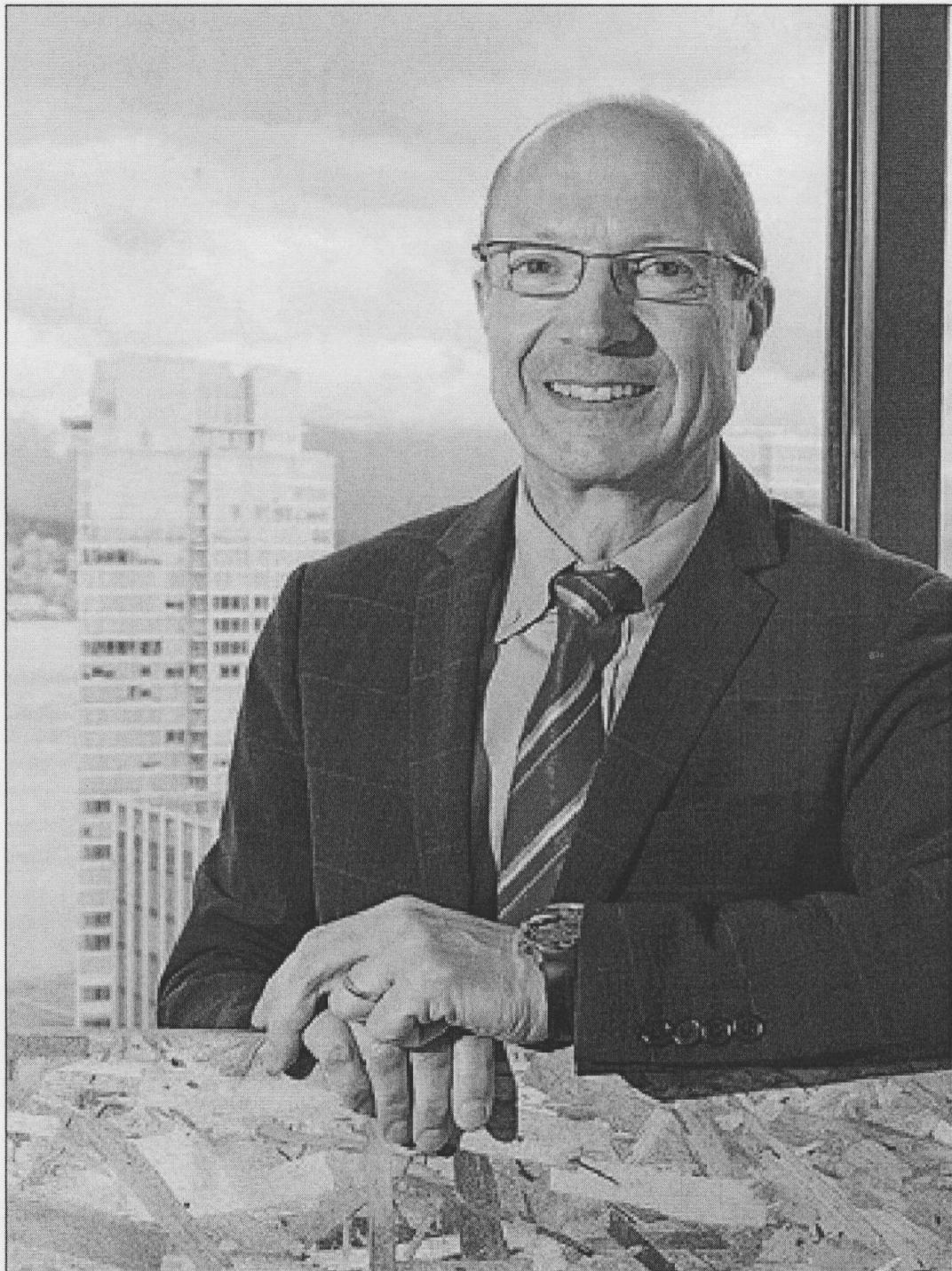


## Opportunity from disaster

Reconstruction after Japan's earthquake a boon to Canadian firm

BY BRIAN MORTON, POSTMEDIA NEWS JULY 5, 2011



Ainsworth Engineered Canada vice-president Robert Fouquet said that, as of April, his company has been shipping twice as much oriented strand board to Japan than it was a month earlier due to reconstruction efforts.

Photograph by: Ward Perrin, Postmedia News, Postmedia News

Robert Fouquet believes the potential for increasing sales to earthquake-ravaged Japan is greater than ever.

The vice-president of marketing and sales for Vancouver-based Ainsworth Engineered Canada LP says demand for his company's structural wood panels in residential construction soared after the

March disaster and that more Japanese builders now see the advantage of using them over traditional plywood.

"When the earthquake and tsunami struck, the phone lines in our office in Tokyo started to ring and there was an onslaught of inquiries coming in about buying our OSB (oriented strand board), because it disrupted Japan's plywood mills, with a 30 per cent loss in capacity. We reacted immediately by ramping up volumes of Japanese-grade OSB at our mills and met the demand."

Ainsworth is one of many B.C. companies that are contributing financially to Japan's earthquake relief, while building new markets over the long term.

Despite the horror stories about flooded cities, ravaged infrastructure and damaged nuclear reactors, these companies remain bullish on opportunities in Japan - and the Japanese are happy they are.

Opportunity in a strengthening Japanese economy was a central theme at a recent seminar in downtown Vancouver on the pressures, challenges and opportunities following the earthquake.

Fouquet said the damage to Japan's plywood mills prompted a sudden interest in products including softwood plywood from North America and hardwood plywood from Southeast Asia as well as OSB.

"As of the end of April, we were selling at double the rate relative to the period prior to March 11," added Fouquet, who said Ainsworth is Japan's leading supplier of OSB.

He said Ainsworth's overseas sales, mainly to Japan, had already jumped 37.5 per cent in 2010 over 2009, from \$35.5 million to \$48.8 million.

Ainsworth, one of 11 forest products companies contributing \$500,000 to the Japan earthquake reconstruction under the umbrella of the Canada Wood Group, has been selling OSB to the country since 1994.

However, OSB - cut from small-diameter logs into long thin strands that are glued together under intense heat and pressure - makes up just five per cent of the Japanese market for structural panels, a percentage Fouquet expects will rise significantly over the long term.

The Japan Re-engagement Seminar, which attracted dozens of participants including representatives of Foreign Affairs and International Trade Canada, the B.C. government, the Japanese government and the Japan External Trade Organization, concluded that it's no time to pull back investment.

"Japan is open for business," Vancouver's consul-general Hideki Ito told seminar attendees. "Reconstruction is moving forward and supply chains are being restored."

Itto said 90 per cent of B.C.'s exports to Japan are resource-based and that demand for wood in reconstruction is strong and will remain so.

According to the B.C. government, Japan is not only the province's third largest trading partner after the U.S. and China, but a key partner in such fields as life sciences, information and communications technology, and alternative energies.

In 2010, B.C. exported nearly \$4.2 billion worth of goods to Japan, with the top three commodities being coal, copper and lumber.

A recent government report on the post-disaster market for B.C. exporters concluded, among other things, that construction remains the most critical industry in the early stages of recovery and that there is a continuing shortage of building materials such as plywood, wiring insulation and plumbing materials.

The report said areas of great potential brought into a new light because of the disaster are products and expertise in renewable-energy sources such as wind, hydro and geothermal.

One company that's hoping to gain a foothold in Japan through earthquake reconstruction work is Mandala Custom Homes, a Nelson-based pre-fab construction firm that now exports about a quarter of its homes to the U.S.

"I'm interested in Japan because there's a need," said company president Lars Chose, who hopes to set up a Vancouver factory and produce up to 100 homes a year to send to Japan for assembly. "Our homes are sustainably built, they're energy-efficient and they're healthy."

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