

GLOBAL OVERVIEW OF 1994 MARKETS FOR WOOD PRODUCTS

Charles R. Widman
Widman Associates, Inc.
Vancouver, BC

World Population Growth

Population will rise from 5.5 billion in 1994 to 7.2 billion in 2010 (Fig. 1). Need for wood products will increase dramatically (Fig. 2).

World GNP Growth

Most countries will experience economic growth in 1994-96 (Fig 3). Demand for wood products will increase.

World Is Running Out of Wood Fibers

Russia has 57% of growing stock (Fig. 4). Western countries must help Russia to improve its productivity. Most major countries are "have nots" when it comes to wood fiber.

Haves

Canada
Scandinavia
Russia
Eastern Europe
Southeast Asia
South Pacific
South America
Southern Africa

Have nots

United States
Western Europe
Asia (industrialized)
Middle East
Northern Africa
India

North American Housing Starts

Up in Canada and U.S. in 1994 and 1995 by 15 to 20% over 1993 (Fig. 5). Rising interest rates, however, may inhibit rise.

Softwood Production

There could be a shortfall of lumber by up to 4 billion FBM in 1994 in North America (Fig. 6). The BC log harvest will drop 20% (Fig. 7) and lumber production will also drop by 15 to 20% by 1996 (Fig. 7). Overall Canadian lumber production will also drop (Fig. 8). Production of lumber, pulp, and panelboards will increase in Alberta. It is the only province in Canada with capacity to increase significantly (Fig. 9).

Panelboards In Short Supply

Plywood dropping, OSB increasing (Fig. 10). Big expansion in OSB coming.

Substitutes

Steel and plastics will be used more, as well as brick and concrete. Substitutes include:

Non-Wood	Wood
Steel	Laminated veneer lumber
Concrete	Parallel strand lumber
Plastics	Finger-jointed wood products
Aluminum	Edge-glued and laminated products
Brick	I-beams
	Woodmat
	Moulded strandboard
	Triboard

Need For More Dry Lumber

Particularly in Europe and Japan.

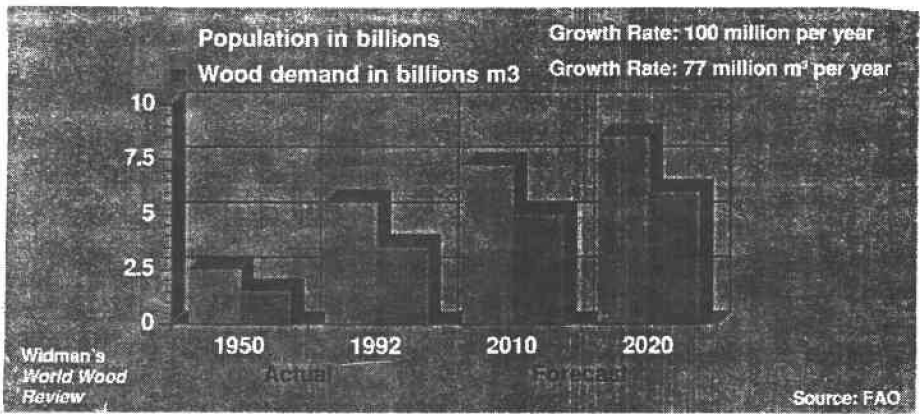


Figure 1. World population growth versus wood demand.

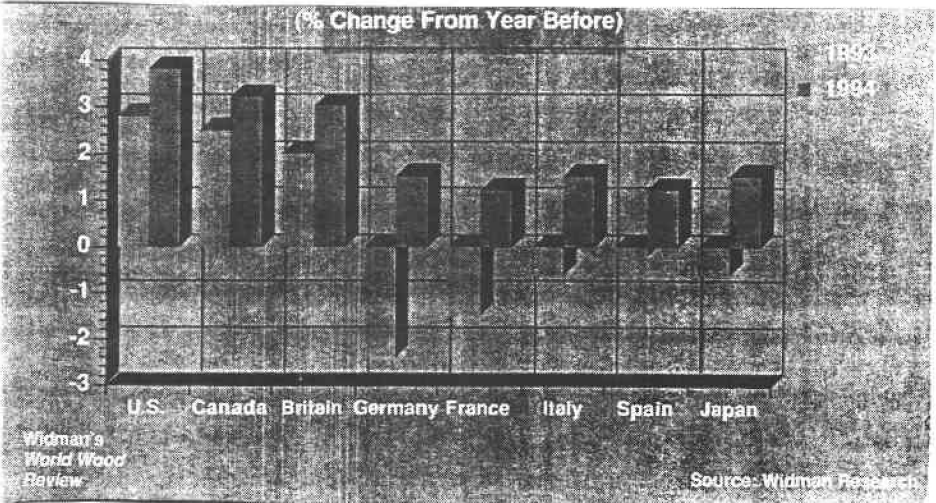


Figure 2. World gross domestic product (GDP) forecast.

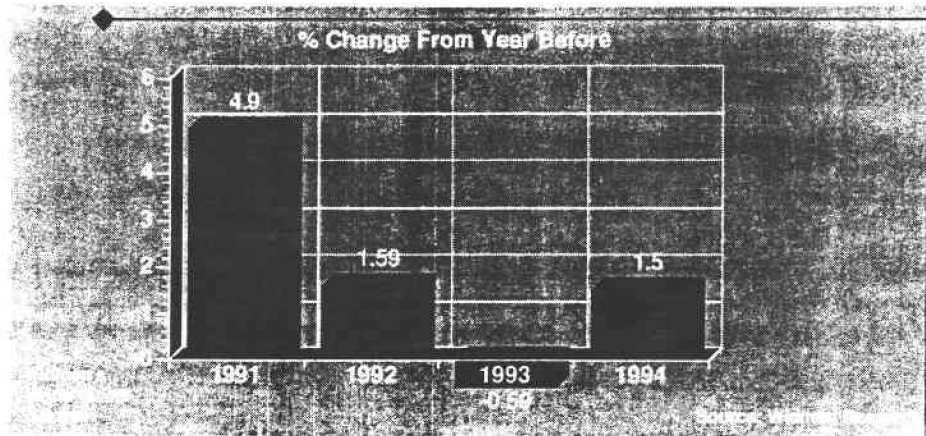
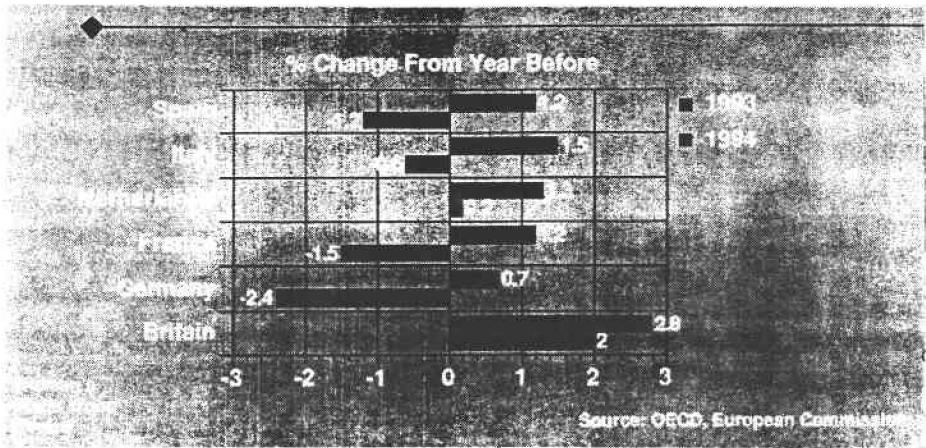


Figure 3. European and Japanese GDP forecast.

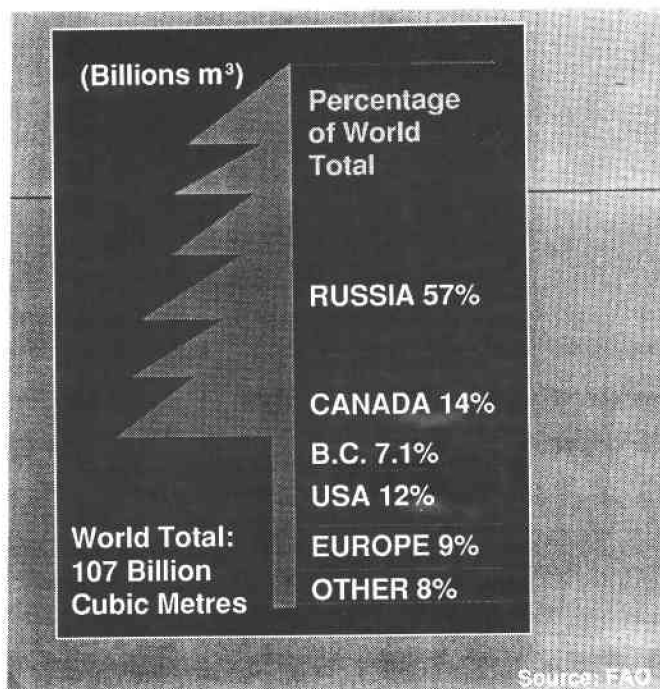


Figure 4. World softwood growth stock.

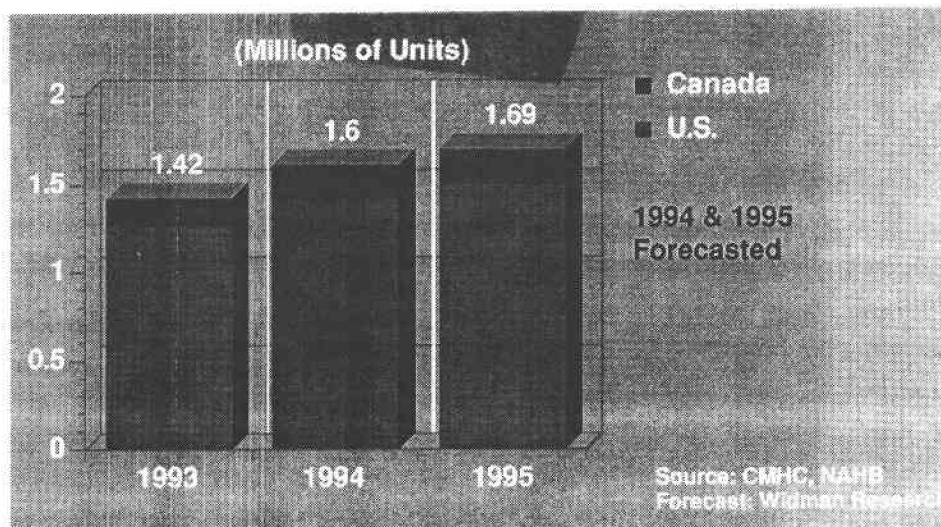
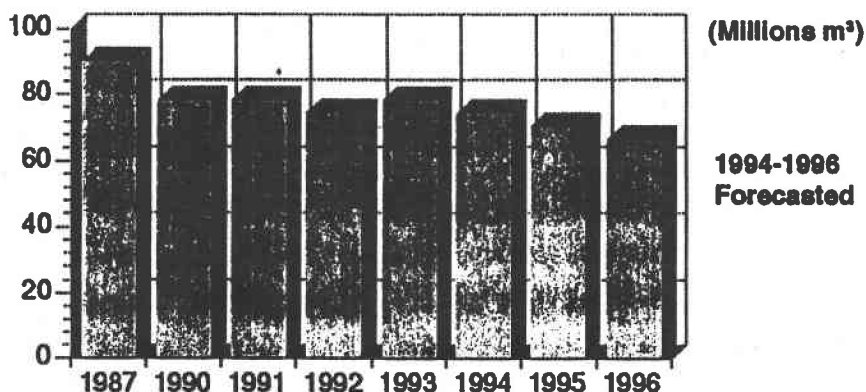


Figure 5. North American housing starts.

* Estimated	1992	1993*	1994*
Total Production (Canada/U.S.)	57.6	58.5	56.9
Less Offshore Exports	(6.2)	(6.0)	(5.5)
Total Available to Domestic Market	51.4	52.5	51.4
Estimated Consumption	51.6	52.5	55.1
Supply Deficit	.0	.0	(3.7)

Widman's World Wood Review (Billions FBM) Source: WWPA Estimate: Widman Research

Figure 6. North American softwood lumber production versus consumption.



Source: B.C. Ministry of Forests
Forecast: Widman Research

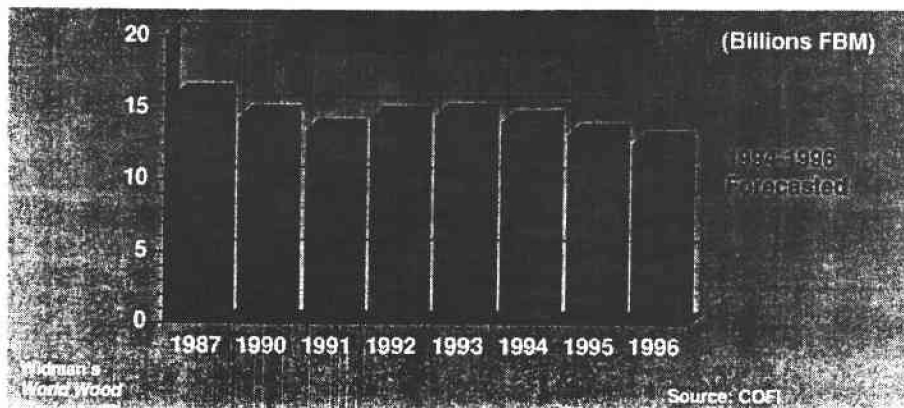


FIGURE 7. British Columbia softwood harvest and lumber production.

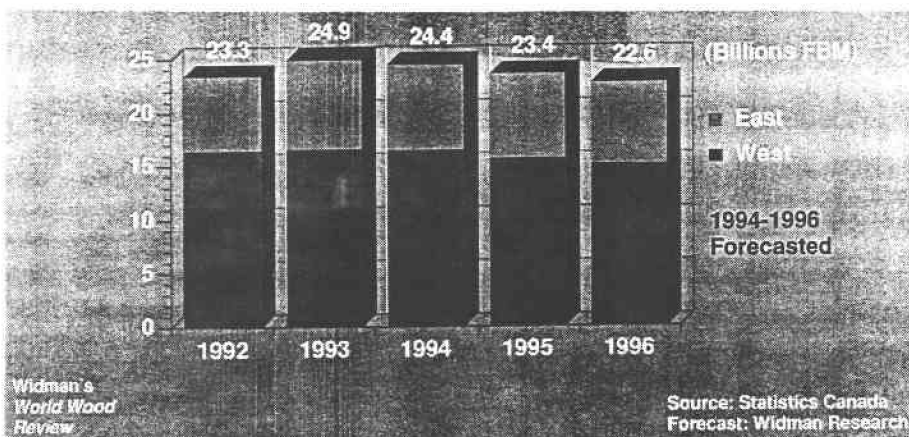


Figure 8. Canadian softwood lumber production.

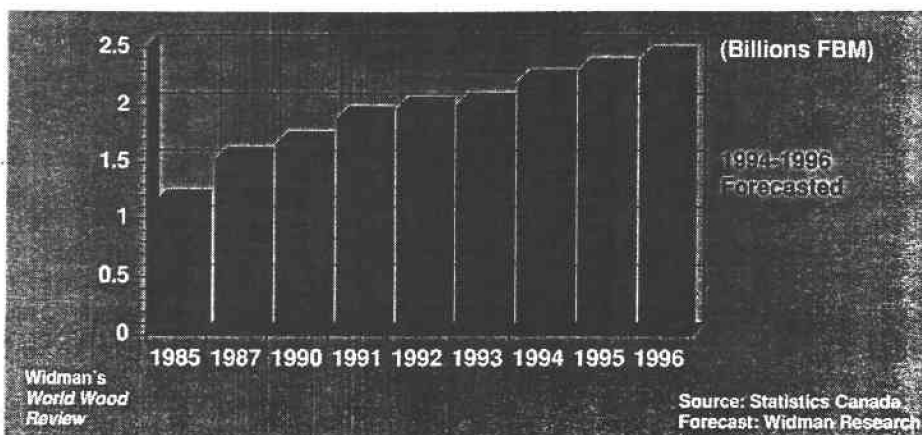
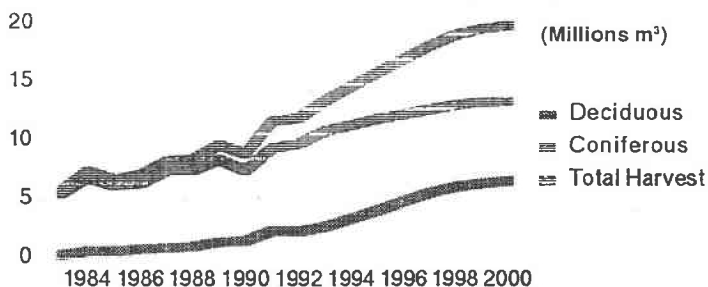


Figure 9. Alberta wood harvest and lumber production.

* Estimated	Softwood Plywood and OSB	1992	*1993	*1994
Total Production		30.4	31.1	30.9
Less offshore exports		(1.7)	(1.7)	(1.8)
Total available to domestic market		28.7	29.4	29.1
Estimated consumption		28.7	29.4	30.8
Supply deficit		0	0	1.7

Widman's
World Wood
Review

(Billions square feet)

Source: APA, Statistics Canada; Forecast: Widman's Review

Figure 10. North American structural panel supply and demand.