber in round form for matchmaking (7,306 cubic feet). North Borneo was the principal supplier of wood in the round, and participated strongly in the trade in primary, secondary and light hardwoods. Teakwood was imported entirely from Thailand, as were most of the decorative woods. Sandalwood came mainly from Australia, with some from India. Other suppliers were Malaya, Burma, Mainland China, the United

Hong Kong's Timber Trade, 1956

ITEM	IMPORTS		EXPORTS	
	Quantity (cu. ft.)	Value (000's HK\$)	Quantity (cu. ft.)	Value (000's HK\$)
(a) <i>Wood in the round:</i>				
1. Logs, including American pine, China fir, sawlogs, veneer logs, teakwoods, hardwoods, and other	7,866,619	29,093	292,850	1,751
(b) <i>Wood shaped or simply worked:</i>				
2. American pine	121,215	1,155	.....	.....
3. China fir and China pine	924,262	4,260	1,018	4
4. Primary hardwoods	7,756	82	20	3
5. Secondary hardwoods	38,466	155	152,982	1,209
6. Light hardwoods	590,138	2,435	313,044	2,856
7. Teakwood (conversions or squares)	466,030	7,855	11,386	249
8. Decorative woods	24,478	404	62	1
9. Lumber, sawn, planed or dressed, non-conifer	2,027	36	.....	.....
10. Lumber, sawn, planed or dressed, conifer .....	.....	.....	1,741	14
Total	10,040,991	45,475	773,103	6,087

Source: Department of Commerce and Industry, Hong Kong
HK\$1.00=Can\$0.1666.

Kingdom, Germany and the United States. The U.S. sold small quantities of primary hardwoods.

Canada also sold 44,228 cubic feet of American pine in the form of planks and boards (Item 2) but did not ship any of the other items listed in the table. Under Items 2 and 3, the major suppliers were the United States and Mainland China. North Borneo again dominated the trade in sawn hardwoods, although the Philippines and Indo-China took a portion of the light hardwoods market. Japan provided all of the lumber imported under Item 9. Approximately 6,000 railway ties were imported last year, the bulk of them from Australia.

Re-export Trade

Turning to re-exports, Mainland China was the principal buyer, either directly or through Macao, and Taiwan purchases some lumber products under most of the items. The specialty woods moved out of Hong Kong to a variety of markets throughout the world. There is a small export trade in graded timber to the United Kingdom, Australia and South Africa; the grading is done by the local firms themselves. This aspect of the trade depends on the cheap labour available in the Colony.

INDIA—Canadian sales totalled about \$67,000 last year, with Douglas fir in lead. Program to increase domestic wood production being pushed, but demand for imported special timbers expected to continue for some time.

INDIA HAS SUBSTANTIAL FORESTS which are gradually coming into intensive production. It has been estimated that almost 23 per cent of the land area, or 265,700 square miles, is forest and that 69 per cent of this can produce saleable timber.

One of the most concentrated timber-bearing areas is in the Andaman Islands where some 2,500 square miles of forest could, it is estimated, yield 200 thousand tons of timber a year in perpetuity. There are other forest concentrations in the sub-Himalayan regions, Kashmir, and on the west and northeast coasts.

Since May 1952 the Government of India has been implementing a national forest policy to bring about balanced and complementary land-use; to stop denuding of mountainous regions, erosion, etc.; to establish tree lands to assure a supply of wood for fuel and for agricultural purposes, as well as timber for defence

Prices of lumber in Hong Kong have remained fairly steady in recent months, and the overall rise in freight rates seems to have been absorbed by the market.

Canadian suppliers have held their own generally in trade in the types of wood which they can supply. It is not possible to compete with cheaper fir and pine from Mainland China, as the prices are very low and the suppliers seem willing to cut them to meet any competition. Mainland China lumber is often favoured by local manufacturers because delivery is fast and quotations are low. Lumber imports from this source remained brisk during 1956. North Borneo supplies the greater part of Hong Kong's imports of hardwood; most of it arrives in log form although sawn timber is also sold. Indo-China is potentially a large exporter of timber but high prices and unrest have cut down its sales to Hong Kong.

The Hong Kong market is extremely competitive and the growing use of substitutes for lumber in construction suggests that we cannot look for larger sales. However, Canadian exporters should keep in close contact with the trade to maintain present sales and investigate all new possibilities.

—W. M. MINER,

Assistant Trade Commissioner, Hong Kong.

and industrial purposes, and to produce maximum revenue.

No reliable production figures are available, but it may be safely assumed that output is rising and is meeting a growing proportion of India's needs. Among the more important commercial species are teak (which is distinct from Burmese teak), mahogany, rosewood, walnut and sandalwood.

Timber imports into India are not large and consist almost entirely of species with special qualities and not native to the country. In each year since 1951, teak from Burma has accounted for between one-half and two-thirds of all India's timber imports. The total value of imports of "timber and wood" in recent years has been as follows:

Year (ending March 31)	Value (in millions of rupees)*
1951	30.4
1952	60.0
1953	26.0
1954	24.2
1955	21.0
1956	35.7
1956 (April-October)	20.7

*1 rupee=approx. 20 cents Canadian.

Although India's exports of timber are small, the trade is a growing one. The country provides a large proportion of the world's sandalwood and this species accounts for a large part of total timber sales abroad.

Canada's Share of Market

With the development of native production and the application of import controls which discriminate against dollar sources of supply, Canadian sales of timber in India have declined. Last year, however, they did increase moderately over 1955 and the current import licensing policy and the fact that Canada has supplies available should lead to a further increase this year. Traditionally spoolwood from Canada has come in in rather important quantities and recent months have seen increased interest in Canadian Douglas fir, often known here by its American designation, Oregon pine.

Our timber sales to India since 1951 have been as shown at the bottom of the page.

Import Policy

The current policy is fairly liberal except for certain species like sandalwood and agarwood, which are produced in large quantities locally. The country also has excess capacity for production of veneers and plywood and these are not allowed to be imported, except by radio manufacturers and furniture makers for ornamental and decorative types, licences for which are issued on the merits of the individual application.

During the current half year, licences for other timbers, however, are granted to established importers on the basis of 40 per cent of half of their best previous year's imports from the dollar area, and a similar percentage from the soft currency area. In addition, 50 per cent of the value of all licences issued for the soft currency area may be used for imports from the hard currency area. The significance of this

licensing treatment may be best shown by giving a hypothetical example. Let us assume that a particular dealer had imported during his previous best year timber from the dollar area to the value of Rs.100 thousand, and from the soft currency sources, Rs.200 thousand worth of timber. This dealer would be eligible to import from the dollar area up to Rs.40,000 worth of timber—Rs.20,000 of this representing 40 per cent of one half of his Rs. 100 thousand base-year dollar business during the current six months, January-June 1957, and the other Rs.20,000, one-half of one-half of 40 per cent of his Rs.200 thousand base-year soft currency business. Actual users or manufacturers are granted import licences on the merits of each case.

A Look at the Future

India's forest policy which is being implemented under the Five-Year Plans and which was first enunciated in 1952 is directed to securing long-range development of forest resources and to meeting the increasing demand for timber in the immediate future. The planners propose to raise the proportion under forest steadily to 33 per cent of the total land area. Their ambitions are, however, tempered by a realistic recognition of the difficulties. Most of India's forests are located far from consuming centres and the growth is mixed. In many stands commercially saleable species represent only a sprinkling of the entire forest. Short-term measures are, however, being taken to improve the situation. Low-grade timbers are being used for boards and the strength and durability of other inferior timbers is being up-graded through seasoning, preservation, and modern techniques of plywood manufacture.

The second Five-Year Plan, which was inaugurated in April 1956, provides Rs.27 crores (\$54 million) for forest development compared with Rs. 9.6 crores (\$19 million) during the First Plan. But despite increased domestic production and improved techniques

CANADIAN TIMBER EXPORTS TO INDIA*

	1951	1952	1953 (in dollars)	1954	1955	1956
Billets, blocks etc., hardwood	166,598	41,897	34,826	36,643	17,390	.....
Planks, boards hardwood, N.O.P.	1,813	9,645	1,366	871	3,947	1,065
Planks, boards Douglas fir	40,715	49,572	18,897	15,482	11,941	50,026
Planks, boards pine	2,500	7,848	.....	.....	.....	.....
Spoolwood	206,285	46,397	73,121	87,472	16,951	14,542
Timber, square Douglas fir .....	.....	.....	.....	146,700	.....	.....
Timber, square softwood N.O.P. ....	.....	.....	.....	41,620	.....	.....
Planks, boards birch N.O.P. ....	.....	.....	.....	.....	3,740	.....
Planks, boards spruce .....	.....	.....	.....	.....	2,629	1,624
	<u>417,911</u>	<u>155,359</u>	<u>128,210</u>	<u>328,788</u>	<u>56,598</u>	<u>67,257</u>

*DBS statistics

in extraction and processing, India will probably continue to be a market for imported special timbers for some time to come, although demand may not be large.

—G. F. MINTENKO,
Assistant Trade Commissioner, Bombay.

PAKISTAN—*Market for lumber here is very small and railway ties offer the only current possibility for Canadian exporters.*

PAKISTAN IS NOT A LARGE CONSUMER or producer of lumber; use of wood for construction and other purposes is kept to a minimum because of the destructive effect of climate and insects. But, in addition, Pakistan has suffered from a serious shortage of foreign exchange for several years and imports of lumber and other commodities have had to be curtailed severely.

Only 4.5 per cent of Pakistan's land area is forested. Softwoods such as deodar and chir grow in the extreme north of West Pakistan and teak and a wood called sundri in East Pakistan. Cutting is not extensive because methods are primitive and there is a lack of equipment; most of the forested areas are inaccessible and the lack of roads or rivers for transporting timber hampers output. Annual production of the Pakistan timber industry totals about 10 million cubic feet and the country is more or less self-sufficient in lumber for cheap furniture, packing cases, etc., but short of material for building and heavy construction. Pakistan does not export wood.

Depends on Imports

Pakistan has to depend on timber imports to meet a substantial share of its needs; the chief variety is teak from Burma in the form of logs. The teak is milled locally and used primarily for furniture, doors, window frames, etc. Some softwood is imported from India and Malaya but the amounts are small. Teak imports during 1955 and again in 1956 reached the equivalent of \$300 thousand and imports of softwoods and woods other than teak were valued at the equivalent of \$100 thousand in 1955 and \$70,000 in 1956.

The Government permits lumber imports but it issues licences sparingly and only for small amounts. The amount of foreign exchange available for imports is limited and the authorities are careful to allocate funds only for the most essential commodities. Lumber

exporters can expect no change in the present import policy in the near future.

Possibilities Limited

Teakwood for furniture manufacture and building and other woods for construction purposes enjoy the greatest demand and there may be a modest demand for specialty woods for other purposes, such as ship-building. There is a fairly good market here for railway ties which Pakistan normally buys from India and Burma to supplement its own limited output of creosoted ties. These two suppliers are not keeping up with demand and Pakistan now is seeking other sources.

Several years ago the Pakistan Railways purchased some Douglas fir creosoted railway ties from Canada and in 1952-53 Canada supplied these to the amount of approximately \$3 million under the Colombo Plan. At the present time the Government of Pakistan is seeking tenders for a fairly large supply of hard and semi-hard wood for railway ties.

Pakistan does not offer much encouragement as a market for Canadian lumber exporters except, perhaps, for railway ties. The landed cost of Canadian ties is high compared with steel ones or the cost of the wooden type available locally or from India or Burma.

—R. K. THOMSON,
Commercial Secretary, Karachi.

CEYLON—*Imports of lumber are large but high shipping costs reduce Canadian chances to increase sales. Best opportunities here lie in plywood for tea chests and government orders for special timbers.*

CEYLON'S FORESTED AREAS, under the care of the Government Forest Department, total about 2.75 million acres—or about 17 per cent of the total land area. Ceylon has natural tropical evergreen forests rich in hardwood timber; in fact, over fifty different varieties of hardwood grow here.

Until recently, Ceylon had explored the commercial possibilities of its local timber to only a limited extent. The Government has now obtained the services of an expert under FAO to advise and work in co-operation with the Forest Department and several experimental stations for growing teak and mahogany in various parts of the island have been set up. The Department has also adopted more mechanized techniques for

Federation buyers of timber have become accustomed to dollar prices and exporters merely have to quote F.O.B. Canadian port. There are about eight popular dimensions: 1½"x4½", 1½"x6", 2"x6", 2"x9", 3"x4½", 1½"x9", 3"x6" and 3"x9". The most common lengths range from 8' to 20' for the smaller sizes, 10' to 24' for the medium, and 10' to 32' for the largest. All of it is green timber and Federation importers definitely prefer it kiln-dried for climatic reasons; there is little warping and it usually arrives in good condition.

Charter Vessels Used

Over 90 per cent of all Canadian timber travels in charter vessels which provide an efficient service from Vancouver to Lourenço Marques or Beira in Portuguese East Africa and from these ports is shipped by rail to the principal centres in the Rhodesias and Nyasaland. Local representatives of large Pacific Coast mills make a practice of assembling periodically a sufficient volume of orders from lumber dealers in the Federation to fill a charter vessel; in this way they obtain the lowest possible ocean freight rates. Smaller lots are shipped via lines with regular service between Vancouver and the East Coast of Africa. The dealers here arrange for lumber sales to the builders and other users.

Building Boom Assures Market

Since World War II, immigrants have streamed into the Federation and construction, both domestic and commercial, has still not caught up with the demand. The towns of the Federation have one of the highest per capita building rates in the world. Investments and deposits in Southern Rhodesia Building Societies have jumped from approximately £7 million to £20 million over the past two years and these institutions finance a high percentage of construction. In Salisbury alone, the value of new building plans is currently running at £700 thousand a month and although this is lower than the £900 thousand monthly average in 1956, it is still a high figure for a city of 60,000 white inhabitants.

Canada has done well in this market and should continue to sell substantial amounts of timber and certain wood products to the Federation. Exporters will find no restrictions on imports and dollars are freely available for timber, plywood, wallboard, or shingles. Prices and ability to deliver the goods are the main considerations. The office of the Canadian Trade Commissioner in Salisbury will be pleased to put Canadian shippers of wood products in touch with good local dealers who can provide on-the-spot representation.

—WILEY J. MILLYARD,
Trade Commissioner, Salisbury.

SOUTH AFRICA—The Union become one of Canada's best markets for Douglas fir and hemlock and prospects are good for lumber sales in the coming months.

SOUTH AFRICA NOW DEPENDS ON LUMBER IMPORTS to meet the demand for structural timber but her tree-planting projects will eventually make up for the lack of indigenous woods. Since timber planting (involving soligna and pine) progressed steadily; state forests as they stand today are valued at S.A. £65 million. About 30 years ago private companies began to set out trees and in the last 15 years the pace has accelerated. The acreage in trees planted by companies and individuals now exceeds that of the government-owned timber stands.

Today the Union produces about 70 per cent of its total wood consumption, meeting the local demand for pulpwood, pitprops, box shooks, crating and shingles. Output will increase year by year as the timber stands are thinned but at present only a small proportion of the total cut is used for construction. In 1980, it is estimated that South Africa's million man-planted trees will be able to supply all of the Union's needs for softwood timber. In later years they should produce a surplus for export.

Timber imports in 1954 reached 21.7 million cubic feet; most lumber exporting countries are listed as sources of supply. Figures for timber imports in 1954 compared with 1953, and the proportion of total Canada supplied, appear in the following table.

Classification	Total quantity From Canada (000's cubic feet)		
	1954	1953	1954
Oak	114	98	.....
Teak	200	121	.....
Pitch pine	258	303	248
Douglas fir	11,151	9,472	5,401
Other pine (except Oregon)	1,907	2,598	7
Other coniferous softwoods (including hemlock)	2,583	1,234	1,858
Furniture wood	3,128	2,455	2
All other woods	2,351	2,255	235

South Africa also buys small amounts of pine lumber (other than Oregon) for use in interior work, including shelvings, kitchen furniture, etc; the United States is the traditional source of supply. The demand for pine boards in widths of 8, 10, and 12 inches is also high.

West Coast Lumber Sells Well

According to DBS figures, Canada sold \$8.6 million worth of lumber products to South Africa in 1954. Sales of Douglas fir and hemlock represented

than 90 per cent of this total. This was considerably less than the record 1955 shipments valued at \$12.4 million, of which the two West Coast species made up \$11.3 million.

According to the 1956 annual report of the British Columbia Lumber Manufacturers Association, shipments of B.C. lumber to South Africa totalled 145 million FBM, or a decline of 44 million FBM from the record year of 1955. This figure still compares favourably with the 1954 total, which was a previous record for B.C. lumber sales to this market.

South African statistics show that Canada accounted for 69 per cent of the total purchases of 16.8 million cubic feet of Douglas fir and hemlock in 1955 and 80.7 per cent of the 10.03 million cubic feet purchased between January and the end of November last year. Douglas fir is the principal structural wood used in South Africa and it competes with European softwoods and hemlock, which is being used increasingly. Mining companies, the South African Railways and municipal authorities continue to specify "Douglas fir/Oregon pine". In other fields of construction the popularity of hemlock is growing rapidly. Probably 50 per cent of all private contracts outside of the field of mining now specify hemlock instead of Douglas fir for reasons of economy.

SUDAN—*Main imports from Canada consist of spruce planks and boards and Douglas fir planks and boards.*

THE AREA COVERED WITH FORESTS in the Sudan totals about 360 thousand square miles and efforts are continuing to maintain and expand these forest reserves. A number of acacia and anogeissus varieties are found here, including the "acacia senegal" which produces three-quarters of the world supply of gum arabic. Some timber for manufacturing is produced but generally imported timber is more satisfactory and often cheaper.

Imports Fall Slightly

Average imports of timber from 1953 to 1955 totalled 40,000 cubic metres valued at E£810 thousand but imports in 1956 declined to 23,000 cubic metres worth £E503 thousand because of exchange restrictions and shipping difficulties encountered at the end of the

MAY 25, 1957

The substantial decline last year in imports of softwood lumber was the result mainly of a recession in the building trade. Competition between Douglas fir and hemlock and European softwoods is a matter of landed cost. Freight costs from the Baltic last year were less than 50 per cent of the cost from Canada's West Coast to the Union. The Baltic rate generally was S.A. £20 per standard, or about \$28.00 per 1,000 FBM; the freight rate from the Pacific coast was over \$60.00 and as high as \$68.00. Diversion of purchases to Europe during 1956 represented a total loss of possibly 50 million FBM and resulted from price cutting in a time of intensified competition. Of minor importance was the possibly greater use of South African pine which, it is said, the mill operators sell direct to the building contractors, short-circuiting the normal chain of distribution.

Sales Prospects Improve

There are indications that building activity will revive again this year and this will strengthen the market for lumber. The international freight charter rate has softened and the Baltic freight rate has risen by S.A. £1/5 per 1,000 FBM. The prospects are good for larger sales of Douglas fir and hemlock in the coming months.

—K. F. NOBLE,

Trade Commissioner, Johannesburg.

year. The main suppliers are Sweden, Austria, Italy, Britain and Yugoslavia; imports from dollar countries are now confined to species unobtainable from other currency areas.

Purchases from Canada

Lumber shipments from Canada in 1955 reached 194 thousand FBM and consisted of spruce planks and boards valued at \$31,000. Last year imports from Canada totalled 51 thousand FBM of Douglas fir planks and boards worth \$3,600 and 32 thousand FBM of spruce planks and boards valued at \$5,200.

Imports are now subject to permit but it is understood that the Government will grant them for necessary goods such as lumber. Canadian suppliers should make a special effort to increase sales to this market where dollars are available.

—E. N. MOUSSA,

Office of the Commercial Secretary, Cairo.

BELGIAN CONGO—*Only opportunities for Canadian exporters at present lie in certain manufactures of wood; market competitive and prices must be right.*

WOOD PRODUCERS IN THE BELGIAN CONGO have faced difficulties during the last few years; production generally has declined, with the exception of fuelwood. However, the veneer and plywood industries are developing rapidly. The higher costs of felling and sawing and the wider use of metal in construction has eliminated many of the small lumber operators from the local market during the last few years. Only the fully mechanized plants are able to carry on. This has led to greater dependence on export markets. Indiscriminate cutting in the Mayumbe (Bas-Congo) has been severely curtailed, greatly to the benefit of the industry.

Production Record

Production figures for 1953, 1954 and 1955 follow; 1956 figures are not yet available:

	1953	1954	1955
Logs (cubic metres)	800,332	850,843	793,345
Sawn lumber (cubic metres)	270,416	266,159	249,839
Plywood (cubic metres)	6,713	13,641	18,244
Veneer (cubic metres)	6,433	6,902	7,303
Firewood (cubic metres)	6,576,125	6,312,543	8,745,632
Charcoal (metric tons)	7,588	421	153
Pitprops (metres)	2,069,991	2,270,406	1,929,450

Import Licences Required

Licences are required for all imports of lumber into the Belgian Congo but they can be obtained readily. The Belgian Congo is an open market, there is no scarcity of dollars, and Canadian exporters are under no particular disadvantage. However, the market is a highly competitive one; transactions are usually against letter of credit or payment by bank on presentation of documents. Currently, opportunities for Canadian lumber in this market are slight, except perhaps for some manufactures of wood such as wooden handles. And prices must be right.

—K. NYENHUIS,
Trade Commissioner, Leopoldville.



Some of the Canadian lumber exported is used as piling for wharves and bridges in much the same way as it is used in Canada.



New Zealand's man-made forests, such as this stand of radiata pine, are now producing large supplies of timber. In 1946, production of radiata pine lumber reached about 100 million FBM; ten years later it had climbed to 300 million FBM.

Australasia

NEW ZEALAND—*Building activity has lessened and stocks of home-grown lumber increased in past few months. But demand for Canadian softwood timber for structural and other purposes should not be greatly affected.*

NEW ZEALAND'S LUMBER NEEDS have been estimated at roughly 500 million FBM a year. Imports of lumber (which are free from any form of import control) fluctuate widely from year to year, but over the past five years have averaged annually about 45 million FBM. Present annual demand for the North American softwoods—Douglas fir, western red cedar and redwood—based on figures for the past few years, runs to about 15 to 20 million FBM. This figure was exceeded in the record year 1955 when slightly more than 21 million FBM were imported. For 1956, however, provisional figures up to the end of September show roughly 11.5 million FBM imported from North America. This suggests a substantial drop in imports compared with last year, but a figure close to the average of the past few years.

Demand Easing Off

These softwoods are essential to the New Zealand building industry and are used chiefly for structural, joinery and exterior work. Canada is the major supplier of Douglas fir and western red cedar, as the following table shows:

	SOFTWOOD IMPORTS	
	1955 (in '000 FBM)	Nine months 1956*
Western red cedar		
Canada	4,731	3,480
United States	1,244	709
	5,975	4,189

Douglas fir	1955	Nine months
	(in '000 FBM)	
Canada	11,740	5,701
United States	4,249	1,573
Australia .....	.....	17
	15,989	7,291

*Provisional

The cutback in demand reflected in the above statistics resulted principally from greater use of local woods by the New Zealand industry and less building activity. A further disturbing factor was a weak Australian market for the New Zealand industry's export surplus; this has meant heavy stockpiling. Moreover, there have been signs during the past twelve months that the great postwar backlog of demand for softwoods has largely been satisfied.

The remainder of imports are chiefly Australian and other hardwoods for a variety of uses such as furniture-making, flooring and fence posts.

HARDWOOD IMPORTS

	1955	Nine months
	(in '000 FBM)	
Australian hardwoods	20,757	10,452
Oak	3,034	1,187
Other species	4,733	9,913

*Provisional figures.

Although total hardwood imports for the full year 1956 will probably decrease, timber under "other

species"—principally the medium-weight versatile wood "keruing" from Malaya—will show substantial gains.

Export Markets Needed

Total production of rough sawn timber, including indigenous and exotic species, reached a record total of 625.8 million FBM in the year ended March 31, 1956. The most significant increase was in the production of radiata pine. In 1946 output was running at about 100 million FBM but by 1956 it had climbed to nearly 300 million FBM. Production has outstripped demand for this species. The bulk of the present stockpile is radiata and this position is likely to continue for some time because the forests planted within the space of a few years are maturing together and harvest cannot be postponed indefinitely.

The development of export markets could ease the surplus problem but the current prospects are not good. The great bulk of New Zealand's export trade in timber is with Australia and is nearly all in radiata pine. The industry was hopeful at the beginning of 1956 that Australia would take over 50 million FBM but total shipments over the twelve months reached only 32 million.

Canadian Suppliers Not Affected

Although these conditions are bound to have a depressing effect on the market generally, Canadian exports will not be greatly affected. Imported Canadian lumber is used mainly where no New Zealand timbers are considered suitable. Clear and better grades red cedar and long lengths merchantable Douglas fir will always be in demand. Consumer preference for Canadian lumber over the local product is illustrated by the fact that New Zealanders will pay as much as 50 to 100 per cent more than for the local product.

Canadian lumber interests are well looked after in New Zealand by first-rate firms which are in constant touch with the whole trade. The situation in New Zealand is to some extent unique because probably over 90 per cent of the trade are members of either of two co-operative associations—the New Zealand Timber Merchants' Federation Inc. and the Service Federation of New Zealand Industries Limited. Most of the lumber imported comes in through these organizations; the former deals with local agents of overseas suppliers and the latter, in addition to accepting offers of local agents, represents certain Canadian exporters directly. The lumber trade in New Zealand has now reached the point where it is virtually impossible to find additional outlets for Canadian exporters not already represented here.

Financing of imports, whether by the Federations or by private importers, is almost entirely by letter of

credit. In general, all importers have a good reputation.

Excessive stocks of radiata pine will continue to have a depressing effect on the market for some time and in the meantime the millers, with the backing of the Government, will endeavour to stimulate consumption. A drop in price of the sawn radiata is very likely, although it is not expected that it will affect the demand for Canadian lumber much. Many in the trade, in fact, feel that the level of imports in 1957 will not fall below that of 1956. The Government has stated publicly that it has no intention of reimposing control on the import of North American timbers, recognizing that they are essential for certain uses in the building trade. Although Canadian lumber will continue to complement local supplies, expansion of sales will become more difficult with the development of preservation and treatment techniques aimed at making the local woods more acceptable for exterior and structural uses.

—JOHN MacNAUGHT,

Assistant Commercial Secretary, Wellington.

AUSTRALIA—*Credit restrictions have reduced temporarily the volume of Canadian lumber shipments to this important market, but the outlook for increased sales is now excellent.*

AUSTRALIA'S DEMAND FOR LUMBER is slack at the moment but traditionally this country offers a strong market for Canadian softwoods, particularly for Douglas fir. The Australian economy is booming and the demand for lumber is sure to recover and expand when present surplus stocks are used up and current credit restrictions are eased.

The Government last year imposed restrictions on credit for financing new houses to relieve the inflationary pressure on the economy. Late last year lumber orders began to fall off and it is expected that 10,000 fewer homes will be built this year.

The local sawmilling industry, which mushroomed after the war in response to higher prices and heavy demand, consists mainly of small and, according to the experts, rather inefficient units. Many of the mills, with surplus stocks stacked in the yards, have had to close down because of the present lag in demand. This leads to pressure on the Government to cut lumber imports.

From a long-term point of view, however, there is little chance that Australia can meet the growing demand for lumber from her own resources. In a country of three million square miles, only 160 thousand square miles are forests considered suitable for commercial exploitation and scarcely 20,000 square miles (or less than 1 per cent) produce good-quality timber. Most of the original softwood stands have disappeared and Australian forest production is almost entirely hardwoods.

Some Pressure against Imports

The state forestry commissions grant quotas to the individual mills but these are too small to permit the operators to economize by expanding output. The authorities contend that they cannot increase quotas because timber resources already are being exploited to the maximum. State governments levy varying stumpage and freight charges on domestic lumber and, in the case of Sydney, for example, these charges make up 40 per cent of the cost to the merchant. Australia's transportation costs are high and in some cases, out-of-state or overseas lumber will undersell a similar domestic product in a local market.

Canadian lumber enters the Australian market under licence on a special administrative quota. Balance-of-payments difficulties have made it necessary to reduce the lumber quota twice in recent years. The last reduction, in July 1956, coupled with an increase in the initial price and higher ocean freight rates, has lessened the volume coming in from Canada.

Merchants and importers, however, prefer West Coast lumber for many purposes and they regularly seek increases in the quotas from the Government. It was hoped that the Government would allow more lumber to enter in the second quarter of this year in view of the marked improvement in Australia's overseas accounts. A country-wide deputation of sawmillers took an opposite stand; they protested to the Federal Government that imported lumber should not take more than a fair share of the market at a time when the local industry is depressed. They made it clear that they would welcome import controls as a stopgap until the Government provides permanent protection in the form of tariffs. Other business and industrial interests are agitating for an easing of the restrictions on lumber imports and the Government so far has resisted further cuts in the quotas. But to satisfy the opposing interests, it is not likely to raise the quotas in the near future.

Forestry Unlikely to Expand

The yields of lumber per acre are low on the few remaining softwood stands and the total forested area is unlikely to expand substantially because of climatic conditions. There are timber reserves in the country

covering many millions of acres, but they are either inaccessible, inferior in quality or otherwise unsuited for commercial exploitation.

Unlike most other important lumber-importing countries, about four-fifths of Australia's domestic consumption consists of hardwood, partly because domestic softwood supplies have been depleted and partly because she maintains restrictions on imported softwoods. A large number of species of the indigenous hardwoods are used commercially, including the strong and durable eucalyptus.

Statistics on local production of saw timber over the past four years indicates the relative importance of hardwoods and softwoods. The table shows output in millions of superficial feet.

	1955-56	1954-55	1953-54	1952-53
Softwoods	292	270	235	224
Hardwoods	1,078	1,103	1,159	1,115
	<u>1,370</u>	<u>1,373</u>	<u>1,394</u>	<u>1,339</u>

New Zealand Sales Rise

New Zealand radiata pine has entered the Australian market in large quantities in the past four years and the amounts are increasing. Australia has a large surplus on her balance of trade with New Zealand, and is not likely to create difficulties for New Zealand's active campaign to promote sales in Australia. Radiata pine has a wide variety of uses although it lacks many of the features of Douglas fir and western hemlock. Nevertheless, it will probably offer competition to hemlock at least, especially as the quality is improved. It is cheaper than the Canadian woods and can be delivered more quickly.

Canada Remains Largest Supplier

Australia's population is increasing, her economy expanding, and the demand for lumber rising steadily; an increasing proportion of her future lumber needs will have to be imported. At the present time, Australia imports about 350 million super feet—mainly undressed lumber—or about 20 per cent of her requirements. Estimates based on lumber consumption remaining at 200 super feet per person a year and domestic production rising 20 per cent show that annual imports could reach 1,800 million super feet a year in 25 years. Although lumber prices have risen as fast or faster than those of most other building materials, the Australian Forestry and Timber Bureau reports that housebuilders are using a larger proportion of lumber.

Canada has done well in this market over the past four years as the following table shows.

	1955-56	1954-55	1953-54	1952-53
	(in millions of super feet)			
Total imports				
dressed lumber	20.0	33.5	14.5	10.3
undressed lumber	322.8	331.3	244.6	114.1
From Canada				
dressed lumber	00.0	00.0	00.0	00.2
undressed lumber	117.9	133.2	93.2	41.9
Value of Canadian lumber (A£'000's)	5,044	5,267	3,474	1,773

Douglas fir makes up most of Australia's lumber imports from Canada; it is used for roof joints,

scantlings and window frames. Hemlock, which was introduced recently, should have many of the same uses as Douglas fir. Its landed cost is lower but the trade is selling it at a comparable price. As hemlock becomes better known and more accepted, the demand for it should increase. The trade here feels that North American suppliers should be able to maintain their traditional place when the Australian lumber market recovers.

—H. STEWART HAY,
Assistant Trade Commissioner, Sydney.



Trade and Tariff Regulations

Indonesia

GRANTING OF IMPORT LICENCES TEMPORARILY SUSPENDED—The Indonesian Foreign Exchange Bureau has announced that, effective April 30, 1957, requests for import licences will not be considered for an indefinite period. Applications which are still in the banks are to be returned to the importers. Certain specified transactions which are not of a normal commercial character will not be affected by the new provision.

This action follows upon a progressive decline in Indonesia's foreign exchange reserves. Although it is too early to judge the effects of this measure on Canadian exports, it is anticipated that it will mean a spreading out of purchases over a longer period, rather than a drastic cut, as many items obtained from Canada constitute basic requirements of the economy—Djakarta, April 30.

Ireland

SPECIAL IMPORT LEVIES—The special import levies, imposed in March and July 1956, have been removed from 22 commodities, effective April 17, 1957. The list includes: spices; furskins, including raw furskins; toilet paper in rolls and sheets; imitation parchment; artificial plastic materials in rolls

and sheets; beeswax, and other insect and vegetable waxes. Newsprint and other printing paper has also been exempted from the levy of 5 per cent, but as the Government has ended the exemption from 5 per cent ordinary customs duty on paper for newspapers, periodicals and paper-covered novels, no change in the amount payable has actually been made—Dublin, May 13.

Jamaica

IMPORTS OF FOOTWEAR—The Jamaican Trade Authority has advised that, effective April 20th, the value limitation of £2.12s. per pair, c.i.f., on footwear imported into Jamaica has been abolished. This means that all types of footwear may now be imported into Jamaica under licence.

Turkey

TREASURY TAX ON IMPORTS—A new Turkish Law which came into effect on March 1, 1957, provides for the levying of taxes on certain categories of imports. The tax is payable on the Turkish equivalent of the foreign exchange value (either F.O.B. or C.I.F.) of the imports concerned, and payment must be made to the Central Bank of Turkey

before the goods are cleared from the Customs House. The tax applies equally to imports from all countries, but not on goods cleared from customs before March 1, 1957. In the case of raw rubber, the tax is levied at the rate of 20 per cent of the value. On petroleum products the new treasury tax is assessable at specific rates. On the remaining goods the tax is set at the rate of 40 per cent.

The categories of goods on which the tax is levied at 40 per cent are as follows: salt, sulphur, earths and stone, plastering materials, lime and cement; synthetic rubber, rubber substitutes and articles of rubber; wood and articles of wood, wood charcoal; articles of stone, plaster, cement, asbestos, mica and similar materials; ceramic products; iron, cast-iron and steel and articles thereof; copper and articles thereof; nickel and articles thereof; aluminium and articles thereof; magnesium and beryllium (glucinium) and articles thereof; lead and articles thereof; zinc and articles thereof; other base metals (not tin) and articles thereof; tools, implements, cutlery, spoons and forks, of base metals; miscellaneous articles of base metals; boilers, machinery and mechanical appliances and parts thereof; electrical machinery and equipment and parts thereof; railway vehicles and equipment, traffic signalling equipment of all kinds (not electrically operated); motor vehicles, tractors, motorcycles, cycles and other road vehicles.

Exempt from the treasury tax are those goods for use in connection with foreign capital investments and oil prospecting under the Foreign Investments Encouragement Law, imports under the United States National Defence Aid Program, in connection with NATO infrastructure buildings and installations, United Nations and other international activities, goods on which no customs duty is payable, goods manufactured in Turkish free zones, certain equipment for tourist institutions, and privileged imports by diplomats, tourists.

United Kingdom

ANTI-DUMPING ACT PASSED—The Customs Duties (Dumping and Subsidies) Act 1957, introduced by the United Kingdom Government as a Bill last November, received Royal Assent on April 17th.

Under the act, the Board of Trade (a government department) is empowered to impose, by order, anti-dumping or anti-subsidy duty on imported goods which, in their opinion, have been dumped or assisted by a subsidy. In each case, the Board will first conduct an investigation and if, having regard to all the circumstances, they are of the opinion that a duty would be in the national interest, an order will be laid before the House of Commons for affirmative resolution before coming into force.

For the purpose of the act, goods are to be regarded as dumped if their "export price" in the country of origin or of export is less than their "fair market price" in that country. Assistance by subsidy refers to the giving, directly or indirectly, of a bounty or a subsidy by a government or other authority on the production or export of goods.

United States

TARIFF COMMISSION TO INVESTIGATE IMPORTS OF NON-WOVEN WOOL FELTS—A recent issue of the *United States Federal Register* carries a notice that a public hearing has been ordered by the United States Tariff Commission, under section 7 (the escape clause) of the Trade Agreements Extension Act of 1951, with respect to felts, not woven, wholly or in chief value of wool provided for in paragraph 1112 of the Tariff Act of 1930.

The hearing will take place at 10 a.m. E.D.S.T. on July 23, 1957, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. All interested parties will be given an opportunity to be present, to produce evidence, and to be heard at the hearing. Those who wish to appear at this hearing should notify the Secretary of the Tariff Commission in writing at least three days in advance of the date set for it.

Tours of Territory

R. W. BLAKE, Trade Commissioner in Port-of-Spain, Trinidad, will visit Antigua and Barbados from May 20-29.

A. B. BRODIE, Commercial Secretary in Athens, Greece, will visit Turkey from May 20-30.

C. E. BUTTERWORTH, Consul and Trade Commissioner in Sao Paulo, Brazil, will visit Curitiba, Joinville, Blumenau, Porto Alegre and Caxias do Sul from June 3-14.

C. F. WILSON, Commercial Counsellor, Copenhagen, will visit Poznan, Poland, June 8-11.

Businessmen who would like these officers to undertake assignments for them should get in touch with them at their posts as soon as possible. Mr. Blake can be reached through his office in Port-of-Spain, Mr. Brodie at Athens, Mr. Butterworth at Sao Paulo, and Dr. Wilson at Copenhagen.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.046778

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent May 13	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	.05307	18.84	(1)
		Free	.02490	40.16	
Austria	Schilling		0.3674	27.22	
Australia	Pound		2.1330	.4688	
Belgium, Belgian Empire and Luxembourg	Franc		.01898	52.69	
Bolivia	Boliviano	Free	.0001280	7,813.	(17)
British West Indies	Dollar		.5555	18.	(2)
	Pound		2.66625	.3751	(3)
	Dollar	British Honduras	.66655	1.5	
Brazil	Cruzeiro	Effective selling			
		*Category I	.01549	64.55	(4)
		Category II	.0109	91.51	
		Category III	.0093	107.94	
		Official buying	.052	19.22	(5)
Burma	Kyat		.2006	4.99	
Ceylon	Rupee		.2000	5.	
Chile	Peso	Free	.001661	602.04	(15)
Colombia	Peso	Basic	.3821	2.62	(7)
		Free*	.1568	6.38	*May 9
Costa Rica	Colon	Official	.1701	5.88	
		Controlled free	.1439	6.95	
Cuba	Peso		.9553	1.05	tax 2% (4)
Czechoslovakia	Koruna		.1327	7.54	
Denmark	Krone		.1383	7.23	
Dominican Republic	Peso		.9553	1.05	
Ecuador	Sucre	Official	.06369	15.7	
		Free	.05355	18.67	
Egypt	Pound	Official	2.7432	.3645	(6)
El Salvador	Colon		.3821	2.62	
Fiji	Pound		2.4020	.4163	
Finland	Markka		.004154	240.7	
France, Monaco and North Africa	Franc		.002730	366.3	(8)
French Colonies in Africa	Franc		.005460	183.15	(9)
French Pacific	Franc		.01502	66.58	(10)
Germany	D Mark		.2274	4.4	
Greece	Drachma		.03184	31.41	
Guatemala	Quetzal		.9553	1.05	
Haiti	Gourde		.1911	5.23	
Honduras	Lempira		.4777	2.09	
Hong Kong	Dollar	Free*	.1529	6.54	*May 3
		Official	.1666	6.	
Iceland	Krona	Official	.05866	17.05	(6)
India	Rupee		.2000	5.	(11)
Indonesia	Rupiah	Basic	.08412	11.89	(12)
Iran	Rial	Certificate	.0126	79.29	
Iraq	Dinar		2.6749	.3738	
Ireland	Pound		2.6663	.3751	
Israel	Pound		.5307	1.88	
Italy	Lira		.001534	651.89	
Japan	Yen		.002654	376.79	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent May 13	Units per Canadian dollar	Notes (See below)
Lebanon	Pound	Free	.2983	3.35	
Mexico	Peso		.07643	13.08	
Netherlands	Florin		.2498	4.	
Netherlands Antilles	Florin		.5033	1.99	
New Zealand	Pound		2.6663	.3751	
Nicaragua	Cordoba	Effective buying	.1447	6.91	
		Official selling	.1355	7.38	
Norway	Krone		.1337	7.48	
Pakistan	Rupee		.2000	5.	
Panama	Balboa		.9553	1.05	
Paraguay	Guarani	Official	.01592	62.81	(6) (13)
Peru	Sol	Certificate	.05028	19.89	
Philippines	Peso		.4777	2.09	
Portugal & Colonies	Escudo		.03334	29.99	(14)
Singapore & Malaya	Straits dollar		.3111	3.21	
Spain & Dependencies	Peseta	Controlled free	.02275	43.96	(6)
Sweden	Krona		.1847	5.41	
Switzerland	Franc		.2229	4.49	
Syria	Pound	Free	.2667	3.75	
Thailand	Baht	Free	.04633	21.58	(6)
Turkey	Lira		.3412	2.93	
Union of South Africa	Pound		2.6663	.3751	
United Kingdom	Pound		2.66625	.3751	
United States	Dollar		.9553125	1.04678	
Uruguay	Peso	Free	.2391	4.18	
		Basic buying	.6289	1.59	(6)
		Principal selling	.4545	2.2	(16)
Venezuela	Bolivar		.2852	3.51	
Yugoslavia	Dinar		.003184	314.07	(6)

* Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Tax of 10 per cent affects selling (import) rates only. Tax is based on official rate, and is therefore 1.88 cruzeiros per U.S. dollar.
5. Brazil: currency certificates auctioned for five import categories. Effective selling rate is official rate of 18.82 to U.S. dollar plus price of certificate. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product. Three rates shown cover bulk of transactions for auction.
6. Additional rates are in effect.
7. Colombia: stamp taxes of 10, 40, 60, and 90 per cent on imports depending on essentiality. The free rate applies to minor exports and less essential imports.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: special selling rate applies to certain designated commodities.
12. Indonesia: basic rate applies to most exports and a few essential imports. Purchase of exchange for other imports is subject to surcharge of 50, 100, 200 and 400 per cent depending on products.
13. Official rate applies to exports and essential imports. For non-essential imports there is a surcharge of 25 guaranis per U.S. dollar.
14. Portugal: approximately same rate for Portuguese Territories in Africa.
15. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
16. Certain essential imports are subject to a fixed rate of 2.10 pesos per U.S. dollar, and no longer require import permits. Other imports are subject to the free rate, and are under quota. Exports are subject to a variety of rates according to the product. Exports will be divided into eleven categories for exchange rate purposes. Depending on the product, the export rates which will apply range from 100 per cent of the free rate to 100 per cent of the basic export rate of 1.519 pesos per U.S. dollar.
17. Bolivia: Since December 15, 1956, a unified fluctuating free rate has been in effect. The official rate has little application.



Trade Commissioners on Tour

M. R. M. DALE, formerly Commercial Secretary for Canada in Cairo, Egypt, has begun a tour of Canada. He will visit the following places:

Winnipeg—May 28-29
 Montreal—June 3-14
 Quebec—June 17
 Halifax—June 19
 St. John's—June 20-21
 Toronto—June 24-July 5
 Hamilton—July 8

St. Catharines, Welland,
 Niagara Falls—July 9
 Brantford, London—July 10
 Windsor, Walkerville—July 11
 Sarnia—July 12
 Ottawa—July 15-19

A. W. EVANS, Trade Commissioner in Cape Town, South Africa, will shortly begin a Canadian tour. He will visit the following places:

Toronto—June 6-14
 Montreal—June 17-24
 Fredericton—June 25

Saint John—June 26
 Halifax—June 28

G. F. G. HUGHES, formerly Commercial Secretary in Beirut, Lebanon, will shortly begin a tour of Canada. He will visit the following places:

Montreal—May 27-June 7
 Ottawa—June 10-14
 Toronto—June 17-28
 Hamilton—July 2

Brantford—July 3
 London—July 4
 Kitchener, Fergus—July 5

WILLIAM JONES, formerly Commercial Secretary for Canada in New Delhi, India, will shortly begin a tour of Canada. He will visit the following places:

Ottawa—June 6-14
 Toronto—June 17-21

Montreal—June 24-28

D. B. LAUGHTON, Trade Commissioner in Port-of-Spain, Trinidad, has begun a tour of Canada. He will visit the following places:

Toronto—May 27-31
 Oakville—June 12 (a.m.)
 Hamilton—June 12 (p.m.)—13

Brantford—June 14
 Windsor—June 17

B. A. MACDONALD, Commercial Counsellor in Bonn, West Germany, will shortly begin a tour of Canada. He will visit the following places:

Halifax—June 10-11
 Sydney—June 12
 Charlottetown—July 3
 Saint John—July 4

Black's Harbour—July 5
 Fredericton—July 8
 Quebec—July 9-12

D. A. B. MARSHALL, Commercial Counsellor (Agricultural) in London, has begun a Canadian tour. He will visit the following places:

Vancouver—May 27-29
 Victoria—May 30
 Calgary—June 3-4
 Lethbridge—June 5-6

Edmonton—June 13-14
 Saskatoon—June 17
 Regina—June 18
 Winnipeg—June 19-21

T. J. MONTY, Commercial Counsellor in Brussels, Belgium, will shortly begin a tour of Canada. He will visit the following places:

Halifax—June 3-4
 Saint John—June 6-7
 Quebec—June 10-11

Montreal—June 12-28
 Toronto—July 2-13

W. D. WALLACE, formerly Commercial Secretary in Djakarta, Indonesia, has begun a tour of Canada. He will visit the following places:

Toronto—May 24-31
 Hamilton—June 3

Brantford—June 5
 Windsor, Walkerville—June 6
 St. Catharines, Welland—June 4 Sarnia—June 7

Businessmen in the various centres may get in touch with these officers through the Boards of Trade in Brantford, Charlottetown, Halifax, Montreal, Saint John, Saskatoon and Sydney; the Chambers of Commerce in Calgary, Edmonton, Fergus, Hamilton, Kitchener, Lethbridge, London, Niagara Falls, Oakville, Quebec, Regina, Sarnia, St. Catharines, Welland and Windsor; the Canadian Manufacturers Association in Toronto and Winnipeg; the Department of Trade and Industry in Victoria, and the Department of Trade and Commerce in Ottawa, St. John's and Vancouver.