

A 'smok'n and blow'n' US housing sector poses challenge for Aussies

Benefits in enhanced Canada-Australia trade relationship

JOHN HALKETT

WITH 98% of the timber exported from Canada going across the border into the US, clearly a lesson for producers is the high risk and vulnerability of putting all your eggs in the one basket.



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Certainly, diversifying their export trade would seem to be a sensible strategy. Here is where Australia might get a more prominent seat at the table. An enhanced timber trade relationship between Australia and Canada could

“TIMBER STILL CENTRAL TO ECONOMY OF THE PROVINCE

be mutually beneficial.

From an Australia perspective, structural softwoods and engineered wood products to support home and mid-rise construction provide opportunities for collaborative trade enterprises between the Australian timber trade and Canadian suppliers.

BC Wood chief executive Brian Hawrysh is no stranger to the Australian timber scene. In the past he worked



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for Canadian Pacific Forest Products visiting Australia on numerous occasions selling large cross-section Oregon timber for recutting and

1/ Diversifying Canada's export trade a sensible strategy... here is where Australia might get a more prominent seat at the table.

2/ Brian Hawrysh... diversification of markets is certainly in the minds of the Canadian timber industry.

further processing. Those days have now passed and the major centre of Canadian timber-based activity at Sydney's Homebush Bay is now the Olympic precinct.

Brian now heads BC Wood, a critical organisation in British Columbia's mega timber industry. He says that while outflanked today by mining and tourism the timber industry remains central to the economy and prosperity of the province.

"The forestry and timber industry is particularly important to a significant swathe of rural British Columbia almost entirely reliant on the timber trade," Brian said.

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He asserts that a strength of the Canadian timber industry is the competitive advantage afforded by forest management, recognised as a global leader in sustainable management with internationally recognised certification credentials.

He doesn't regard the tariff impost by the US government on Canadian timber imports as a significant issue.

"The US housing market is on the rebound and is currently very strong. There was a 20% price increase before the tariff and that has anyway just been passed on to house builders," he said.

US residential construction has doubled over the past three to four years and presently sits at around 1.1 to 1.2 million starts a year. So prices are strong and may increase further.

"The substantial jump in



Competitive advantage... BC timber industry a global leader in sustainable forest management and international certification credentials.

US timber prices is very good news for Canadian suppliers, despite helping to perpetuate the traditional dependence on the US housing market," says Brian.

"This demand on Canadian producers makes supplying other markets challenging, especially where specifications vary from

those required to supply the US market.

"The major current constrains of further expansion of the US housing market are really labour and building site availability,"

Brian said while

“US HOUSING MARKET IS ON REBOUND”

diversification of markets was certainly in the minds of the Canadian industry, memories are short when the US market is "smok'n and blow'n".

Brian said as opposed to interior provinces coastal provinces, notably British Columbia, are more outward looking and take a longer term view to marketing issues including the value of diversification and flexibility

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Home building busy

AUSTRALIA'S home building industry beat expectations in commencing construction of 228,480 homes in the 2017-18 financial year.



"This represents a 3.3% increase on home starts in the previous financial year," HIA economist Diwa Hopkins said.

The ABS yesterday released building activity data for the June quarter of 2018, rounding out the full financial year results.

"It turns out that quite a significant amount of homes commenced construction in the March quarter of this

year – more than what the ABS had initially estimated, particularly in the east coast's multi-unit segment of the market," said Ms Hopkins.

"The commencement of well over 200,000 homes in 2017-18 will support overall activity in the residential construction sector into 2019, as the building of these homes progresses through to completion. "