Backgrounder:
Canada's Forest Product Mills

EDMONTON, May, 2004 - Global Forest Watch Canada tracks existing and planned development activities in Canada's forests in part by identifying the actors – companies, individuals, government agencies, and others – engaged in these development activities. Much of Canada's logging activity occurs on Crown (often referred to as "public") land and most of the wood harvested in Canada is processed in forest product mills located throughout Canada.

The term "forest product mill" refers to a wood-processing facility. There are a wide variety of forest product mills across Canada, varying from those that produce pulp and paper to those that produce dimensional lumber, poles and posts, plywood, paneling and/or veneers. Global Forest Watch Canada has gathered information in order to continue to develop an understanding of who the companies that process wood from Canada's forests are, where the forest product mills that process this wood are located, what kinds of products are produced, and what the production levels are like.

The result is a product which is a first look at forest product mills in Canada by Global Forest Watch Canada and, to our knowledge, represents the only existing spatial dataset of forest product mills that includes all types of mills (e.g., pulp and paper mills, dimensional lumber mills, panel mills, shake and shingle mills, remanufacturing mills).

The Global Forest Watch report on Canada's forest product mills accompanies a spatial dataset, a database and maps which are freely available on the Global Forest Watch Canada website (www.globalforestwatch.ca). The spatial dataset and database are the main products resulting from this project.

Forty-five percent (45 percent — 417.6 million ha) of Canada's land area is forested. Seventy-one percent (71 percent) of this forested land is owned by provincial governments, 23 percent is owned by federal and territorial governments, and 6 percent is privately owned. Fifty-six percent (56 percent — 234.5 million ha) of Canada's forests are considered to be commercial forests, i.e., capable of producing forest products; and 28 percent (119 million ha) are managed for timber purposes, according to Natural Resources Canada. Annually, Canada harvests an estimated 0.4 percent (1,025,429 ha or 193.2 million m^3 in 1999) of the commercial forest area.

Virtually all of the wood processed in Canada's forest product facilities comes from timber cut in Canada. The vast majority of the timber cut for commercial use is from public land. British Columbia logs the largest volume of timber and has the second largest area cut. Québec logs the second largest volume of timber and has the largest area cut. Ontario places third for both volume and area cut. These three provinces comprise 70 percent of the volume logged and 79 percent of the area cut for all of Canada.

Both volume and area cut are regulated under a variety of types of provincial legislation and are allocated under a variety of tenure arrangements on Crown (i.e., public) lands. These forest tenure areas are the major areas that provide timber for the forest product mills. Global Forest Watch Canada has compiled the locations of all major forestry tenures in Canada in a separate set of freely available products.

The forest sector's contribution to the Canadian economy (GDP) was $28.5 billion (or 2.9 percent) in 2001 and $29.9 billion (or 2.9) percent in 2002. Direct employment was 352,800 in 2001 and 361,000 in 2002 — 2.3 percent of total employment in Canada for both years. In 2001, 164,300 people were employed in wood industries, 110,500 in paper and allied industries, 53,600 in logging and 24,300 in forestry services. These jobs are spread across Canada, but are found primarily in Québec (109,200), British Columbia (90,600) and Ontario (83,500). Wages and salaries for direct employment were $9.6 billion for 1999. Shipments were $73.6 billion in 1999. In 2001, shipments of pulp and paper totaled 29.4 million tonnes, a decrease of 2.2 percent from the previous year. Production of softwood lumber rose to a record level of 68.8 million m^3 in 2001. New investments (capital only) totaled $3.1 billion in 2001, with the following breakdown: paper and allied industries, $2.0 billion (64.5 percent); wood industries, $0.8 billion (24.5 percent); and logging, $0.3 billion (11 percent).

Total manufacturing revenues more than doubled between 1990 ($14.8 billion) and 2001 ($31.3 billion) for the Wood Product Manufacturing subsector and rose just over 50 percent for the Paper Product Manufacturing subsector ($24.5 billion in 1990 and $37.2 billion in 2001).

The 11 Canadian companies that ranked in the Global Forest and Paper Industry Top 100 companies (by sales) list from PricewaterhouseCoopers reported sales of $17.5 billion in 2002 (up from $16.8 billion in 2001), which represented 6 percent of the Top 100 companies' total sales. These companies include: Abitibi-Consolidated, Domtar, Cascades, Tembec, Nexfor, Canfor, West Fraser Timber, NorskeCanada, Slocan, Interfor, and Doman. Fourteen of the top 15 producers of lumber in the United States and Canada (in terms of cubic metres of processing capacity) operate in Canada.

The proportional increase in softwood sawmill capacity in Canada (15.4% increase) was almost double that of the United States (8.5% increase) between 1995 and 2001 (USA = 81×10^6 m^3 in 1995 and 88×10^6 m^3 in 2001; Canada = 68×10^6 m^3 in 1995 and 78×10^6 m^3 in 2001). This increase in Canadian softwood sawmill capacity is mostly in Canada's boreal region. For example, almost 75% of the increase over between 1995 and 2001 period was from the provinces of Alberta, Saskatchewan, Manitoba, Ontario and Québec. A substantial portion of the remaining increase in capacity was from mills near the boreal region of northern British Columbia.

According to the American Forest and Paper Association, in the USA there are approximately 330 m^3 timber cut per direct job in the forest sector (defined as the forest products industry consisting of forest and paper production). Although direct comparative statistics are not available, Natural Resources Canada and Industry Canada estimate there are 550 m^3 timber cut per direct job in the forest sector (defined as forest services, logging, wood industries, paper and allied industries).

Employment in Canada's forest products sector, which includes logging and forestry, wood products, and paper products, rose from 271.7 thousand in 1961 to 340.2

thousand in 2000, an average annual rate of increase of 0.58 per cent. This was slower than aggregate employment growth for Canada (2.21 per cent), with the result that the sector's employment share fell by nearly 50 per cent from 4.19 per cent in 1961 to 2.24 per cent in 2000.

Although there are many joint venture mills, companies in Canada that have the largest mill capacities for producing pulp or paper include Abitibi-Consolidated, Bowater, Tembec, Kruger, Norampac, Norske, and Domtar. Companies in Canada that have the largest mill capacities for producing softwood lumber include Canfor/Slocan, Abitibi-Consolidated, Doman, Domtar, International Forest Products, JD Irving, Riverside, Weldwood, West Fraser, Barrette, Houston Forest Products, Tolko, and Uniforêt.

Canada's Forest Product Mills, including maps, figures, and satellite pictures, as well as media briefing materials, is available for download at:
www.globalforestwatch.ca

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