

**WOOD**

**MARKET**

**STATISTICS**

*Including  
Pulp and Paper*

**IN**

**FPI**innovations 

# BRITISH COLUMBIA

2010 Edition



**FPIInnovations™** together with the Canadian Wood Fibre Centre of Natural Resources Canada, form the world's largest private, not-for-profit forest research institute. FPIInnovations works towards optimizing the forest sector value chain. It capitalizes on Canada's fibre attributes and develops new products and market opportunities within a framework of environmental sustainability. The goal is leadership through innovation and a strengthening of the Canadian forest sector's global competitiveness through research, knowledge transfer and implementation.

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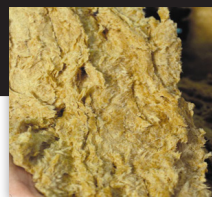
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## WOOD MARKET STATISTICS – BRITISH COLUMBIA 2010



Photo Credit: © 2008 Jupiterimages Corporation

The British Columbia Forest Industry Fact Book was last issued by the Council of Forest Industries (COFI) in 2000. The COFI Fact Book, as it was commonly known, presented and summarized frequently requested information specific to the forest sector, mainly focusing on British Columbia, as well as some highlights and key findings on Canada and the rest of the world.

Based on the COFI Fact Book, the Markets & Economics Group at FPInnovations has created a new publication - Wood Market Statistics Including Pulp & Paper (WMS). Similar to COFI's Fact Book, WMS is updated and made available on an annual basis. In addition to British Columbia, WMS is produced for Canada, Alberta and Saskatchewan.

# BRITISH COLUMBIA'S FOREST RESOURCE AND FOREST INDUSTRY



Credit: [www.naturallywood.com](http://www.naturallywood.com)

## HIGHLIGHTS

- Although British Columbia's land area is approximately 10% of Canada's, its forest lands are home to more than 30% of the nation's growing stock.
- Close to 94% of the province's growing stock is softwood species, with the SPF species group representing about 60%.
- Close to half of Canada's certified forests are in British Columbia.
- British Columbia continues to be the nation's largest producer of softwood lumber, plywood and chemical pulp products.
- Issues that the BC industry continues to deal with include a recessionary economy, slow housing starts in the US and Canada, increased competition from overseas producers, as well as the strengthening Canadian dollar (coupled with the weak US dollar).
- As of March 2010, the Ministry of Forests and Range estimates that the mountain pine beetle (MPB) has killed over 675 million cubic metres of timber, with over 16.3 million hectares infected – five times the size of Vancouver Island.

## BRITISH COLUMBIA'S FOREST RESOURCE

### LAND DISTRIBUTION

According to the last results released by Canada's National Forest Inventory (CanFI 2001), British Columbia has a total land area of 91.6 million hectares, or roughly 10% of the nation's total land mass. With over 64.2 million hectares of forest and other wooded land, about 16% of Canada's, British Columbia has the highest forest and other wood land to total land area ratio (70%) of all provinces.

#### Canada's Land Area, hectares

	Forest Land	Other Wooded Land	Forest and other Wooded Land	Non-Forest Land	Total Land
British Columbia	57,910,000	6,337,000	64,247,000	27,397,000	91,644,000
Alberta	27,718,000	8,670,000	36,388,000	25,011,000	61,399,000
Saskatchewan	20,043,000	4,215,000	24,258,000	34,558,000	58,816,000
Manitoba	18,968,000	17,386,000	36,354,000	17,641,000	53,995,000
Ontario	53,758,000	14,536,000	68,294,000	19,816,000	88,110,000
Quebec	73,360,000	11,215,000	84,575,000	48,395,000	132,970,000
New Brunswick	6,091,000	116,000	6,207,000	922,000	7,129,000
Nova Scotia	4,240,000	107,000	4,347,000	930,000	5,277,000
Prince Edward Island	265,000	8,000	273,000	292,000	565,000
Newfoundland and Labrador	10,730,000	9,337,000	20,067,000	15,311,000	35,378,000
Yukon	7,884,000	14,906,000	22,790,000	23,808,000	46,598,000
Northwest Territories	28,352,000	4,994,000	33,346,000	78,508,000	111,854,000
Nunavut	815,000	125,000	940,000	187,427,000	188,367,000
Canada	310,134,000	91,952,000	402,086,000	480,016,000	882,102,000

Source: Canada's National Forest Inventory - CanFI 2001. <https://nfi.nfis.org/history.php?lang=en>

Of the 57.9 million hectares of forest land in British Columbia, close to 97% is publicly owned, while the remaining area (1.93 million hectares) is governed by private owners.

#### British Columbia's Forest Ownership

British Columbia's Forest and other Wooded Land 64,247,000 hectares	Ownership	%	Hectares
	Provincial	96%	61,677,120
	Federal	1%	642,470
	Private	3%	1,927,410

Source: Canada's Forests Web site, Natural Resources Canada. Reproduced with the permission of the Minister of Public Works and Government Services, 2009, and the courtesy of the Canadian Forest Service.

<http://canadaforests.nrcan.gc.ca/statsprofile>

## FOREST CERTIFICATION

Forest certification assures customers that the products they purchase originate from well sustained and managed forests. In Canada, there are three voluntary certification systems available to forest companies: Canadian Standards Association (CSA), Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC).

In 2009, close to 15 million hectares were certified and recognized by one of these forest certification systems. With close to 63 million hectares certified, British Columbia is not only a national leader, but also a world leader in third-party forest certification.

### Forest Certification Status in British Columbia

	Forests Certified	Area Certified (hectares)	
		2008	2009
CSA	47	28,773,643	33,478,822
FSC	9	664,848	2,659,355
SFI	24	17,835,989	26,304,575
Total	80	47,274,480	62,442,752

Source: Canadian Sustainable Forestry Certification Coalition

With more than 70% of the province's forest land certified, it is evident that forest companies and the province are deeply committed to delivering certified forest products to their customers, domestically and world wide.



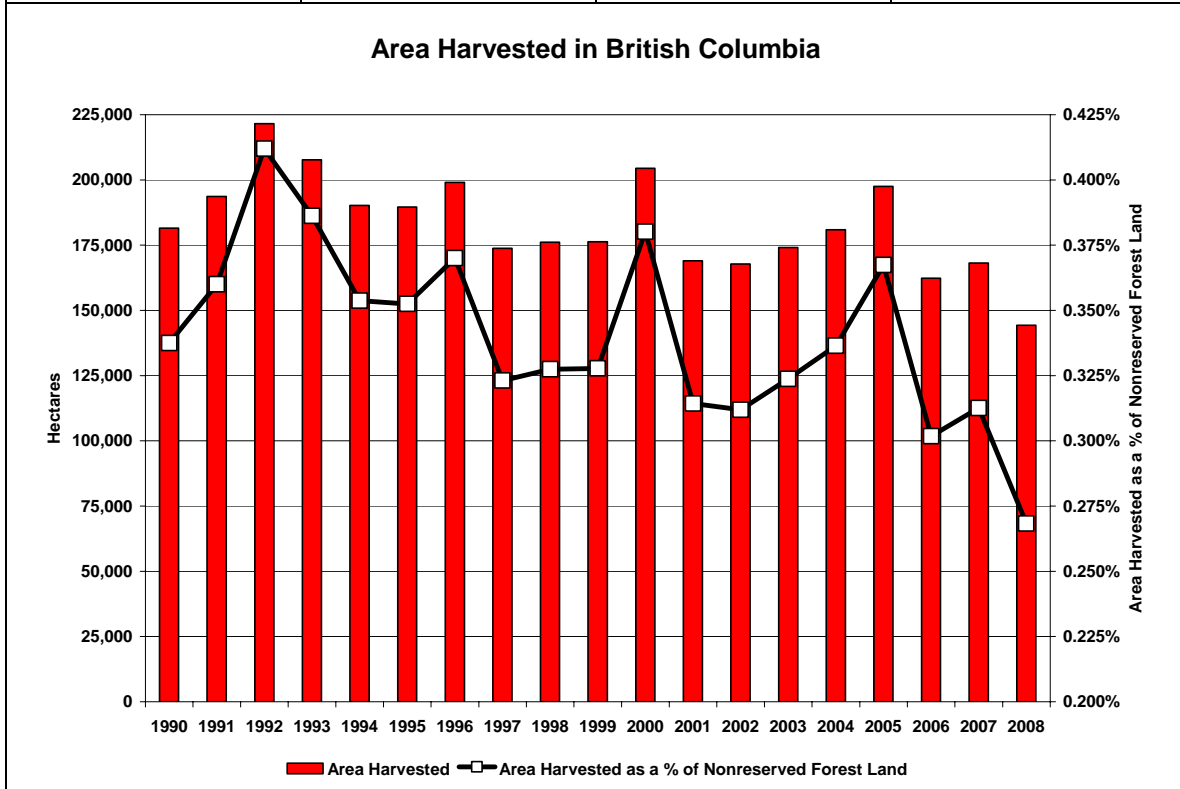
Photo Credit: © 2010 Thinkstock

## FOREST HARVESTS

British Columbia has over 57.9 million hectares of forest land, of which 53.8 million hectares are categorized as non-reserved forest land. Since 2000, the area harvested in the province has been on the decline. In the latest tally, approximately 144,335 hectares were harvested, or 0.268% of the non-reserved forests.

Area Harvested in British Columbia, hectares

	Area Harvested	Non-reserved Forest Land	Area Harvested as a % of Non-reserved Forest Land
2000	204,472	53,786,000	0.380%
2001	169,055		0.314%
2002	167,774		0.312%
2003	174,101		0.324%
2004	180,959		0.336%
2005	197,599		0.367%
2006	162,328		0.302%
2007	168,160		0.313%
2008	144,335		0.268%



Source: National Forestry Database, Canadian Council of Forest Ministers (<http://nfdp.ccfm.org/>)

## GROWING STOCK



Credit: [www.naturallywood.com](http://www.naturallywood.com)

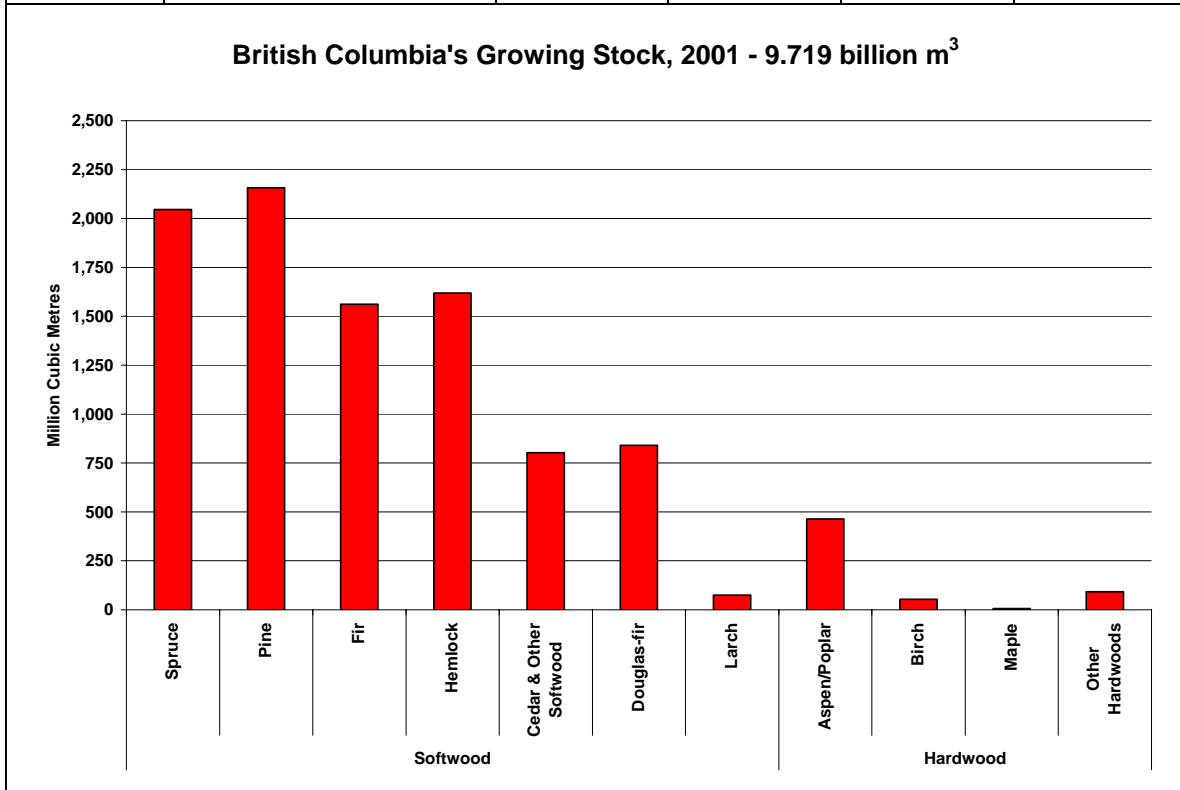
Based on the findings released in the CanFI 2001, it is estimated that British Columbia has a growing stock of 9.72 billion cubic metres on its vast forest land (64.2 million hectares), with close to 94% of the volume being softwood species. Of the various softwood species, spruce, pine and fir combine to account for 5.77 billion cubic metres. Aspen/poplar, being the largest hardwood stock, only represents 4.8% of the province's growing stock.

## Growing Stock on Non-reserved Forests by Species

Spruce, pine and fir combine to represent 60% of British Columbia's growing stock. However, the province's pine stock continues to depreciate at an alarming rate due to the mountain pine beetle epidemic. Mild winter months in past years have helped increase the beetle population, damaging many lodgepole pine stands in the Interior forest region.

British Columbia's Growing Stock on Non-reserved Forest Land, 2001

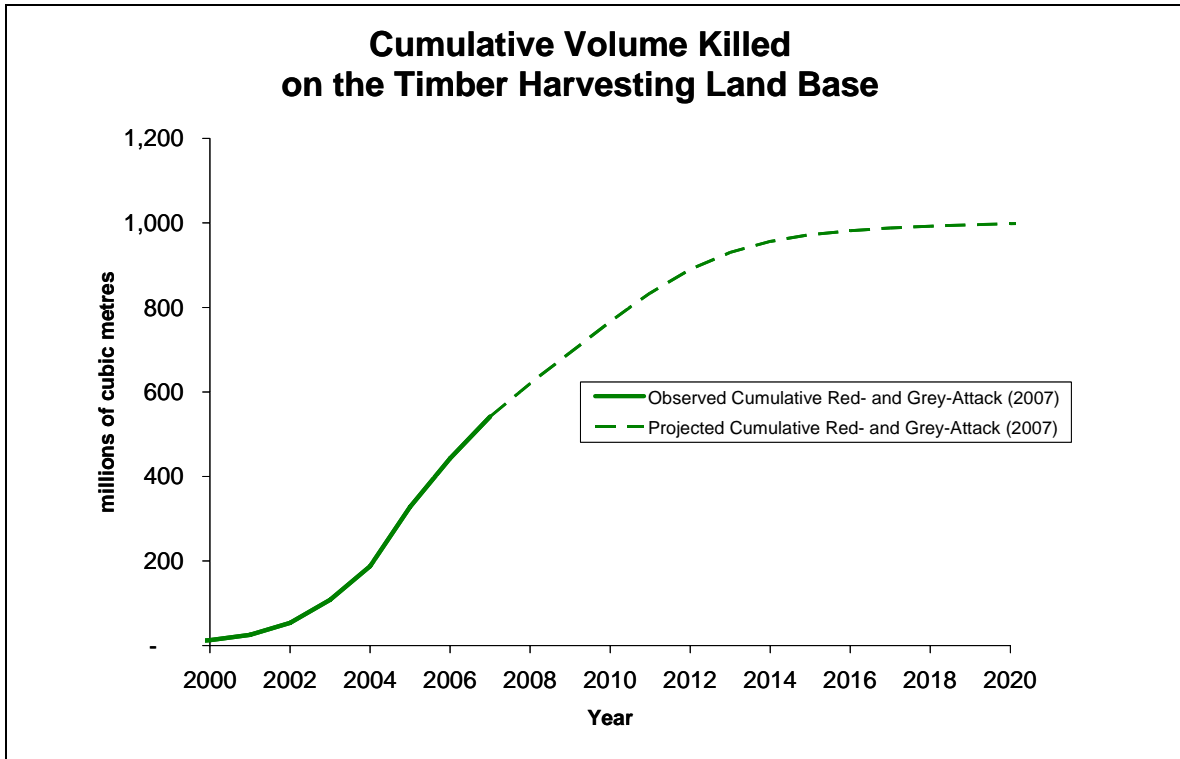
		Volume			
		million m <sup>3</sup>	%	million m <sup>3</sup>	%
Softwood	Spruce	2,046	21.1%	9,102	93.7%
	Pine	2,158	22.2%		
	Fir	1,561	16.1%		
	Hemlock	1,619	16.7%		
	Cedar & other softwood	803	8.3%		
	Douglas-fir	840	8.6%		
	Larch	75	0.8%		
Hardwood	Aspen/Poplar	465	4.8%	617	6.3%
	Birch	54	0.6%		
	Maple	6	0.1%		
	Other hardwoods	92	0.9%		



Source: Natural Resources Canada - Canada's Forest Inventory 2001 (<http://NFI.nfis.org>)

## Mountain Pine Beetle

According to the latest release (March 2010) by the Ministry of Forests and Range, it is estimated that about 16.3 million hectares of provincial Crown Forest was affected to some degree, or 675 million cubic metres of timber. By 2012, the cumulative volume is forecast to reach 900 million cubic metres.



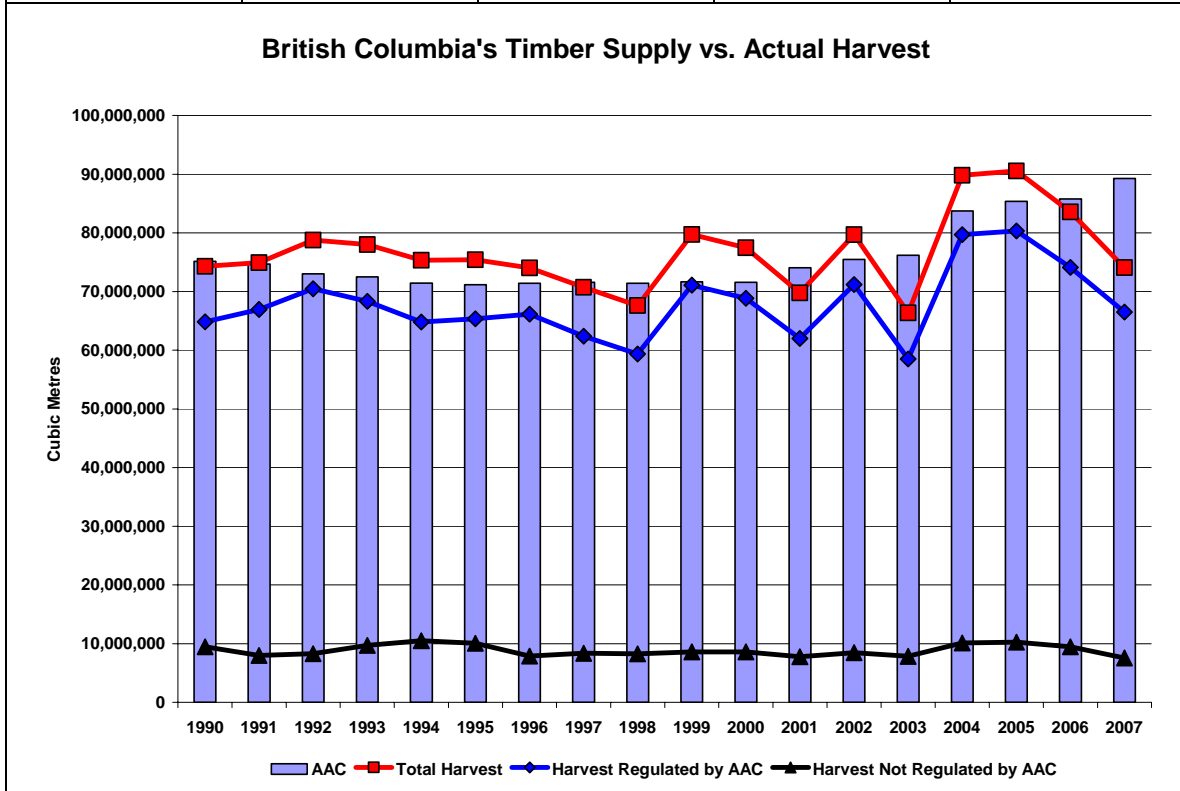
Source: BC Ministry of Forests and Range

## TIMBER SUPPLY AND HARVEST

Due in part to the mountain pine beetle attacks, British Columbia's timber supply, or annual allowable cut (AAC), surpassed 80 million cubic metres for the first time in 2004. As of 2007, the timber supply is at 89.3 million cubic metres. While more than 90 million cubic metres of lumber was harvested in 2005, only 74 million cubic metres were recorded in 2007 – a drop of 18% in just 2 years.

British Columbia's AAC and Volume Harvested, cubic metres

	AAC	Timber Harvest		
		Total Harvest	Harvest Regulated by AAC	Harvest Not Regulated by AAC
2000	71,580,450	77,429,000	68,843,000	8,586,000
2001	74,071,293	69,762,000	62,004,000	7,758,000
2002	75,483,236	79,672,000	71,196,000	8,476,000
2003	76,156,088	66,344,269	58,519,716	7,824,553
2004	83,716,077	89,801,023	79,671,961	10,129,062
2005	85,354,818	90,543,888	80,301,624	10,242,264
2006	85,760,000	83,570,000	74,110,000	9,460,000
2007*	89,250,000	74,060,000	66,510,000	7,550,000



\*At the time of release, no new information was available.

It should be noted that timber can also be harvested from lands not included in AAC determinations. Therefore, the actual harvest can exceed the AAC without jeopardizing the principles on which the AAC is determined. As illustrated in the above table, the volume of timber harvested in AAC-regulated forests is within the assigned AAC for each of the given years. Of the 90.5 million cubic metres harvested in 2005, approximately 89% were from lands regulated by AAC, while the remaining volume was from unregulated forests.

British Columbia's AAC breakdown, cubic metres

	Sum of AACs	Public sustained yield units (PSYUs)	Timber supply areas (TSAs)	Tree farm licences (TFLs)	Farm woodlot licences and woodlot licences (WLs)	Tree farms outside TFLs (private land)	Community forest agreements
2000	71,580,450	0	53,368,974	17,009,650	1,136,592	0	65,234
2001	74,071,293	0	55,772,905	16,953,650	1,248,214	0	96,524
2002	75,483,236	0	57,279,946	16,667,650	1,377,503	0	158,137
2003	76,156,088	0	57,356,292	17,067,150	1,562,278	0	170,368
2004	83,716,077	0	64,302,761	16,938,550	2,233,608	0	241,158
2005	85,354,818	0	65,544,882	17,247,250	2,321,528	0	241,158
2006	85,760,000	0	66,490,000	16,790,000	2,310,000	0	170,000
2007	89,250,000	0	68,510,000	16,970,000	3,600,000	0	170,000
2008	88,190,000	0	68,290,000	16,130,000	3,600,000	0	170,000

Source: BC Ministry of Forests and Range

In 2008, the AAC from the TSA (timber supply areas) accounted for more than 68.3 million cubic metres while the AAC from TFL (tree farm licenses) supplied 16.1 million cubic metres.

## Volume Harvested by Region

As illustrated in the previous section, the province's annual harvest from 1990 to 2002 hovered between 70 and 80 million cubic metres. In 1994, logs harvested from British Columbia's forests were recorded at 72.3 million cubic metres, with lodgepole pine representing about 25% of all harvest, followed by spruce and hemlock.

British Columbia Log Harvest by Species, 1994/95

Species	Coast Forest Region		Interior Forest Region		Provincial Total	
	m <sup>3</sup>	%	m <sup>3</sup>	%	m <sup>3</sup>	%
Balsam	1,390,000	6.6%	7,160,000	14.0%	8,550,000	11.8%
Cedar	5,137,000	24.3%	1,471,000	2.9%	6,608,000	9.1%
Cypress	1,066,000	5.1%	2,000	0.0%	1,068,000	1.5%
Douglas-fir	3,486,000	16.5%	4,177,000	8.2%	7,663,000	10.6%
Hemlock	8,810,000	41.7%	3,612,000	7.1%	12,422,000	17.2%
Larch	-	-	453,000	0.9%	453,000	0.6%
Lodgepole Pine	63,000	0.3%	18,397,000	35.9%	18,460,000	25.5%
Spruce	718,000	3.4%	13,676,000	26.7%	14,394,000	19.9%
White Pine	52,000	0.2%	178,000	0.3%	230,000	0.3%
Hardwood	-	-	-	-	-	0.0%
Other	381,000	1.8%	2,097,000	4.1%	2,478,000	3.4%
Total	21,103,000	100.0%	51,223,000	100.0%	72,326,000	100.0%

Source: BC Ministry of Forests and Range

Supported by the housing boom in the United States and also the mountain pine beetle attacks, the harvest volume peaked in 2005 at 90.5 million cubic metres – led by lodgepole pine (40.1 million cubic metres) and spruce (12.4).

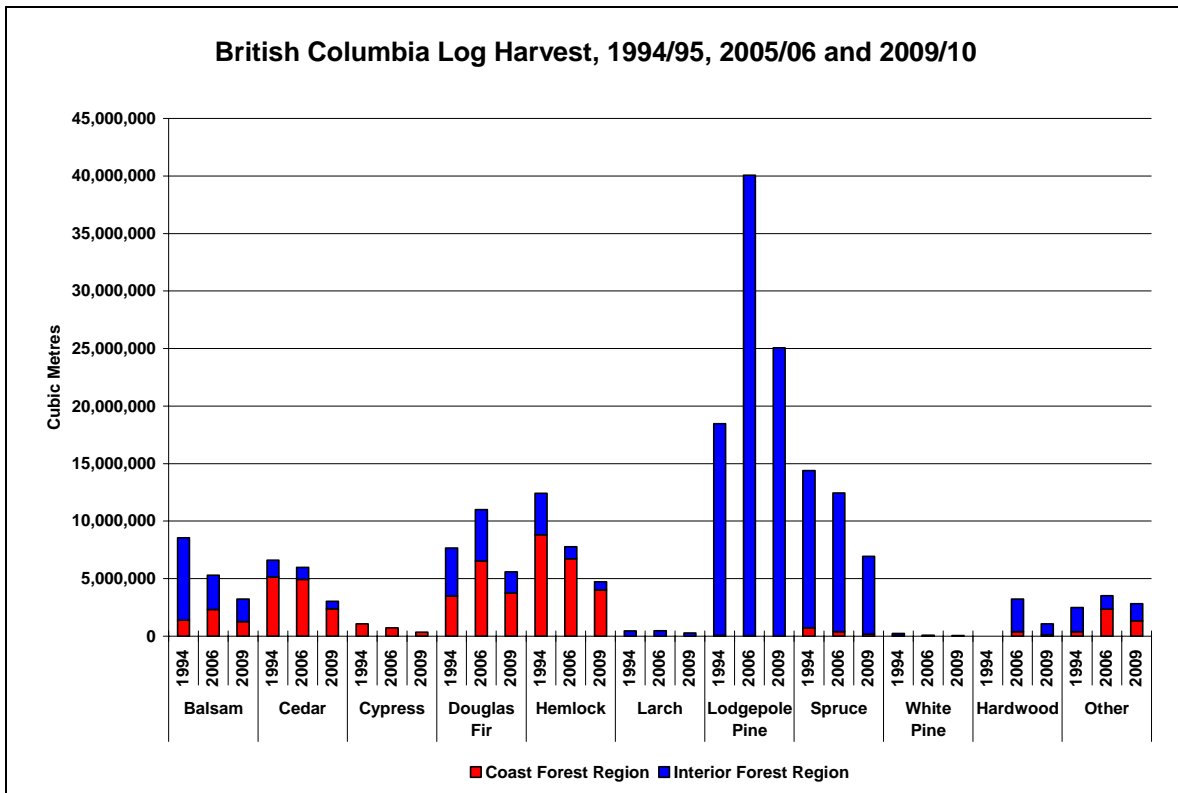
As the economy began to struggle in 2008, the US housing market collapsed shortly thereafter, leading to a fall in demand for all building products. By the end of 2008, only 60.5 million cubic metres were harvested, some 30 million cubic metres below the peak from 3 years ago. While lodgepole pine continued to be harvested extensively in the interior (followed by spruce and Douglas-fir), hemlock and Douglas-fir were the top species harvested in the coastal region.

By 2009, the harvest numbers fell another 7 million cubic metres to just 53.2 million cubic metres, which was the lowest level in the past two decades.

British Columbia Log Harvest by Species, 2009/10

Species	Coast Forest Region		Interior Forest Region		Provincial Total	
	m <sup>3</sup>	%	m <sup>3</sup>	%	m <sup>3</sup>	%
Balsam	1,261,790	9.4%	1,962,185	4.9%	3,223,975	6.1%
Cedar	2,386,852	17.8%	649,887	1.6%	3,036,740	5.7%
Cypress	350,368	2.6%	53	0.0%	350,420	0.7%
Douglas-fir	3,746,763	27.9%	1,833,380	4.6%	5,580,143	10.5%
Hemlock	4,025,681	30.0%	696,626	1.8%	4,722,307	8.9%
Larch	-	0.0%	287,568	0.7%	287,568	0.5%
Lodgepole Pine	15,130	0.1%	25,045,162	63.1%	25,060,292	47.1%
Spruce	179,122	1.3%	6,763,813	17.0%	6,942,935	13.1%
White Pine	7,071	0.1%	43,544	0.1%	50,614	0.1%
Hardwood	124,470	0.9%	952,557	2.4%	1,077,027	2.0%
Other	1,334,414	9.9%	1,486,585	3.7%	2,820,999	5.3%
Total	13,431,661	100.0%	39,721,359	100.0%	53,153,020	100.0%

Source: BC Ministry of Forests and Range



Source: BC Ministry of Forests and Range

## BRITISH COLUMBIA'S FOREST INDUSTRY



Credit: [www.naturallywood.com](http://www.naturallywood.com)

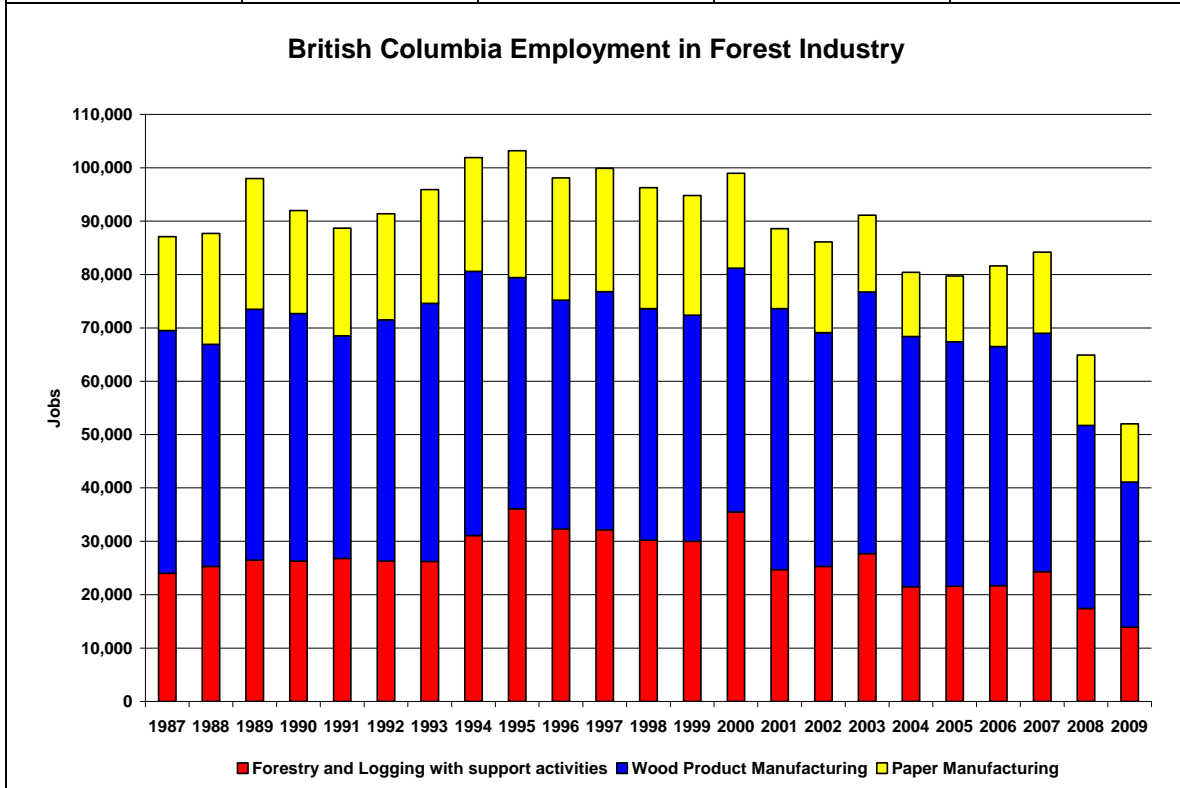
British Columbia's forest industry is comprised of a wide variety of sectors and sub-sectors. The forest-rich province specializes in wood products, namely softwood lumber, plywood and OSB. If measured by exports (value), the pulp industry would be the second largest, trailing wood products, but ahead of paper products and the wooden furniture industry.

## FOREST INDUSTRY AND EMPLOYMENT

After seeing close to 20,000 workers lose their positions in the forest industry the previous year, the workforce in 2009 shrank by another 12,900 jobs. As illustrated below, the biggest drop was in the wood products manufacturing industry – attributed mostly to the weak housing market in the United States and the financial crisis. A closer examination shows that more than half of the jobs are within the wood industry sector, namely lumber mills. The direct employment created in British Columbia’s forest industry is approximately 25% of all direct forestry employment in Canada.

British Columbia Employment in Forest Industry

	Forestry and Logging with support activities	Wood Product Manufacturing	Paper Manufacturing	Total
2002	25,300	43,800	17,000	86,100
2003	27,700	49,000	14,400	91,100
2004	21,500	46,900	12,000	80,400
2005	21,600	45,800	12,300	79,700
2006	21,700	44,800	15,100	81,600
2007	24,300	44,700	15,200	84,200
2008	17,400	34,300	13,200	64,900
2009	13,900	27,200	10,900	52,000



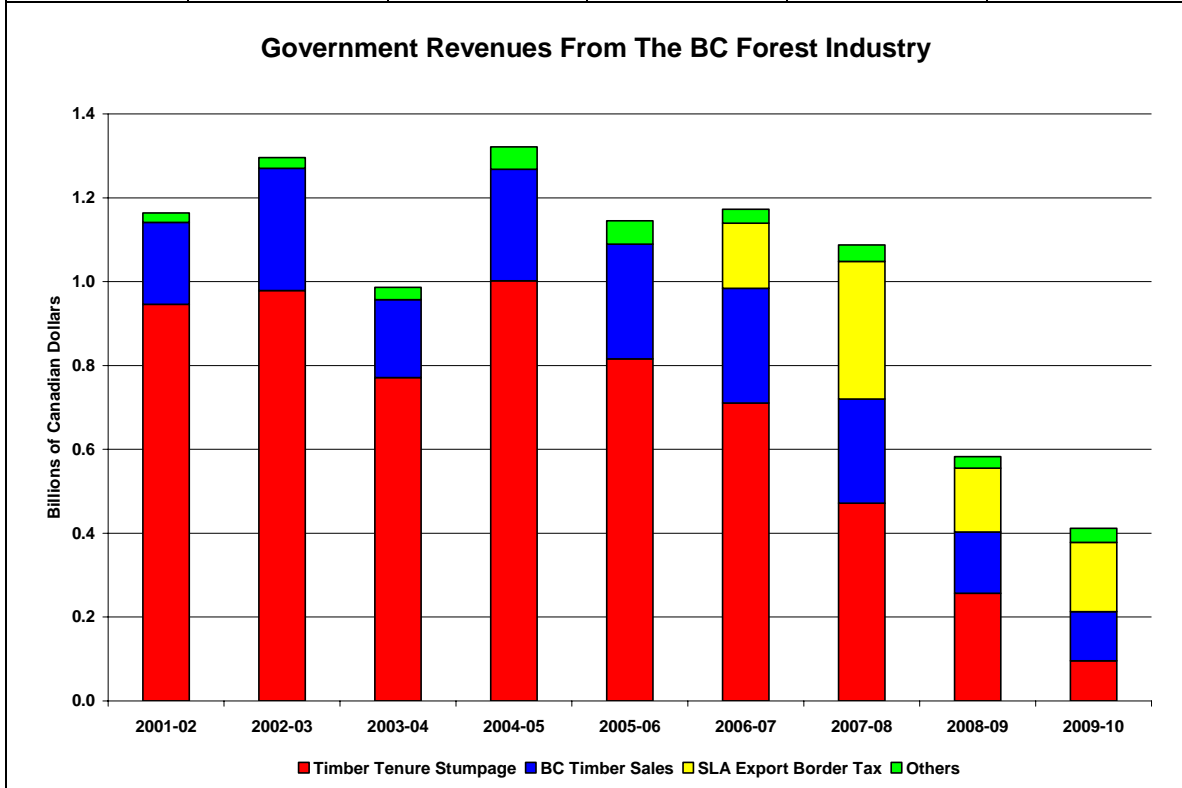
Source: National Forestry Database, Canadian Council of Forest Ministers ([nfdp.ccfm.org](http://nfdp.ccfm.org))

## FOREST INDUSTRY AND GOVERNMENT REVENUE

In addition to providing employment opportunities to many communities and cities across the nation, the forest industry also generates substantial revenue for each provincial government. Unfortunately, these revenues from the industry have been on the sharp decline in recent years. Looking at British Columbia, the government received \$411.4 million from the forest industry in 2009 – 70% less than that observed 5 years ago.

Revenue by Category, Canadian Dollars

	Timber Tenure Stumpage	BC Timber Sales	SLA Export Border Tax	Others	Total
2001-02	945,907,000	195,502,000	-	22,721,000	1,164,130,000
2002-03	978,914,000	291,654,000	-	25,499,000	1,296,067,000
2003-04	771,257,000	185,624,000	-	29,614,000	986,495,000
2004-05	1,002,040,000	266,074,000	-	53,395,000	1,321,509,000
2005-06	815,727,000	273,746,000	-	55,844,000	1,145,317,000
2006-07	710,178,000	273,716,000	155,659,000	33,125,000	1,172,678,000
2007-08	471,411,000	248,640,000	328,584,000	39,133,000	1,087,768,000
2008-09	256,985,000	145,841,000	152,118,000	27,883,000	582,827,000
2009-10	95,662,000	116,971,000	165,719,000	32,999,000	411,351,000



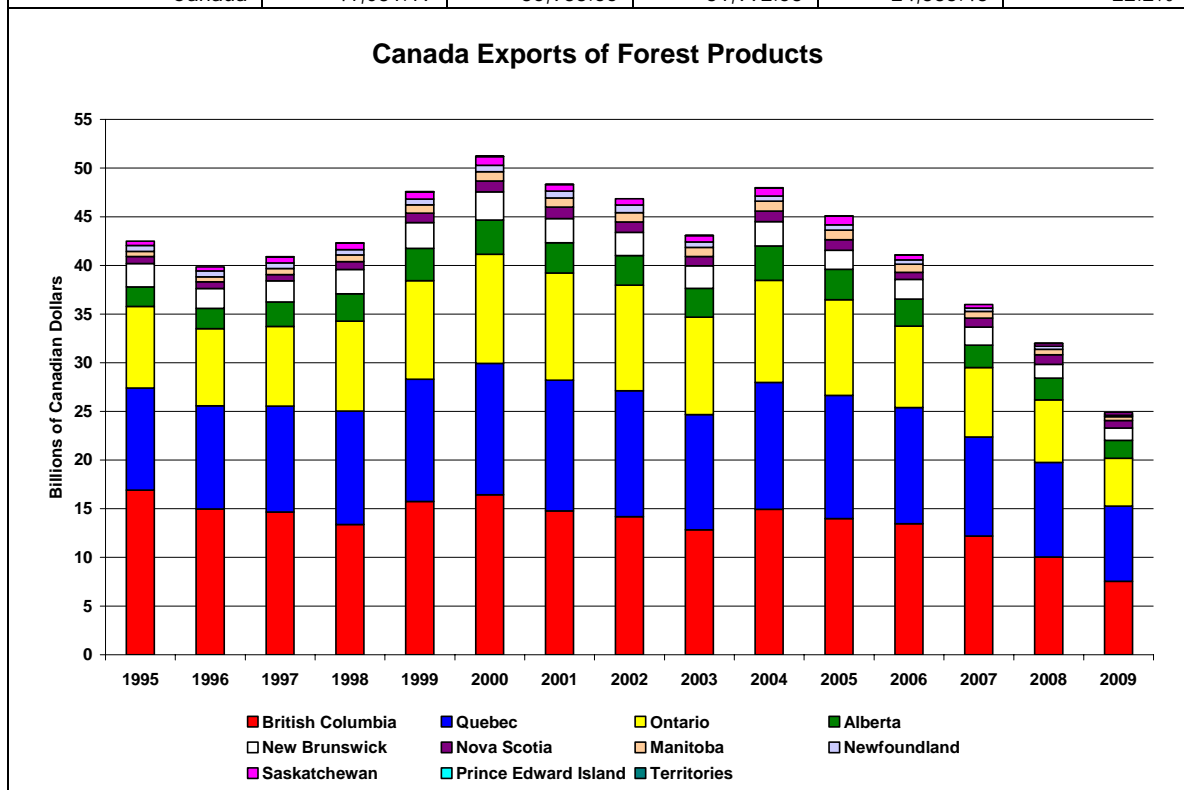
Source: BC Ministry of Forests and Range

## FOREST PRODUCTS INDUSTRY

In 2009, exports of all forest products by Canada fell another 22% to \$24.9 billion – the lowest export output in the past 15 years. Amid the unfavourable conditions, shipments by British Columbia dropped 25% and now rank behind Quebec as the second largest exporting province of forest products.

Canada Exports of Forest Products by Provinces, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
British Columbia	13,458.88	12,188.03	10,031.75	7,546.32	-24.8%
Quebec	11,943.51	10,183.98	9,709.58	7,727.85	-20.4%
Ontario	8,373.35	7,125.77	6,440.08	4,913.04	-23.7%
Alberta	2,756.74	2,315.00	2,229.90	1,839.15	-17.5%
New Brunswick	2,027.05	1,861.59	1,428.47	1,266.82	-11.3%
Nova Scotia	730.75	916.41	962.64	767.76	-20.2%
Manitoba	825.64	687.42	575.03	393.09	-31.6%
Newfoundland	455.34	347.55	340.08	168.31	-50.5%
Saskatchewan	490.61	349.49	265.64	254.06	-4.4%
Prince Edward Island	18.08	12.09	8.72	6.73	-22.9%
Territories	1.23	1.34	0.64	0.34	-46.5%
Canada	41,081.19	35,988.66	31,992.53	24,883.48	-22.2%

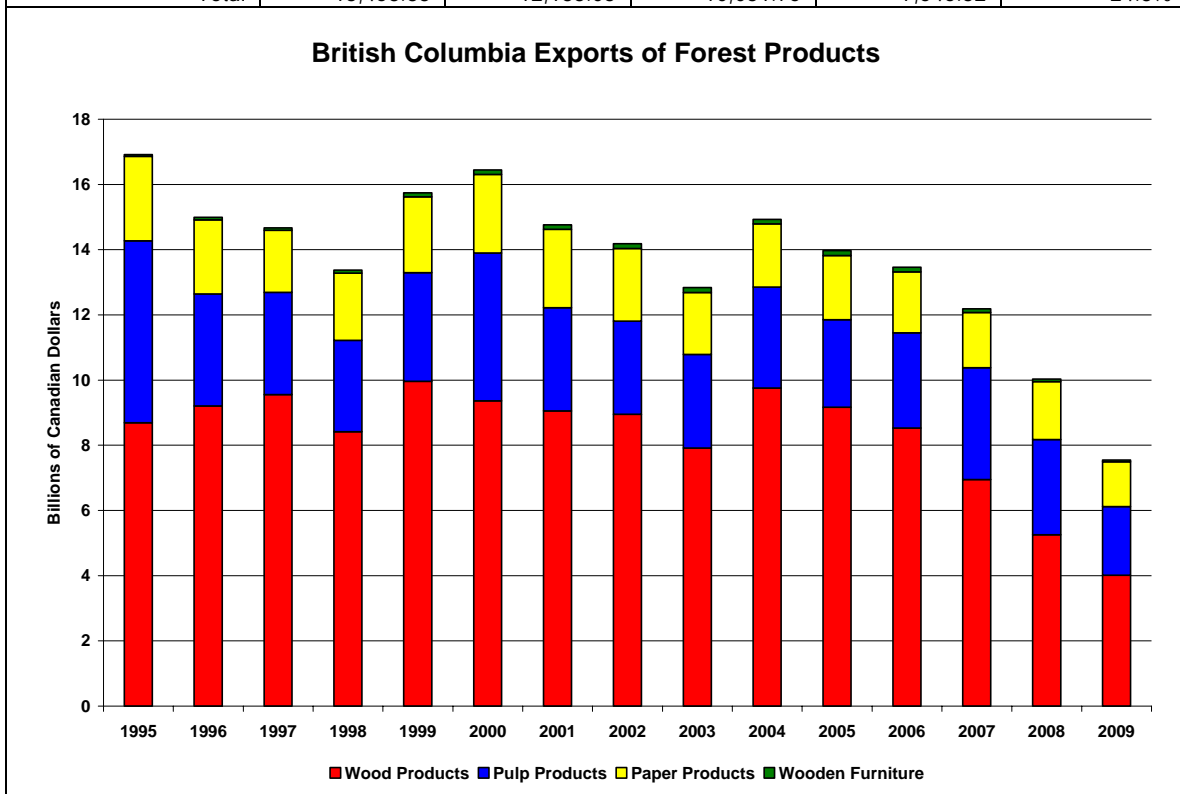


Source: Global Trade Information Services, Inc.

In 2009, export shipments of forest products by British Columbia totalled \$7.5 billion, down \$2.5 billion from the previous year, and close to \$10 billion since 1995. A closer examination shows that all four classes of forest products fell by at least 20%. As is clearly illustrated, wood products (namely softwood lumber) continue to represent more than half of the province's annual export sales.

British Columbia Exports of Forest Products, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Wood Products	8,528.36	6,954.16	5,252.86	4,018.14	-23.5%
Pulp Products	2,919.33	3,423.02	2,924.66	2,098.99	-28.2%
Paper Products	1,869.16	1,698.44	1,774.62	1,377.35	-22.4%
Wooden Furniture	142.03	112.42	79.61	51.84	-34.9%
Total	13,458.88	12,188.03	10,031.75	7,546.32	-24.8%

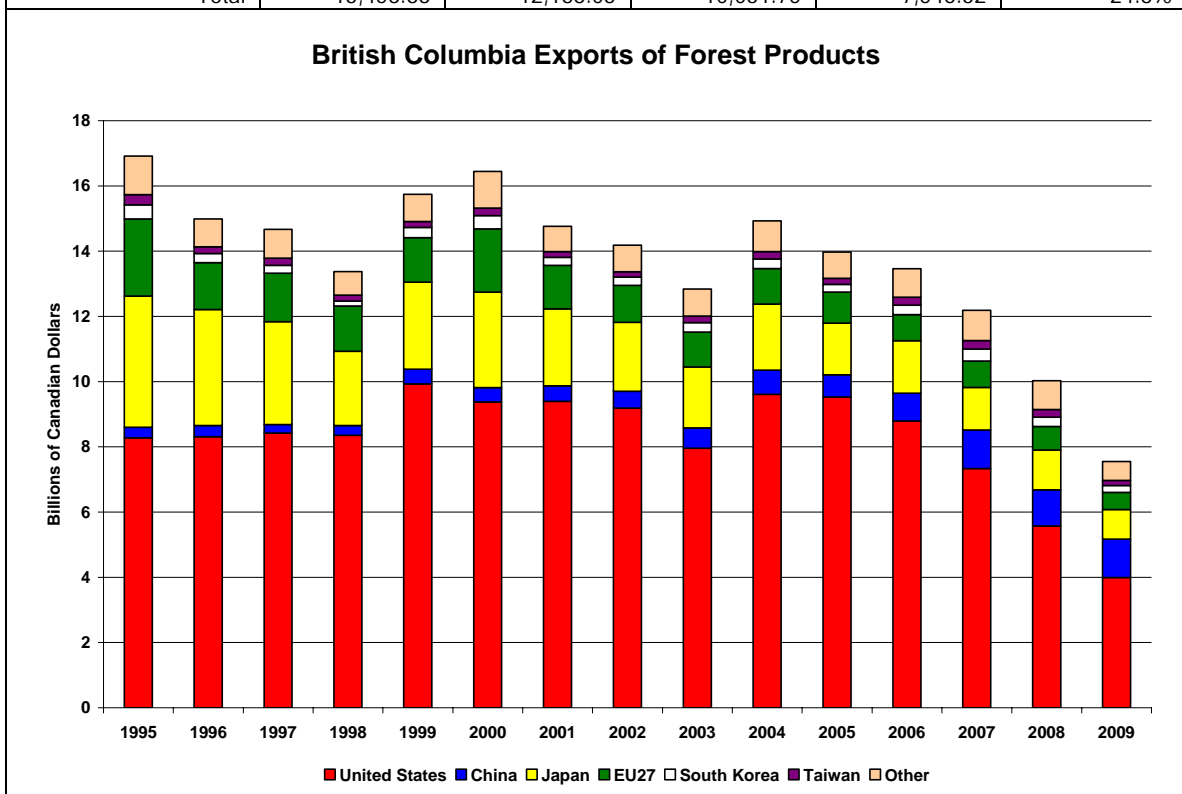


Source: Global Trade Information Services, Inc.

Overall, export sales of forest products by British Columbia fell 25% from the previous year, led by a 28% drop to the United States. However, shipments to China saw a modest climb of 6.4% to \$1.18 billion.

British Columbia Exports of Forest Products, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
United States	8,793.44	7,336.34	5,573.36	3,991.69	-28.4%
China	851.53	1,178.73	1,108.67	1,180.03	6.4%
Japan	1,609.45	1,309.96	1,218.85	906.81	-25.6%
EU27	799.62	805.08	722.25	526.86	-27.1%
South Korea	285.38	367.12	289.38	212.21	-26.7%
Taiwan	250.69	263.50	235.39	152.50	-35.2%
Other	868.77	927.31	883.86	576.24	-34.8%
Total	13,458.88	12,188.03	10,031.75	7,546.32	-24.8%



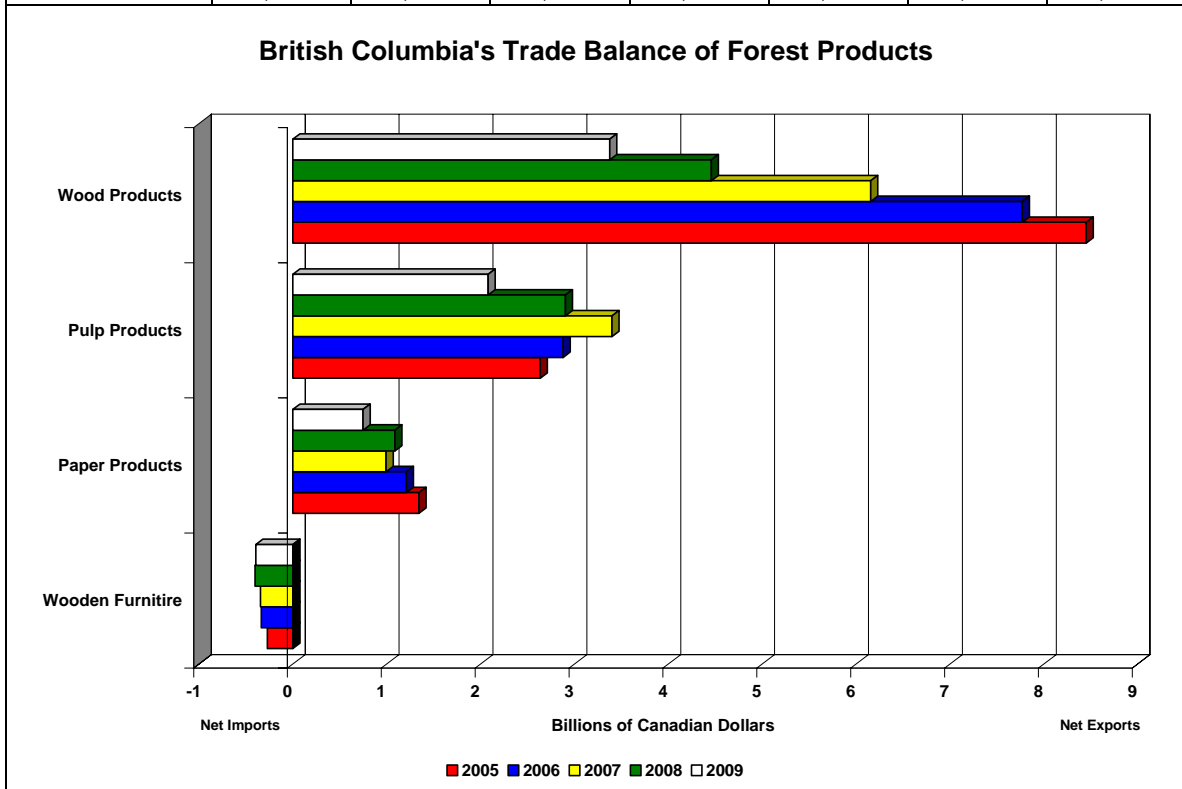
Source: Global Trade Information Services, Inc.

The balance of trade, otherwise known as net exports, is defined as the difference between the monetary value of exports and imports in an economy (over a given period of time). A positive balance of trade, also known as a trade surplus, signifies that a jurisdiction has exported more than they have imported. On the other hand, a negative balance, also called trade deficit or a trade gap, implies that a jurisdiction has imported more than they have exported.

With the exception of the wooden furniture industry, British Columbia's forest product sector has experienced positive trade balances for all sectors over the past years – with 2004 being a peak year. However, numbers have dwindled since the peak year.

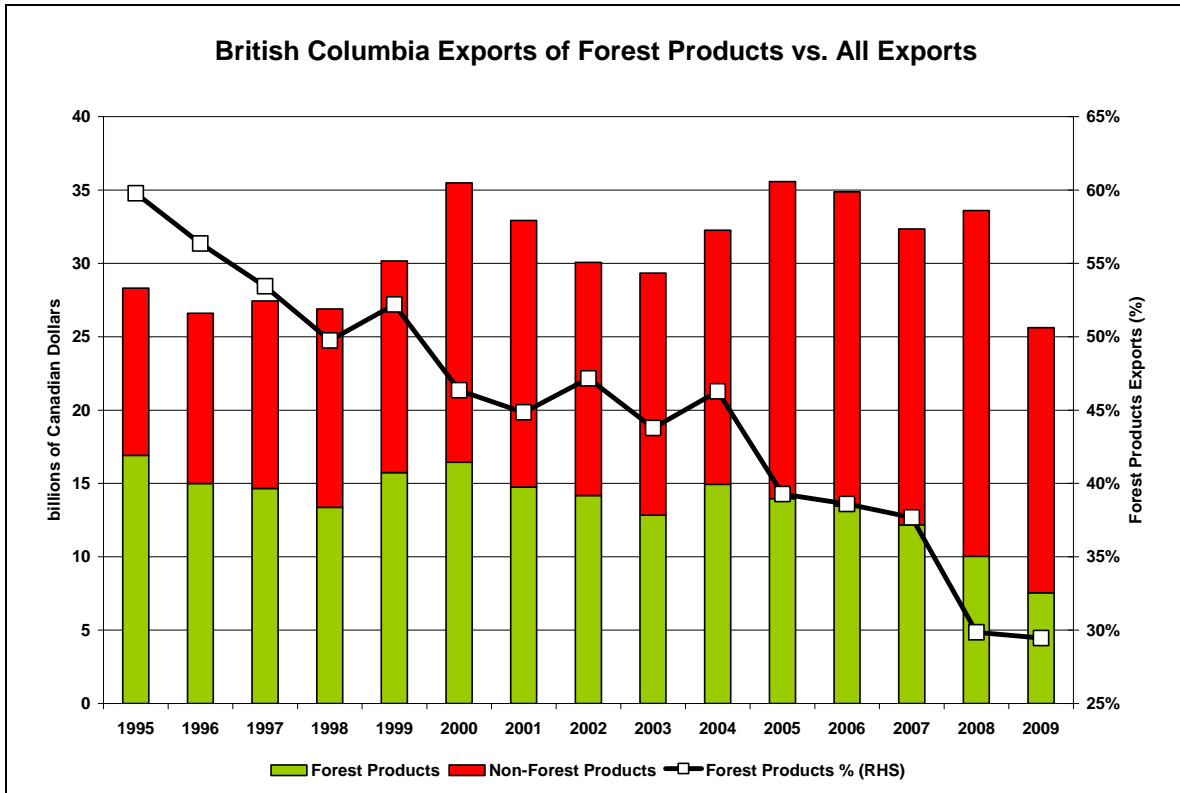
British Columbia's Trade Balance of Forest Products, millions of Canadian Dollars

	2003	2004	2005	2006	2007	2008	2009
Wood Products	7,292.29	9,041.66	8,452.80	7,772.10	6,155.97	4,459.16	3,375.62
Pulp Products	2,828.95	3,035.39	2,637.67	2,880.14	3,399.93	2,904.58	2,080.97
Paper Products	1,323.61	1,339.52	1,342.71	1,210.57	994.20	1,085.90	747.70
Wooden Furniture	-128.34	-238.95	-271.51	-335.40	-344.67	-401.76	-394.58
Total	11,316.52	13,177.61	12,161.67	11,527.41	10,205.43	8,047.88	5,809.72



Source: Global Trade Information Services, Inc.

Back in 1995, forest products (valued at \$16.9 billion) were about 60% of the province's total exports. As the other industries increased their output, along with the housing market crash in 2006, the once dominating figure has been trimmed to just \$7.5 billion (or 29.5%) in 2009.



Source: Global Trade Information Services, Inc.

## WOOD PRODUCTS INDUSTRY



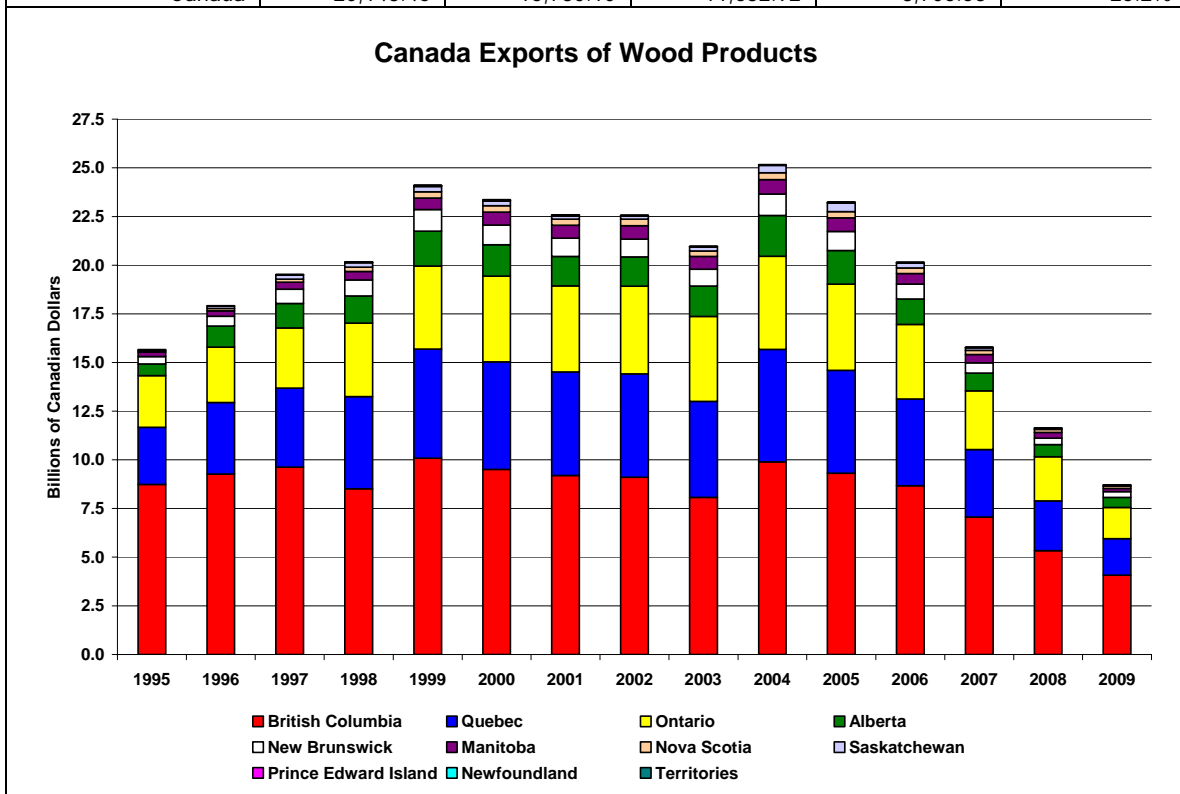
Photo Credit: © 2010 Thinkstock

The wood industry (including wooden furniture) in British Columbia, specializing in softwood lumber, structural panels and builders' joinery, produces numerous kinds of products for export.

After exports in 2008 decreased by 18.5%, shipments in 2009 fell another 24%, to just \$4.1 billion. Even with this dramatic drop in value, exports by British Columbia still represented close to half the nation's exports.

Canada Exports of Wood Products by Provinces, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
British Columbia	8,670.39	7,066.58	5,332.47	4,069.97	-23.7%
Quebec	4,455.16	3,460.08	2,557.18	1,882.15	-26.4%
Ontario	3,829.60	3,010.25	2,269.06	1,601.54	-29.4%
Alberta	1,310.33	926.50	620.63	523.76	-15.6%
New Brunswick	766.15	519.52	338.73	286.78	-15.3%
Manitoba	537.06	427.68	286.04	168.55	-41.1%
Nova Scotia	289.40	215.02	158.62	115.22	-27.4%
Saskatchewan	260.26	135.69	58.90	51.41	-12.7%
Prince Edward Island	16.69	11.16	7.90	4.83	-38.8%
Newfoundland	7.33	6.49	2.80	2.05	-26.6%
Territories	1.08	1.13	0.60	0.31	-48.5%
Canada	20,143.46	15,780.10	11,632.92	8,706.58	-25.2%

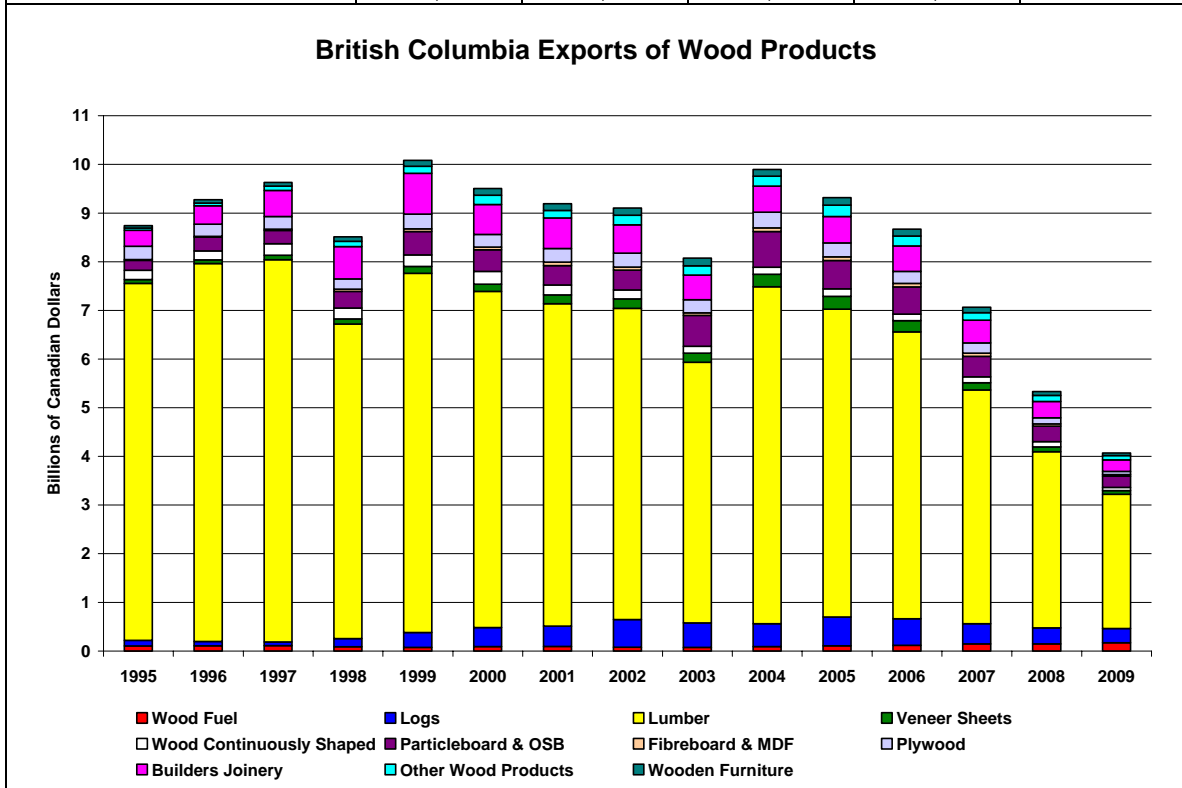


Source: Global Trade Information Services, Inc.

Lumber, comprised of softwood and hardwood species, remains the top wood product exported by British Columbia, accounting for 68% of the total wood products (including wooden furniture) exported in 2009. However, the 2009 value is still some \$5 billion less than the peak recorded in 1996. Of the panel products exported, OSB represented more than half the shipments, followed by plywood and veneer sheets. The only wood product that gained ground in 2009 was wood fuel, namely pallets, to the European markets. Products which fall into the "other" category include, but are not limited to, treated wood products and railway ties.

British Columbia Exports of Wood Products, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Wood Fuel	116.68	144.00	146.62	171.98	17.3%
Logs	544.15	417.71	329.15	290.88	-11.6%
Lumber	5,896.14	4,804.19	3,621.58	2,759.95	-23.8%
Veneer Sheets	229.26	144.79	96.55	73.93	-23.4%
Continuously Shaped Wood	139.70	121.46	110.32	66.11	-40.1%
Particleboard & OSB	555.94	423.65	317.69	229.87	-27.6%
Fibreboard & MDF	71.28	63.91	44.43	33.89	-23.7%
Plywood	248.03	212.47	126.95	64.67	-49.1%
Builders' Joinery	522.88	468.07	337.92	235.91	-30.2%
Other Wood Products	204.32	153.91	121.63	90.94	-25.2%
Wooden Furniture	142.03	112.42	79.61	51.84	-34.9%
<b>Total</b>	<b>8,670.39</b>	<b>7,066.58</b>	<b>5,332.47</b>	<b>4,069.97</b>	<b>-23.7%</b>

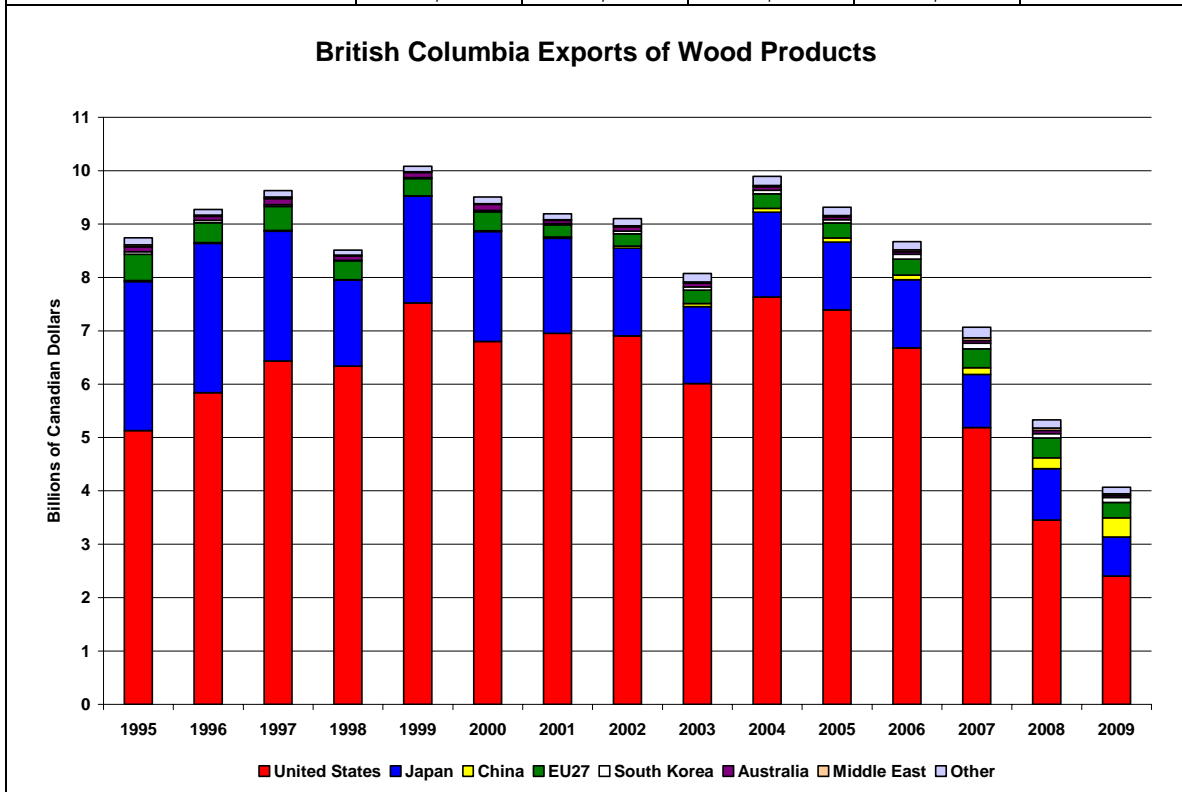


Source: Global Trade Information Services, Inc.

Although down another 30%, the United States continued to be the top customer for British Columbia's wood products, importing 60% of all export shipments in the latest year. Japan remained the second largest customer, importing 18%, or \$727 million worth of wood products, followed by a surging China.

British Columbia Exports of Wood Products, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
United States	6,681.49	5,184.66	3,453.40	2,406.49	-30.3%
Japan	1,276.84	997.36	960.37	727.13	-24.3%
China	87.23	126.69	206.36	363.66	76.2%
EU27	298.33	353.26	371.16	285.46	-23.1%
South Korea	90.80	103.97	83.03	92.94	11.9%
Australia	47.19	51.91	59.26	37.83	-36.2%
Middle East	35.11	52.83	43.55	31.21	-28.3%
Other	153.40	195.89	155.35	125.26	-19.4%
Total	8,670.39	7,066.58	5,332.47	4,069.97	-23.7%



Source: Global Trade Information Services, Inc.

## BRITISH COLUMBIA LUMBER



Photo Credit: © 2010 Thinkstock

After dealing with a difficult 2007 and 2008, the lumber industry across Canada, particularly for producers in British Columbia, faced further challenges in 2009. Carried over from the previous years, the lumber industry dealt with the mountain pine beetle outbreaks, the slow housing starts in the United States along with the financial crisis, as well as the unsettling surging Canadian Dollar. Due to these factors, many producers were forced to curtail production, while others closed their doors.

Due to the recessionary economy, lumber exported by British Columbia fell nearly 16% in 2009. Regardless of the decline, the province continues to represent 70% of the nation's lumber output.

## LUMBER PRODUCTION & CAPACITY

Despite the aforementioned difficulties, British Columbia continues to be the leading province in production, shipments and exports of lumber. In 2009, close to 23 million cubic metres (9.74 billion board feet) of lumber was produced in British Columbia, representing half the nation's production volume.

Canadian Lumber Statistics, cubic metres

		Production	Shipments	Exports	Domestic Consumption (include shipments to other provinces)
2006	British Columbia	41,050,100	41,023,700	32,935,292	8,088,408
	Rest of Canada	39,819,500	39,409,500	20,785,276	18,624,224
	Canada	80,869,600	80,433,200	53,720,568	26,712,632
2007	British Columbia	36,677,300	36,822,100	28,315,571	8,506,529
	Rest of Canada	35,365,500	35,339,400	17,463,066	17,876,334
	Canada	72,042,800	72,161,500	45,778,637	26,382,863
2008	British Columbia	28,191,500	28,512,000	21,243,050	7,268,950
	Rest of Canada	29,058,400	29,178,400	12,206,324	16,972,076
	Canada	57,249,900	57,690,400	33,449,374	24,241,026
2009	British Columbia	22,974,700	23,650,700	17,850,463	5,800,237
	Rest of Canada	22,273,900	23,083,500	8,434,205	14,649,295
	Canada	45,248,600	46,734,200	26,284,668	20,449,532

Source: Global Trade Information Services, Inc.

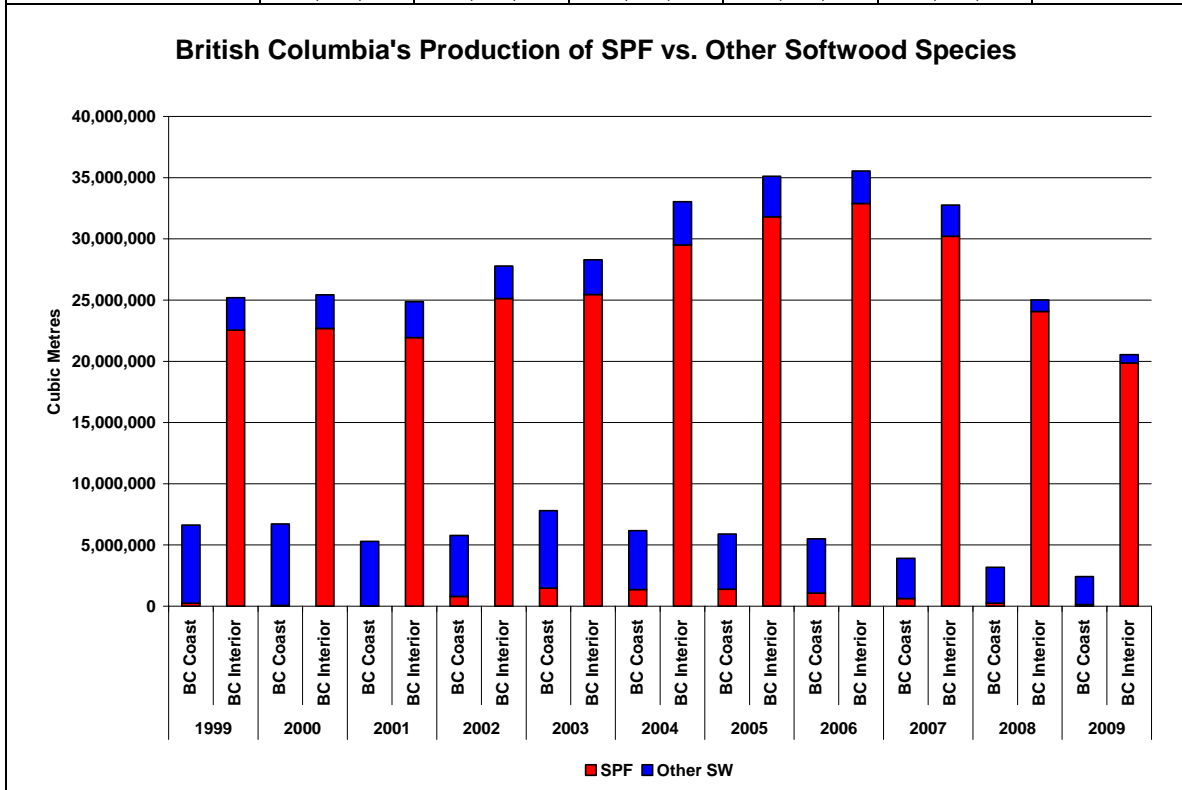
Adapted from Statistics Canada publication *Sawmills*, Catalogue 35-003, vols. 60-63, no. 12,  
<http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?lang=eng&catno=35-003-X>

In 2009, close to 78% of the lumber produced in British Columbia was sold to non-Canadian customers, with the remaining volume consumed domestically across the nation. Of the volume produced by the province, most if not all is of softwood species.

Due to the mountain pine beetle attacks, companies throughout the province have ramped up their harvest of logs. The main objectives were to salvage the beetle infested timber, specifically in the Interior forest regions, and to remove the unaffected timber which was growing near infected areas. As a result, a significant increase in production was observed in the Interior region, while only a small growth was achieved by the Coastal region. A deeper investigation of the Interior data shows that while SPF output was increasing, production of other softwood was on a decline.

British Columbia's Production of SPF vs. other Softwood Species

	2005	2006	2007	2008	2009	% Change (08-09)
Coastal SPF	1,390,400	1,073,200	622,100	241,600	135,500	-43.9%
Coastal other SW	4,499,200	4,430,200	3,292,500	2,938,200	2,286,000	-22.2%
Coastal Total	5,889,600	5,503,400	3,914,600	3,179,800	2,421,500	-23.8%
Interior SPF	31,807,100	32,903,600	30,208,800	24,067,700	19,862,100	-17.5%
Interior other SW	3,307,400	2,643,100	2,553,900	944,000	691,100	-26.8%
Interior Total	35,114,500	35,546,700	32,762,700	25,011,700	20,553,200	-17.8%
British Columbia Total	41,004,100	41,050,100	36,677,300	28,191,500	22,974,700	-18.5%



Adapted from Statistics Canada publication *Sawmills*, Catalogue 35-003, vols. 53-63, no. 12, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?lang=eng&catno=35-003-X>

The ramp up in production continued until 2007 but cooled notably thereafter as the latest financial crisis softened the production and demand of softwood lumber, which remains to present.

According to the latest study (2008) released by the British Columbia Ministry of Forests, there were 108 mills in the province that were capable of producing more than 10 million board feet annually. As illustrated below, 75 of these mills (accountable for 81% of the provincial production capacity) are located in the Interior region, while the remaining 33 plants (19% of the production capacity) are situated in the Coastal forest region. Including the lumber mills that were producing less than 10 billion board feet annually, British Columbia's total production capacity in the latest tally (2008) was 14.4 billion board feet.

#### Lumber Production Capacities in British Columbia

	Production Size	Forest Region	Number of Mills	Estimated Annual Capacity		
				Millions of board feet	Cubic metres	%
2006	Greater than 10 million bf	Coast	34	2,975	7,020,218	18.5%
		Interior	87	13,064	30,827,607	81.5%
		Total	121	16,039	37,847,825	100.0%
	Less than 10 million bf	Coast	33	107	252,020	47.5%
		Interior	24	118	279,039	52.5%
		Total	57	225	531,059	100.0%
2007	Greater than 10 million bf	Coast	35	2,934	6,922,808	18.9%
		Interior	84	12,581	29,687,004	81.1%
		Total	119	15,514	36,609,813	100.0%
	Less than 10 million bf	Coast	28	83	195,905	41.2%
		Interior	21	118	279,605	58.8%
		Total	49	202	475,511	100.0%
2008	Greater than 10 million bf	Coast	33	2,653	6,260,288	18.7%
		Interior	75	11,564	27,286,892	81.3%
		Total	108	14,216	33,547,181	100.0%
	Less than 10 million bf	Coast	26	76	178,420	43.1%
		Interior	19	100	235,596	56.9%
		Total	45	175	414,016	100.0%

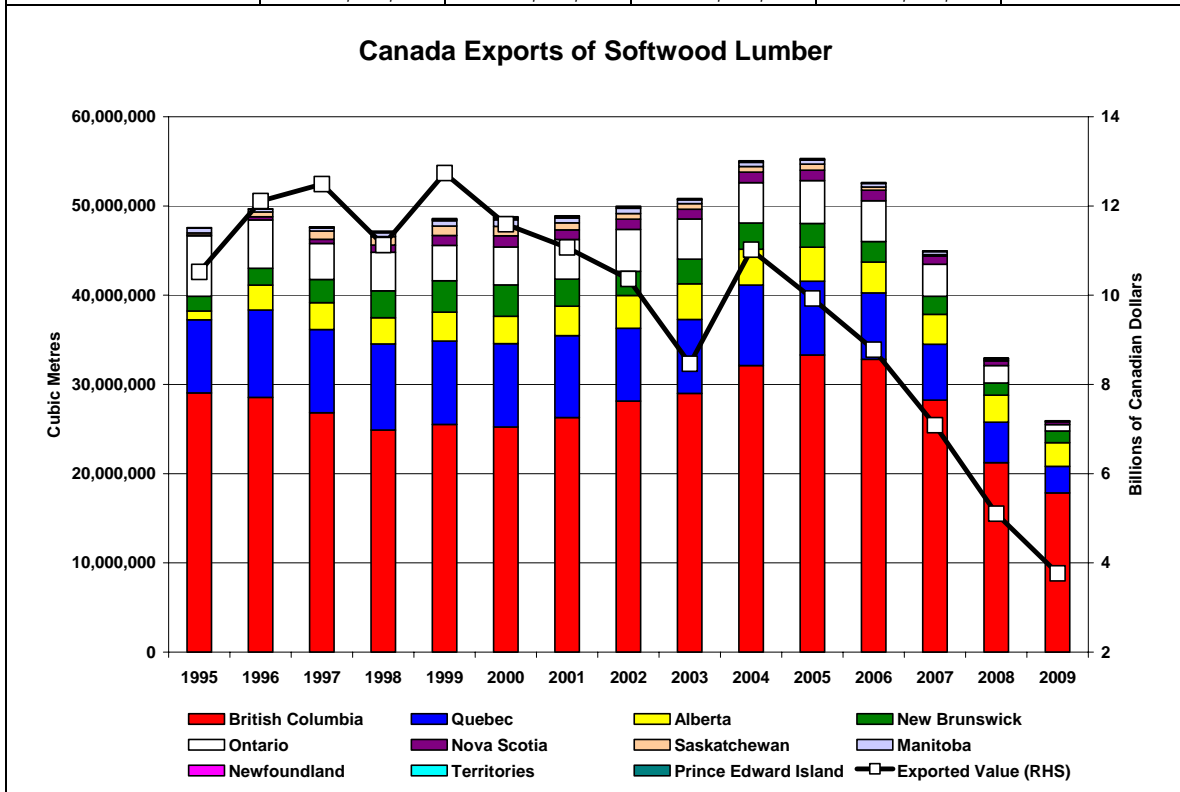
Source: Major Primary Timber Processing Facilities in British Columbia, BC Ministry of Forests and Range

## LUMBER EXPORTS

Half a decade removed from the peak of 2005, lumber exports by Canada have fallen by more than 30 million cubic metres. In 2009, British Columbia exported 17.9 million cubic metres of softwood lumber, a decline of 16% from the previous year. The following export data shows that despite the big decline, British Columbia remained the largest exporting province in Canada at 69%. As illustrated, export sales of softwood lumber by Canada dipped to a 15 year low at just \$3.8 billion.

Canada Exports of Softwood Lumber by Provinces, cubic metres

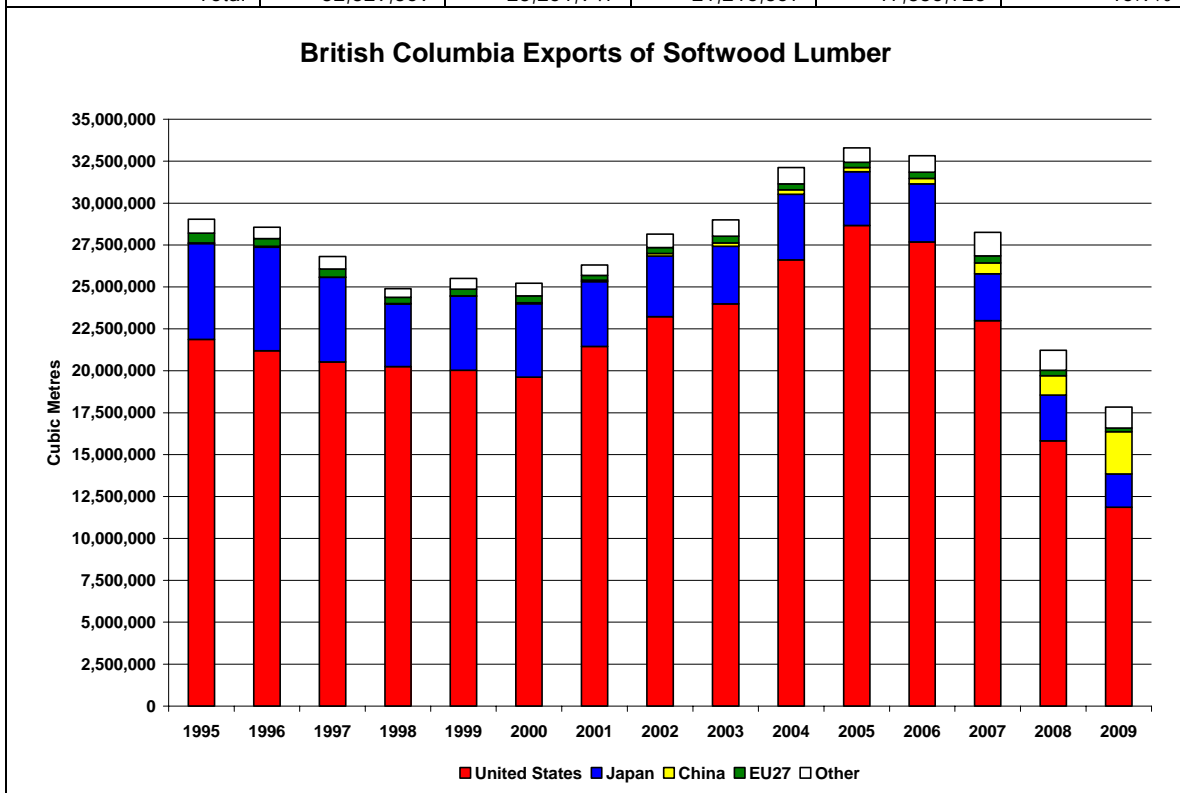
	2006	2007	2008	2009	% Change (08-09)
British Columbia	32,829,359	28,251,947	21,216,357	17,835,723	-15.9%
Quebec	7,420,527	6,241,590	4,550,155	2,971,888	-34.7%
Alberta	3,466,041	3,378,332	3,020,805	2,660,115	-11.9%
New Brunswick	2,315,510	2,007,011	1,379,952	1,307,100	-5.3%
Ontario	4,568,345	3,588,151	1,953,613	716,567	-63.3%
Nova Scotia	1,163,307	914,283	522,713	311,232	-40.5%
Saskatchewan	383,946	169,791	110,455	88,751	-19.6%
Manitoba	381,367	339,464	181,485	32,266	-82.2%
Newfoundland	42,319	47,826	24,719	17,321	-29.9%
Territories	10	540	283	304	7.4%
Prince Edward Island	64,105	29,400	113	0	-100.0%
Canada	52,634,836	44,968,335	32,960,650	25,941,267	-21.3%



Minus the domestic consumption, British Columbia exported over 17.8 million cubic metres of softwood lumber in 2009. As shipments to traditional markets such as the United States, Japan and EU27 fell 25%, 27% and 33% respectively, the province's total tally fell by 16%. One bright spot for British Columbia is that China has emerged as an important market, effectively replacing Japan as the largest offshore customer.

British Columbia Exports of Softwood Lumber by Destination, cubic metres

	2006	2007	2008	2009	% Change (08-09)
United States	27,684,277	22,981,338	15,828,970	11,861,087	-25.1%
Japan	3,458,363	2,807,142	2,714,198	1,986,508	-26.8%
China	332,059	639,317	1,158,110	2,520,902	117.7%
EU27	364,551	425,888	327,941	220,907	-32.6%
Other	990,109	1,398,262	1,187,138	1,246,319	5.0%
Total	32,829,359	28,251,947	21,216,357	17,835,723	-15.9%



Source: Global Trade Information Services, Inc.

## BRITISH COLUMBIA PANELS



Photo Credit: FPInnovations

Similar to softwood lumber, panel producers in British Columbia also faced challenging times in 2009 as a recessionary economy decreased the demand for the province's building products.

## PLYWOOD PRODUCTION & CAPACITY

As illustrated below, much of the plywood capacities are located in the Interior. While the capacity in the Coastal region remained unchanged, 3 mills in the Interior region were closed, resulting in a drop of 547 million square feet from 2007. Interestingly enough, the sole production plant on the Coast has the largest capacity in the entire province, larger than any of the eight mills in the Interior.

### Plywood Production Capacities in British Columbia

	Forest Region	Number of Mills	Estimated Annual Capacity		
			Millions of board feet	Cubic metres	%
2006	Coast	1	227	200,718	10.6%
	Interior	10	1,914	1,693,678	89.4%
	Total	11	2,141	1,894,396	100.0%
2007	Coast	1	227	200,718	11.5%
	Interior	10	1,741	1,540,750	88.5%
	Total	11	1,968	1,741,468	100.0%
2008	Coast	1	227	200,718	16.0%
	Interior	7	1,194	1,056,478	84.0%
	Total	8	1,421	1,257,196	100.0%

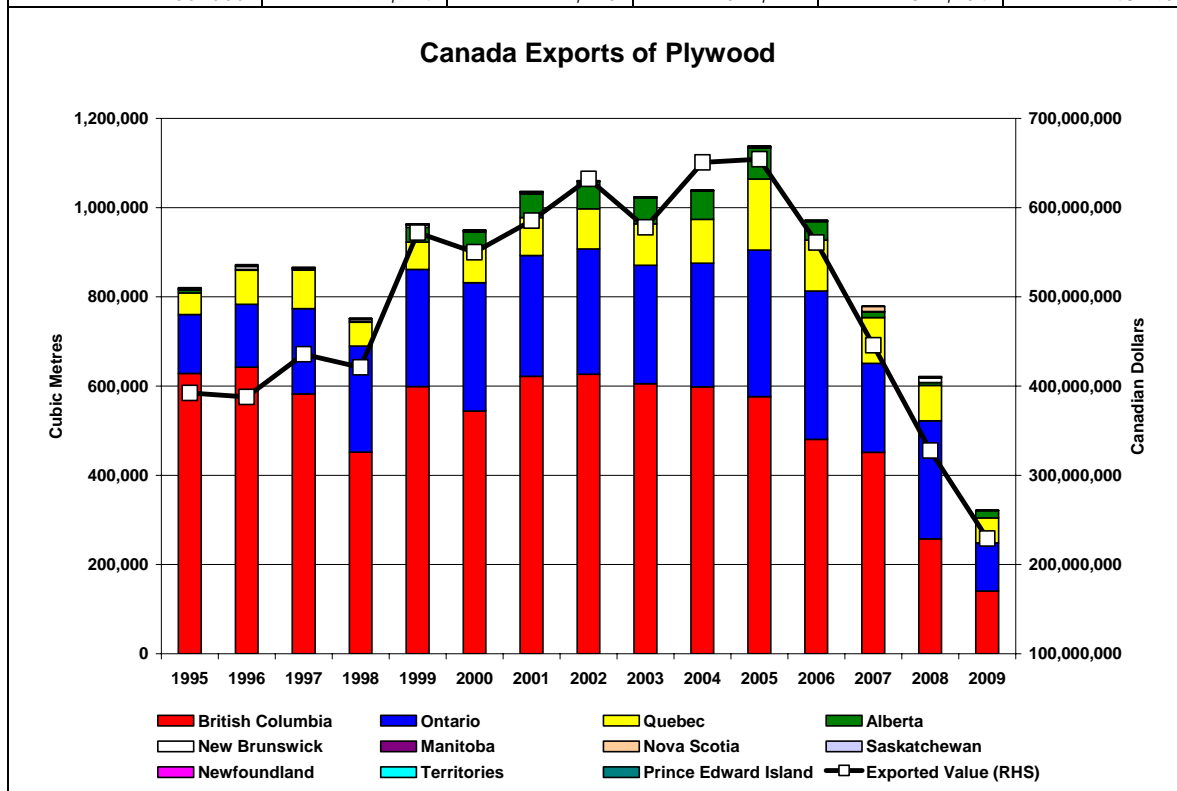
Source: Major Primary Timber Processing Facilities in British Columbia, BC Ministry of Forests and Range

## PLYWOOD EXPORTS

Aside from unfavourable factors such as the exchange rates and slow housing starts, plywood producers also had to deal with offshore competition and OSB substitution. While British Columbia remains the largest exporter of plywood, Ontario is not far behind.

Canada Exports of Plywood by Provinces, cubic metres

	2006	2007	2008	2009	% Change (08-09)
British Columbia	480,589	451,548	257,057	140,440	-45.4%
Ontario	332,527	199,231	265,159	108,400	-59.1%
Quebec	114,194	102,647	79,237	55,909	-29.4%
Alberta	41,168	12,627	6,243	16,005	156.4%
New Brunswick	867	337	10,529	289	-97.3%
Manitoba	1,096	862	846	297	-64.9%
Nova Scotia	643	11,245	935	472	-49.5%
Saskatchewan	755	610	524	145	-72.3%
Newfoundland	43	22	657	7	-98.9%
Territories	0	0	5	0	-100.0%
Prince Edward Island	92	47	0	0	-
Canada	971,974	779,176	621,192	321,964	-48.2%

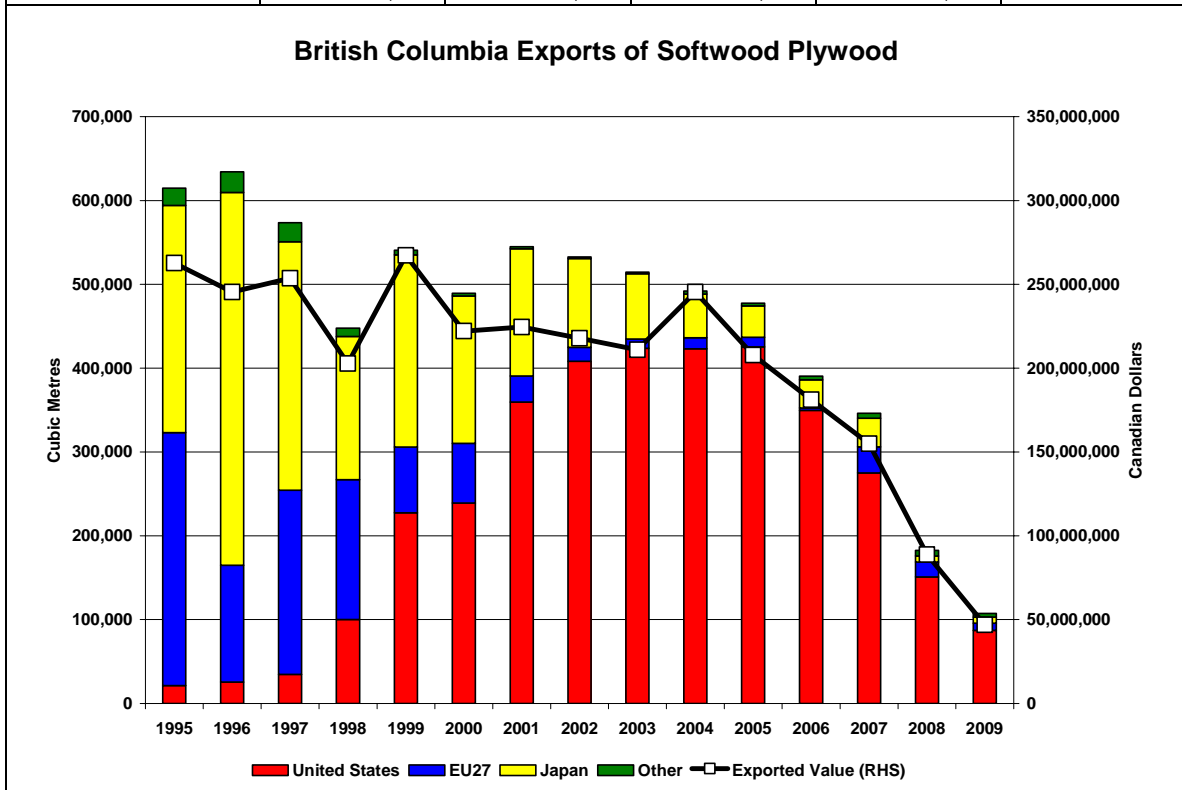


Source: Global Trade Information Services, Inc.

With fierce competition from other structural panels (OSB) and Chinese plywood producers, exports to traditional markets such as Japan and EU27 have all but disappeared. While shipments to the United States are all that remain, sales to that market are on the sharp decline.

British Columbia Exports of Plywood, cubic metres

	2006	2007	2008	2009	% Change (08-09)
United States	349,525	275,039	150,969	87,392	-42.1%
EU27	2,966	31,139	17,816	8,374	-53.0%
Japan	33,626	33,995	7,144	7,326	2.5%
Other	4,303	6,185	6,704	4,278	-36.2%
Total	390,420	346,358	182,633	107,370	-41.2%



Source: Global Trade Information Services, Inc.

## OSB PRODUCTION & CAPACITY

The latest tally of 2008 showed that all four OSB mills are located in the Interior region of the province. These mills, situated in 100 Mile House, Fort Nelson, Dawson Creek and Fort St. John, reported a combine production capacity of 1.908 billion square feet.

### OSB Production Capacities in British Columbia

	Forest Region	Number of Mills	Estimated Annual Capacity		
			Millions of board feet	Cubic metres	%
2006	Coast	-	-	-	-
	Interior	4	2,256	1,996,560	100.0%
	Total	4	2,256	1,996,560	100.0%
2007	Coast	-	-	-	-
	Interior	4	2,265	2,004,144	100.0%
	Total	4	2,265	2,004,144	100.0%
2008	Coast	-	-	-	-
	Interior	4	1,908	1,688,146	100.0%
	Total	4	1,908	1,688,146	100.0%

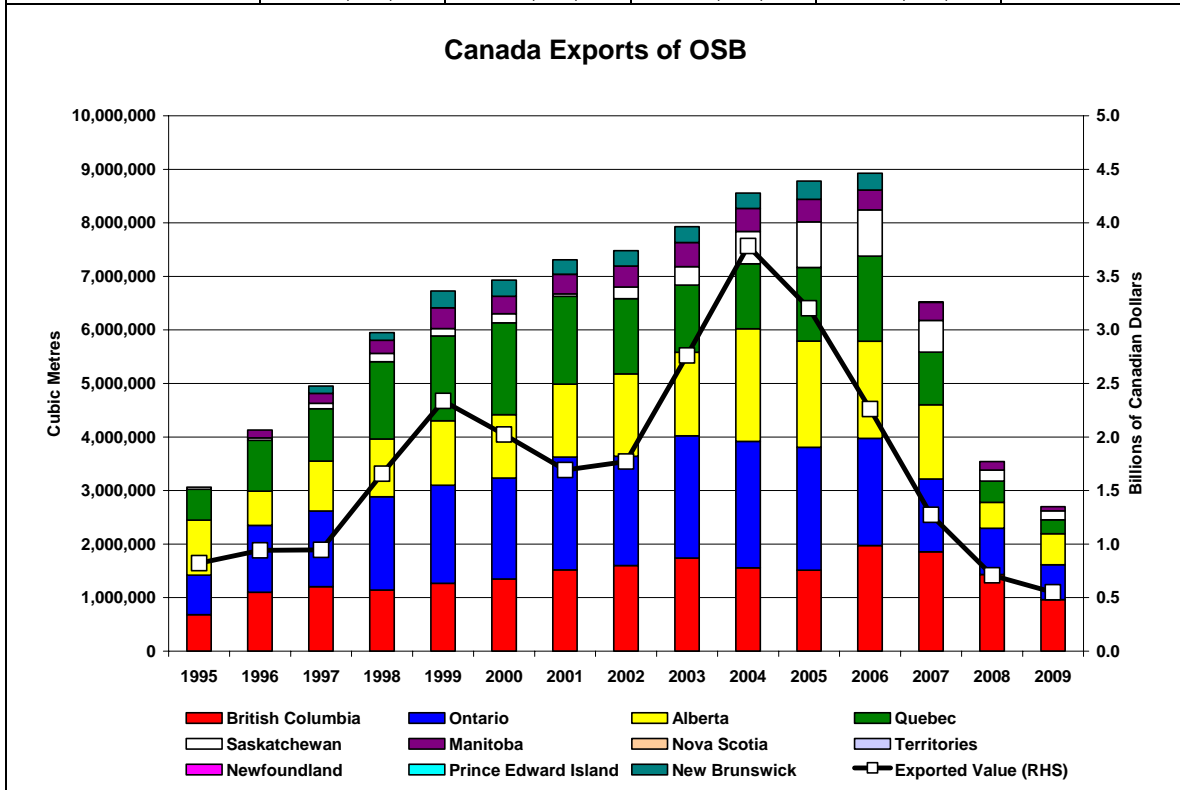
Source: Major Primary Timber Processing Facilities in British Columbia, BC Ministry of Forests and Range

## OSB EXPORTS

Since peaking in 2006, exports of OSB by Canada have been on a sharp decline. While British Columbia overtook Ontario to become the largest OSB exporter in 2007, shipments from the province have declined.

Canada Exports of OSB by Provinces, cubic metres

	2006	2007	2008	2009	% Change (08-09)
British Columbia	1,973,125	1,854,789	1,431,749	961,666	-32.8%
Ontario	2,002,146	1,362,521	861,981	651,936	-24.4%
Alberta	1,811,390	1,383,277	488,280	580,160	18.8%
Quebec	1,592,366	985,556	396,598	262,251	-33.9%
Saskatchewan	862,304	591,059	204,304	164,966	-19.3%
Manitoba	372,490	338,970	158,870	75,710	-52.3%
Nova Scotia	215	60	110	27	-75.5%
Territories	135	0	0	0	-
Newfoundland	137	138	0	0	-
Prince Edward Island	137	0	0	0	-
New Brunswick	312,583	5,653	0	216	-
Canada	8,927,028	6,522,023	3,541,892	2,696,932	-23.9%

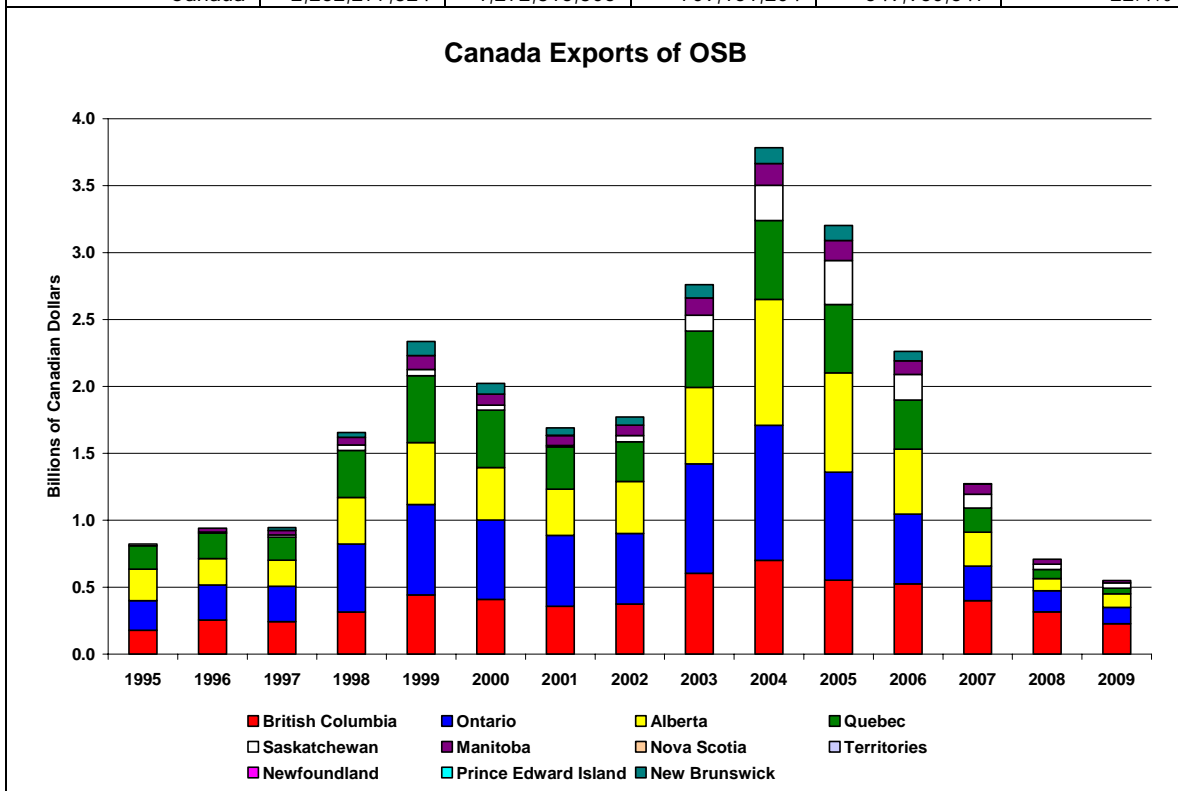


Source: Global Trade Information Services, Inc.

The decline in OSB exports is even more pronounced when the dollar value of these exports is analyzed. The value of Canada's OSB exports declined 22.4% from 2008 to 2009, and more than 85% since 2004. Specifically looking at British Columbia, the value of the province's OSB exports declined 27.8% since 2008 and 67% since 2005 to just \$227 million.

Canada Exports of OSB by Provinces, Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
British Columbia	523,993,912	397,986,086	314,442,838	226,998,282	-27.8%
Ontario	521,695,254	258,975,419	158,240,821	120,802,890	-23.7%
Alberta	485,584,572	253,467,445	90,982,676	102,514,831	12.7%
Quebec	366,517,897	179,829,324	67,881,854	41,367,033	-39.1%
Saskatchewan	192,215,657	103,984,103	39,658,396	39,695,450	0.1%
Manitoba	101,385,550	77,078,568	37,885,083	18,530,282	-51.1%
Nova Scotia	44,398	23,317	59,536	7,531	-87.4%
Territories	38,342	0	0	0	-
Newfoundland	27,913	29,355	0	0	-
Prince Edward Island	33,852	0	0	0	-
New Brunswick	70,740,477	941,689	0	44,348	-
Canada	2,262,277,824	1,272,315,306	709,151,204	549,960,647	-22.4%

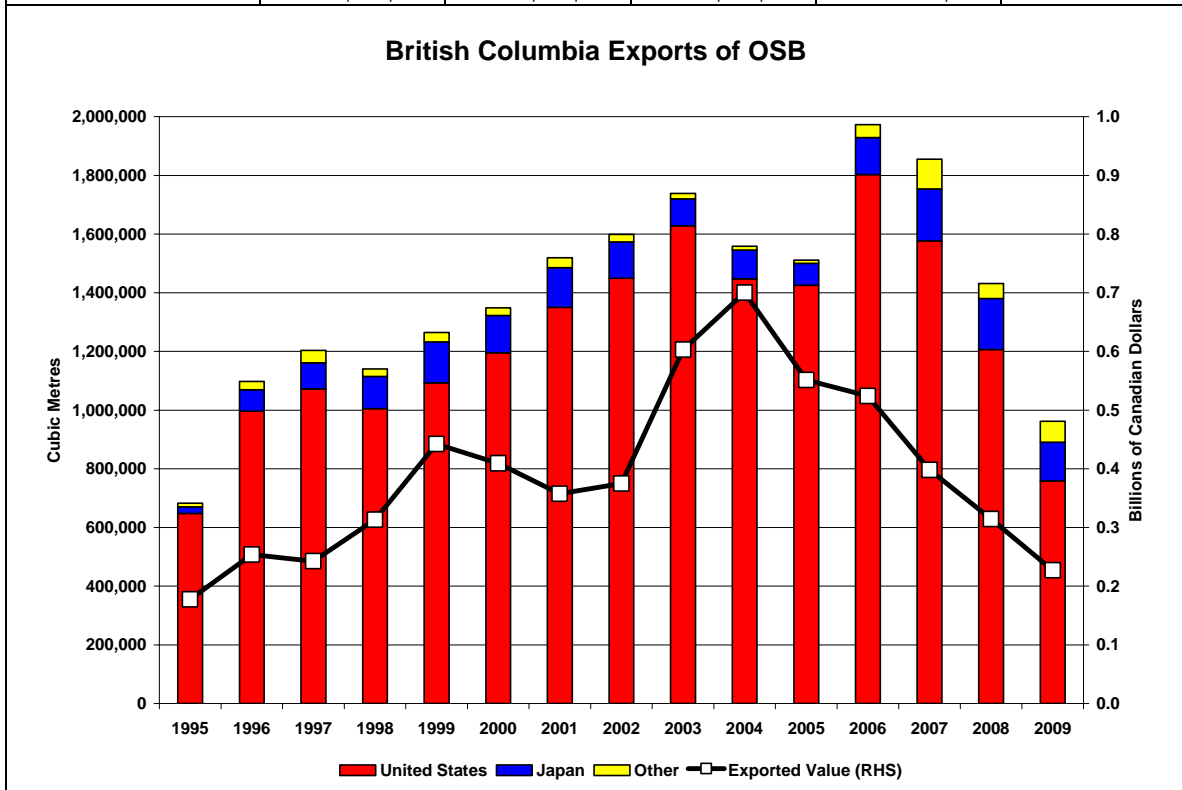


Source: Global Trade Information Services, Inc.

As with the majority of wood products produced in British Columbia, the United States continues to be the top consumer of the province's OSB exports. Exports to the US, however, declined from 1.8 billion cubic metres in 2006 to just 758 million cubic metres in 2009.

British Columbia Exports of OSB, cubic metres

	2006	2007	2008	2009	% Change (08-09)
United States	1,802,457	1,576,386	1,206,217	758,528	-37.1%
Japan	126,368	176,662	174,090	131,684	-24.4%
Other	44,300	101,741	51,442	71,454	38.9%
Total	1,973,125	1,854,789	1,431,749	961,666	-32.8%



Source: Global Trade Information Services, Inc.

## BRITISH COLUMBIA PELLETS



Photo Credit: © 2010 Thinkstock

With the ever rising impetus to be greener in all possible ways, whether it is transportation choices, construction materials or heating options, the public continues to demand products that are more carbon neutral. With regard to heating options, the demand for bio-fuel is expected to climb quickly. As the province strives to find ways to salvage value from the beetle-infested timber, production of renewable products such as wood pellets cannot be ignored.

## PELLETS' PRODUCTION & CAPACITY

Even though the number of pellet plants remained unchanged at eight, it can be seen that the production capacity grew from 810,000 tonnes to 935,200 in just two years. Specifically, many of these mills are operating in communities (or nearby locations) devastated by the beetle attack, such as Prince George and Williams Lake.

Pellets' Production Capacities in British Columbia

	Forest Region	Number of Mills	Estimated Annual Capacity	
			Tonnes	%
2006	Coast	-	-	-
	Interior	8	810,000	100.0%
	Total	8	810,000	100.0%
2007	Coast	-	-	-
	Interior	8	856,840	100.0%
	Total	8	856,840	100.0%
2008	Coast	-	-	-
	Interior	8	935,230	100.0%
	Total	8	935,230	100.0%

Source: Major Primary Timber Processing Facilities in British Columbia, BC Ministry of Forests and Range



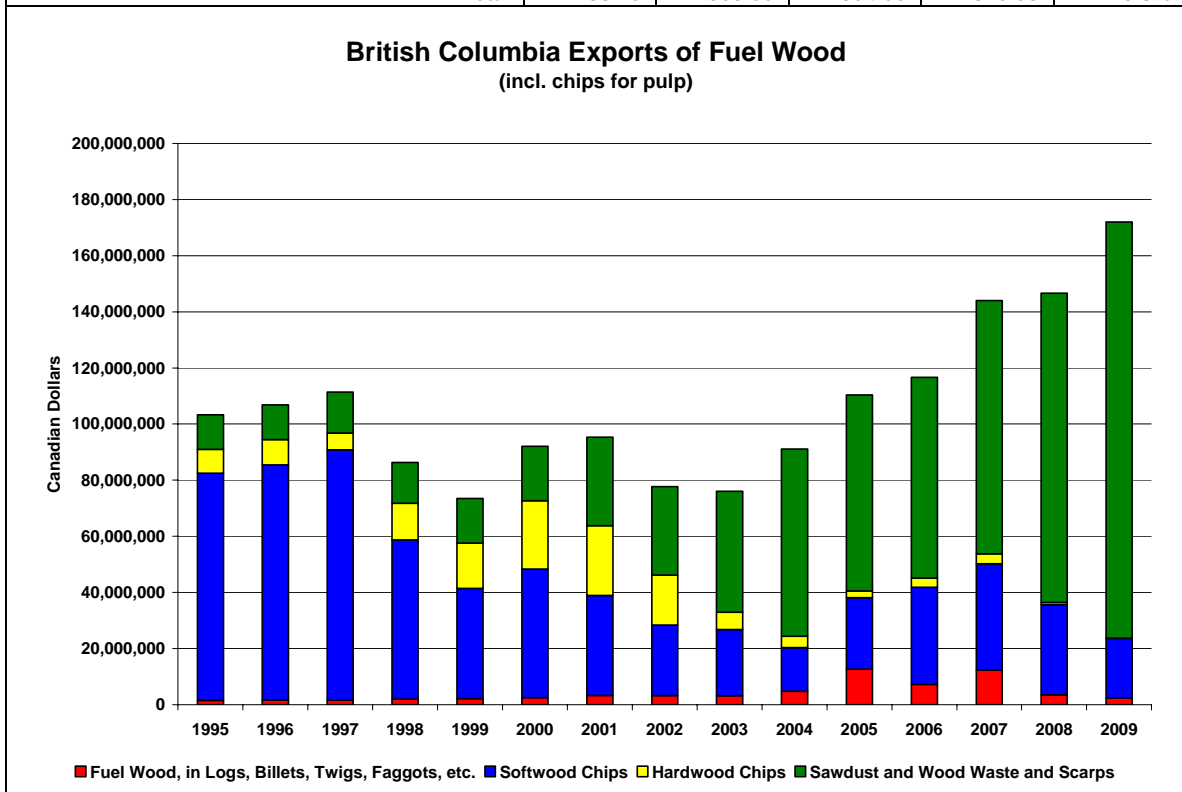
Photo Credit: © 2010 Thinkstock

## PELLETS' EXPORTS

In 2009, Canada exported over \$315 million worth of "fuel wood". As defined by Statistics Canada, fuel wood (HS4401) is "fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms." In particular, wood pellets are listed under the "sawdust and wood waste and scraps" group.

Canada Exports of Fuel Wood, millions of Canadian Dollars

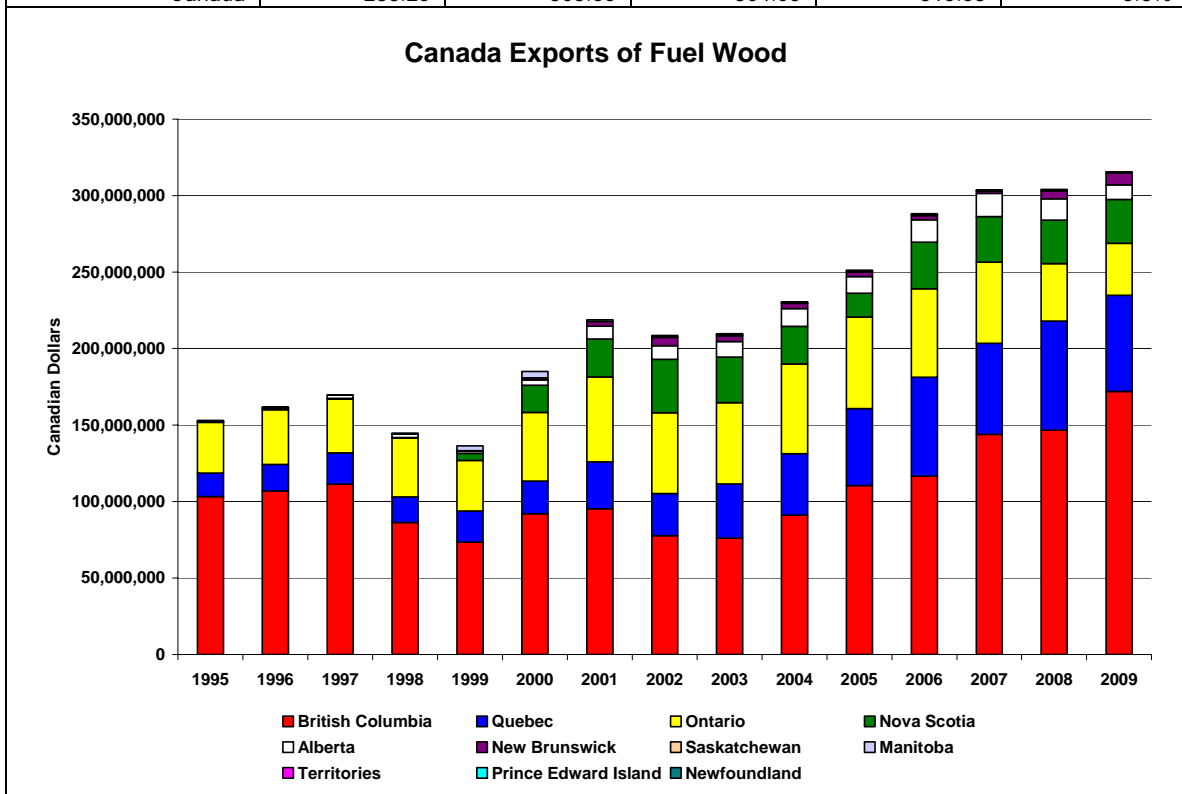
	2006	2007	2008	2009	% Change (08-09)
Fuel Wood, in Logs, Billets, Twigs, Faggots, etc.	8.93	14.35	6.17	4.05	-34.4%
Softwood Chips	36.70	39.17	33.34	23.83	-28.5%
Hardwood Chips	15.86	17.39	15.47	12.22	-21.0%
Sawdust and Wood Waste and Scarps	226.77	232.75	249.06	275.43	10.6%
Total	288.25	303.66	304.05	315.53	3.8%



As illustrated below, exports of fuel wood by British Columbia continue to lead the way with a surge of 17% in 2009. While Quebec and Ontario remain in second and third place, their export shipments were down roughly 10% from the previous year.

Canada Exports of Fuel Wood by Provinces, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
British Columbia	116.68	144.00	146.62	171.98	17.3%
Quebec	64.53	59.49	71.29	62.78	-11.9%
Ontario	57.93	53.10	37.64	34.12	-9.3%
Nova Scotia	30.33	29.75	28.41	28.63	0.8%
Alberta	14.80	15.13	14.01	9.51	-32.1%
New Brunswick	2.59	1.68	5.20	7.72	48.3%
Saskatchewan	1.04	0.37	0.74	0.66	-11.7%
Manitoba	0.31	0.11	0.10	0.08	-13.1%
Territories	0.00	0.00	0.01	0.03	361.0%
Prince Edward Island	0.04	0.04	0.02	0.01	-24.9%
Newfoundland	0.00	0.00	0.02	0.00	-79.7%
Canada	288.25	303.66	304.05	315.53	3.8%

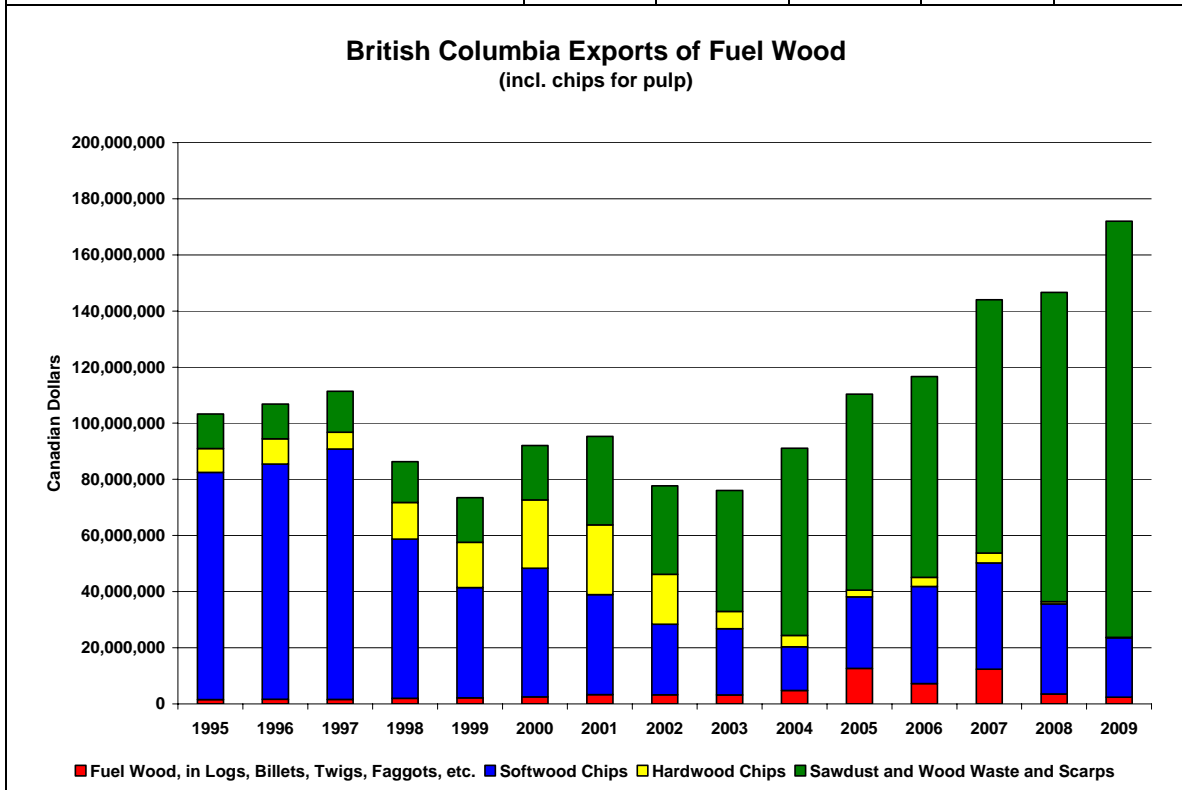


Source: Global Trade Information Services, Inc.

As shown, more than 85% of the fuel wood exported is categorized as “sawdust and wood waste and scarps”, which includes wood pellets.

British Columbia Exports of Fuel Wood, millions of Canadian Dollars

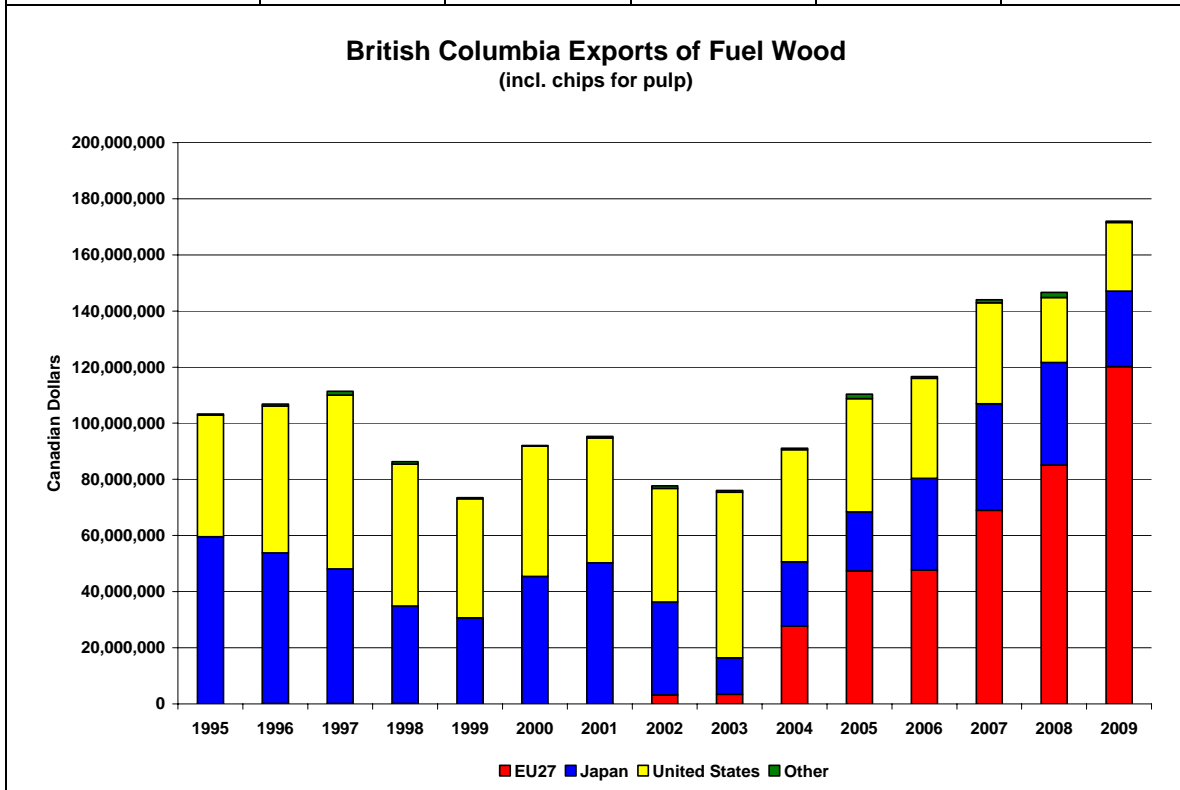
	2006	2007	2008	2009	% Change (08-09)
Fuel Wood, in Logs, Billets, Twigs, Faggots, etc.	7.21	12.34	3.57	2.39	-33.0%
Softwood Chips	34.62	37.84	32.06	21.24	-33.7%
Hardwood Chips	3.24	3.59	0.77	0.06	-91.9%
Sawdust and Wood Waste and Scarps	71.60	90.22	110.22	148.28	34.5%
Total	116.68	144.00	146.62	171.98	17.3%



In 2009, much of the fuel wood exported by British Columbia was sold to EU27, followed by Japan and the United States.

British Columbia Exports of Fuel Wood, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
EU27	47.78	69.00	85.08	120.18	41.2%
Japan	32.60	37.96	36.55	26.91	-26.4%
United States	35.61	36.02	23.22	24.42	5.2%
Other	0.69	1.02	1.77	0.47	-73.5%
Total	116.68	144.00	146.62	171.98	17.3%



Source: Global Trade Information Services, Inc.

## BRITISH COLUMBIA WOODEN FURNITURE



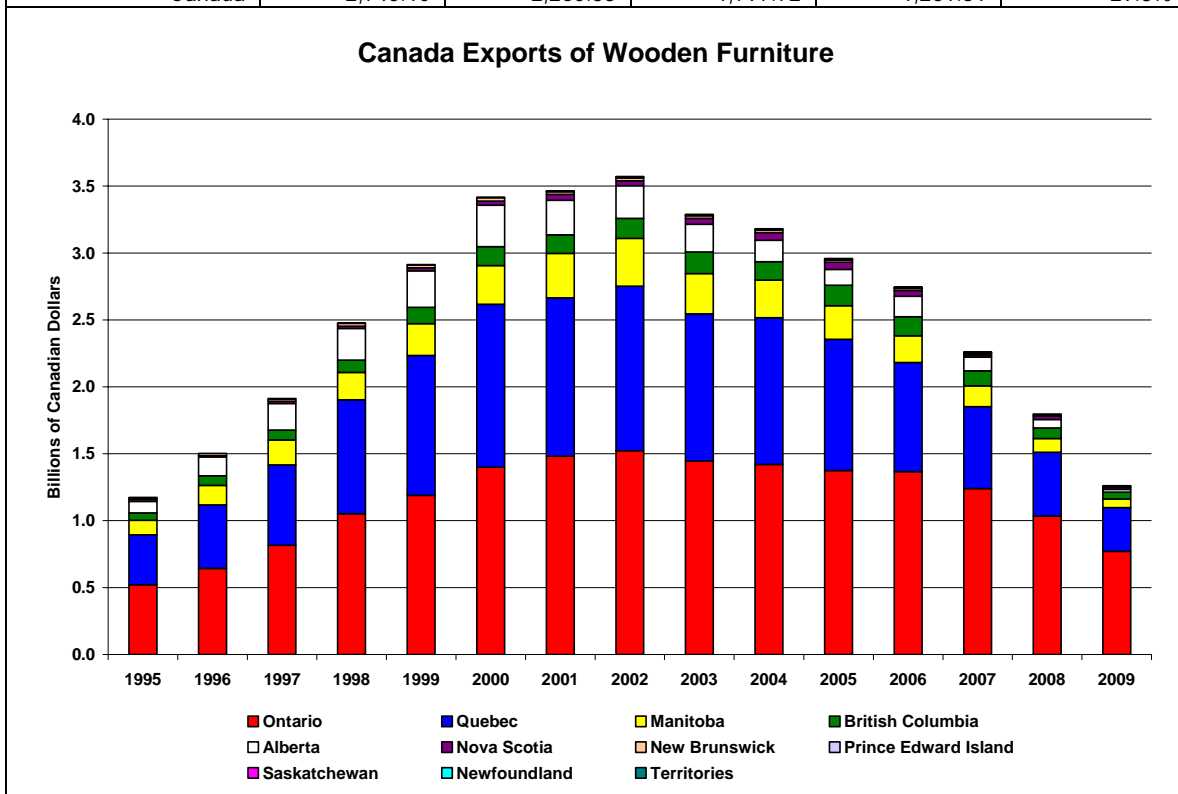
Credit: [www.naturallywood.com](http://www.naturallywood.com)

In 2003, exports of wooden furniture by British Columbia tripled the outputs recorded in 1996. However, since then, export shipments have been on the decline, with increased competition from other provinces and overseas producers.

In 2009, export sales of wooden furniture by British Columbia's producers fell by 35% to just \$51 million. Ontario and Quebec, the two biggest wooden furniture producers in Canada, also struggled as shipments fell 25% and 32% respectively.

Exports of Wooden Furniture by Provinces, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Ontario	1,366.54	1,239.66	1,033.52	771.19	-25.4%
Quebec	814.71	612.05	476.60	325.57	-31.7%
Manitoba	201.31	155.20	102.80	64.64	-37.1%
British Columbia	142.03	112.42	79.61	51.84	-34.9%
Alberta	153.09	103.38	64.26	19.77	-69.2%
Nova Scotia	42.44	16.55	24.40	15.92	-34.8%
New Brunswick	15.14	13.83	9.90	7.85	-20.8%
Prince Edward Island	6.39	5.24	5.71	3.43	-40.0%
Saskatchewan	2.73	1.74	0.85	0.93	9.1%
Newfoundland	0.71	0.32	0.05	0.13	176.3%
Territories	0.02	0.01	0.01	0.05	237.5%
Canada	2,745.10	2,260.38	1,797.72	1,261.31	-29.8%



Source: Global Trade Information Services, Inc.

As with other wood products exported by British Columbia, the United States continues to be the province's biggest customer for its exported wooden furniture (90%). While shipments to the United States fell 37.5%, sales to other countries (led by China and Japan) increased by 3.5%.

British Columbia Exports of Wooden Furniture, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
United States	138.62	104.97	74.53	46.58	-37.5%
Other	3.42	7.45	5.08	5.26	3.5%
Total	142.03	112.42	79.61	51.84	-34.9%



Source: Global Trade Information Services, Inc.

## PULP & PAPER PRODUCTS INDUSTRY



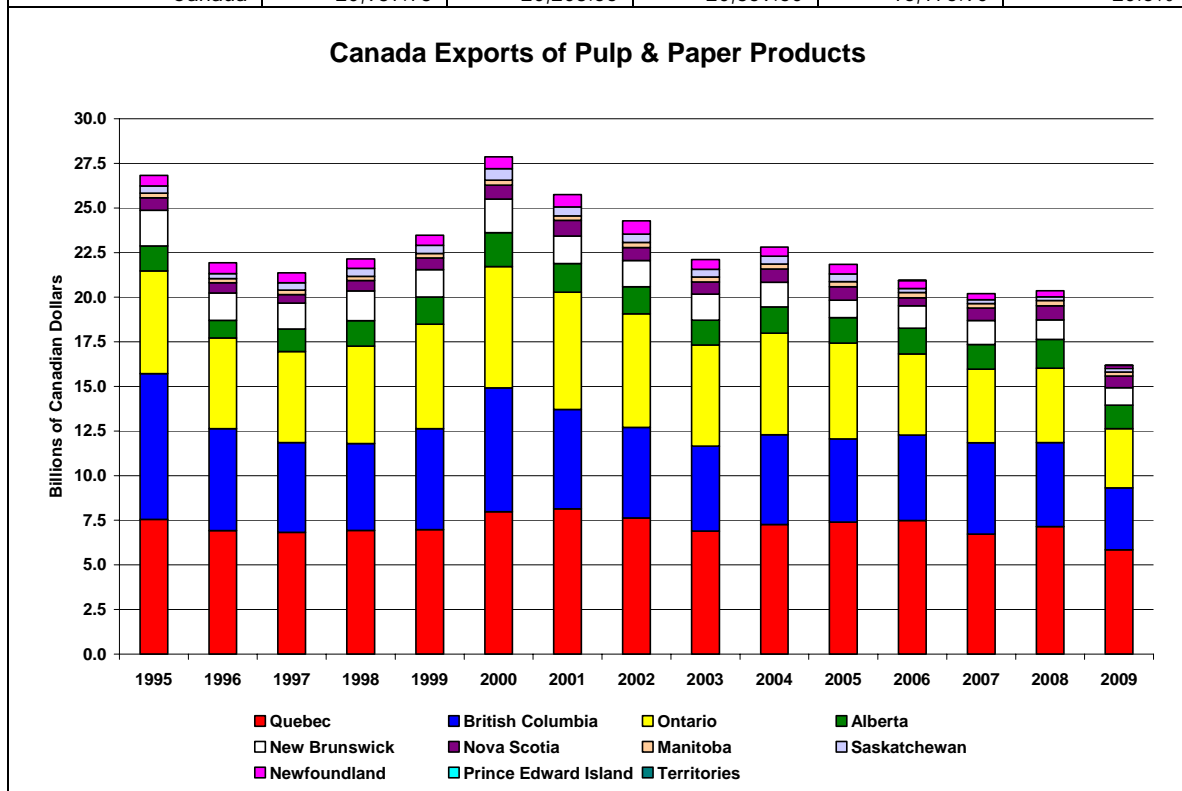
Photo Credit: FPInnovations

Across the nation, Canadian companies produce numerous kinds of pulp & paper products. While the western provinces mainly produce pulp products, provinces in the east are major paper producers. When combined, Quebec remained the top exporting province of pulp & paper products in 2009. On the other hand, British Columbia continues to be the leading producer and exporter of various pulp products.

Since peaking in 2000, the downward trend in exports of pulp and paper products by Canada continued. Despite two years of positive growth in 2006 and 2007, British Columbia's exports of these products declined 26% in 2009. In the latest tally, British Columbia's share of Canada's pulp and paper product exports stood at 21%.

Canada Exports of Pulp & Paper Products by Province, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Quebec	7,488.35	6,723.90	7,152.40	5,845.70	-18.3%
British Columbia	4,788.49	5,121.46	4,699.27	3,476.35	-26.0%
Ontario	4,543.75	4,115.52	4,171.01	3,311.50	-20.6%
Alberta	1,446.41	1,388.50	1,609.27	1,315.40	-18.3%
New Brunswick	1,260.90	1,342.07	1,089.74	980.04	-10.1%
Nova Scotia	441.35	701.39	804.03	652.54	-18.8%
Manitoba	288.58	259.74	288.99	224.54	-22.3%
Saskatchewan	230.35	213.80	206.74	202.66	-2.0%
Newfoundland	448.01	341.05	337.28	166.26	-50.7%
Prince Edward Island	1.39	0.93	0.83	1.89	129.3%
Territories	0.15	0.21	0.04	0.03	-17.0%
Canada	20,937.73	20,208.56	20,359.60	16,176.90	-20.5%

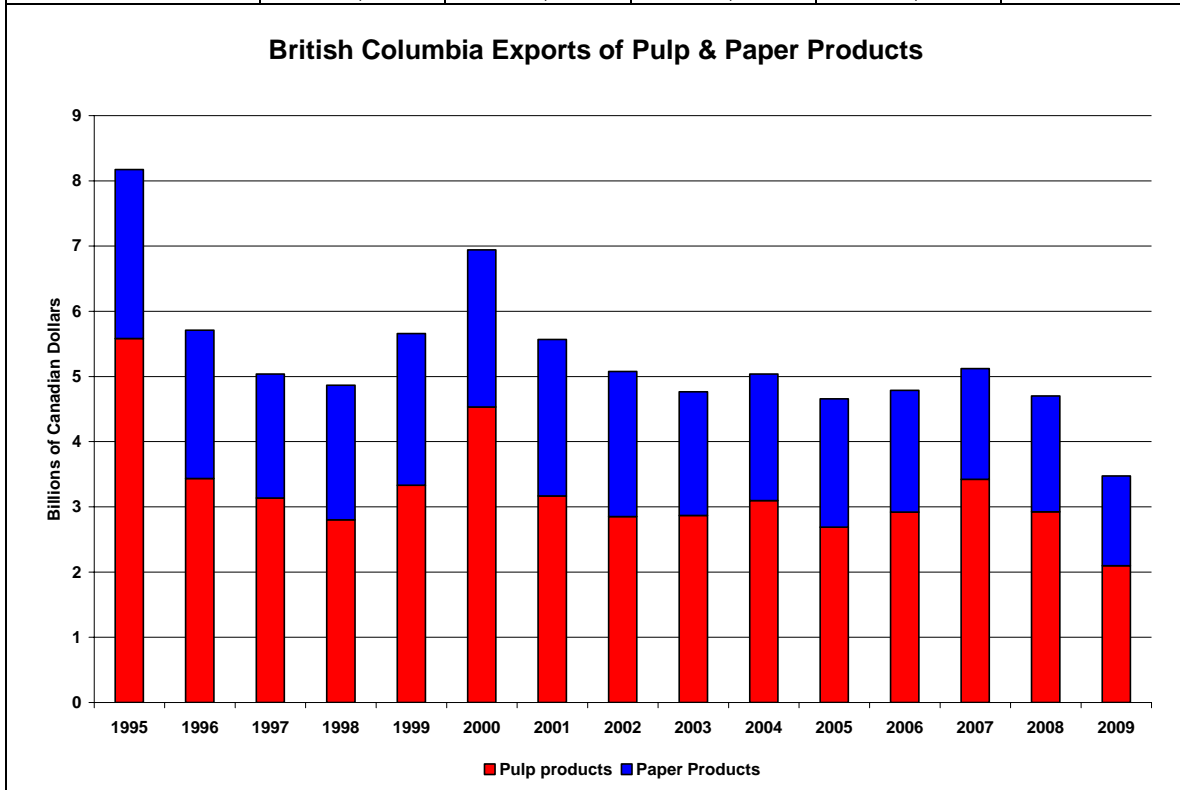


Source: Global Trade Information Services, Inc.

Exports in 2009 were valued at \$3.5 billion, down from \$6.94 billion recorded in 2000, and were at the lowest levels recorded in the past 15 years. Reasons for this decline in exports include competition from other producing nations, as well as from competing substitute products.

British Columbia Exports of Pulp & Paper Products, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Pulp Products	2,919.33	3,423.02	2,924.66	2,098.99	-28.2%
Paper Products	1,869.16	1,698.44	1,774.62	1,377.35	-22.4%
Total	4,788.49	5,121.46	4,699.27	3,476.35	-26.0%

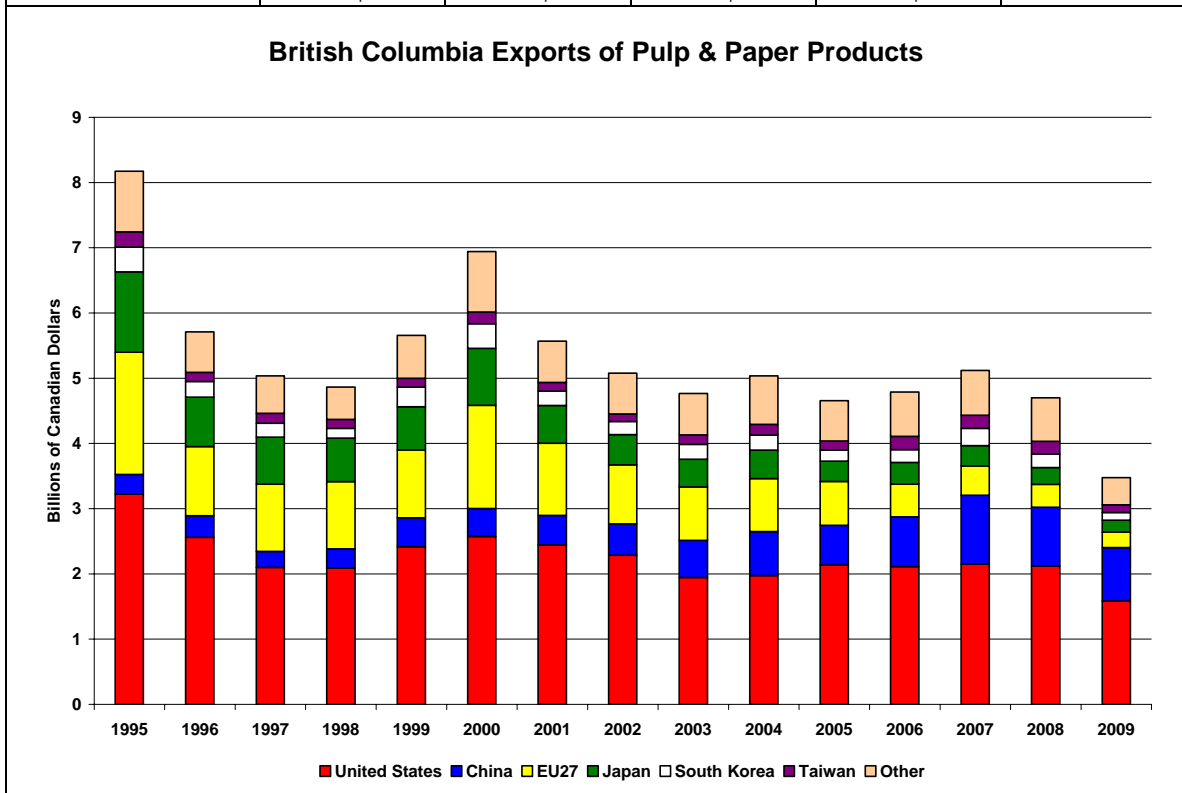


Source: Global Trade Information Services, Inc.

While export shipments to China have increased noticeably since 2000, losses in market share can be seen in EU27, Japan and South Korea. Similar to wood products, the United States continues to be the province's largest export customer of pulp & paper products.

British Columbia Exports of Pulp & Paper Products by Destination, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
United States	2,111.94	2,151.69	2,119.97	1,585.20	-25.2%
China	764.30	1,052.03	902.31	816.37	-9.5%
EU27	501.29	451.82	351.09	241.39	-31.2%
Japan	332.61	312.59	258.47	179.68	-30.5%
South Korea	194.58	263.15	206.35	119.27	-42.2%
Taiwan	206.46	200.54	193.05	116.78	-39.5%
Other	677.31	689.64	668.03	417.66	-37.5%
Total	4,788.49	5,121.46	4,699.27	3,476.35	-26.0%



Source: Global Trade Information Services, Inc.

## BRITISH COLUMBIA PULP PRODUCTS



Photo Credit: FPInnovations

As of 2009, pulp products exported (in value) by British Columbia continue to be the largest shipment from Canada. In less than half a decade since China passed the United States to become the largest importer of the province's exported pulp products, China has continued to increase while the United States has seen its imports from British Columbia drift downward. Upon further investigation, it can be seen that China is importing low value but high quality Canadian fibre (from recovered and recycled paper), and in turn Chinese manufacturers produce high value paper products for domestic consumption and exports.

## PULP PRODUCTS' PRODUCTION & CAPACITY

As illustrated below, British Columbia was home to 20 pulp mills (one less than 2007, and two less than 2006), with 11 of them in the Interior and the remaining nine on the Coast. These pulp mills combine for a production capacity of 6.506 million tonnes in 2008.

### Pulp Production Capacities in British Columbia

	Forest Region	Number of Mills	Estimated Annual Capacity	
			000s of Tonnes	%
2006	Coast	9	3,395	45.1%
	Interior	13	4,137	54.9%
	Total	22	7,532	100.0%
2007	Coast	8	2,432	36.7%
	Interior	13	4,195	63.3%
	Total	21	6,627	100.0%
2008	Coast	9	2,804	43.1%
	Interior	11	3,702	56.9%
	Total	20	6,506	100.0%

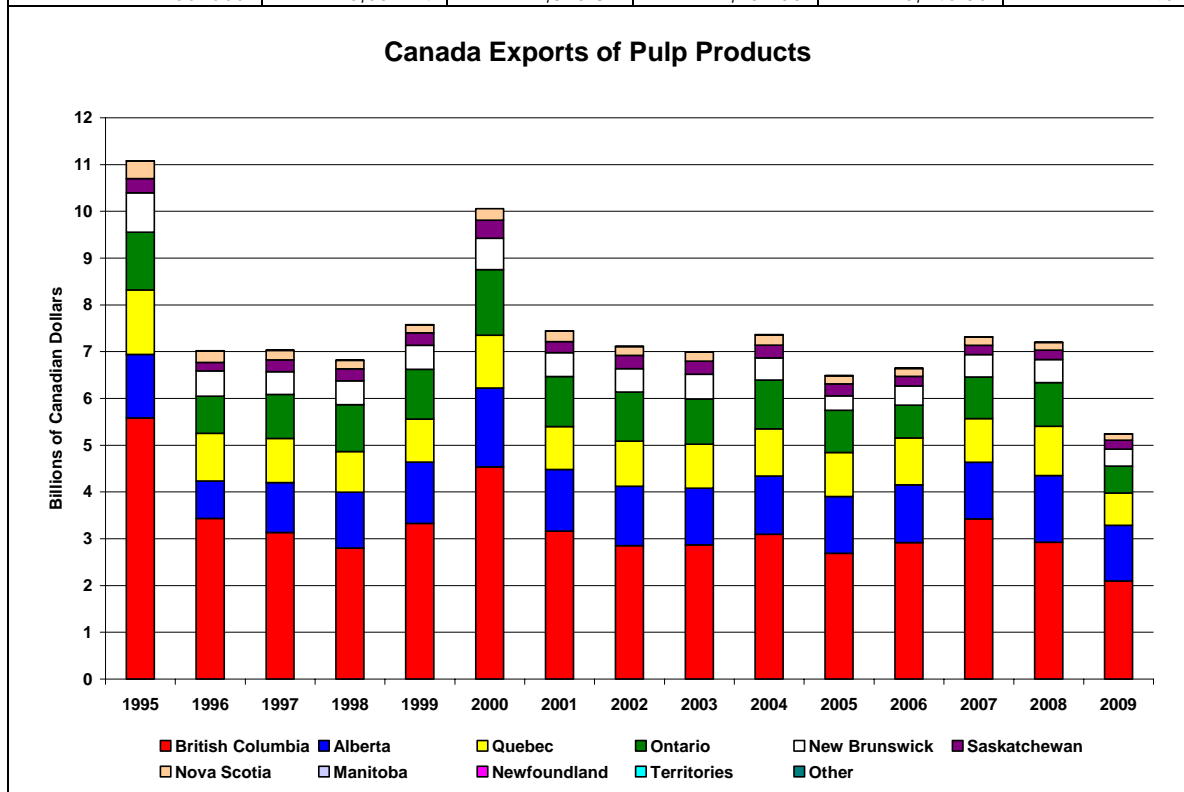
Source: Major Primary Timber Processing Facilities in British Columbia, BC Ministry of Forests and Range

## PULP PRODUCTS' EXPORTS

In 2009, pulp products exported (in value) by British Columbia represented close to 40% of the nation's total shipments. However, exports of these products by the province have declined by almost 63% since 1995.

Exports of Pulp Products by Provinces, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
British Columbia	2,919.33	3,423.02	2,924.66	2,098.99	-28.2%
Alberta	1,232.17	1,211.46	1,429.03	1,185.77	-17.0%
Quebec	1,005.00	938.40	1,051.10	693.68	-34.0%
Ontario	699.58	885.45	931.73	574.10	-38.4%
New Brunswick	413.99	478.49	497.59	363.94	-26.9%
Saskatchewan	200.46	200.58	195.81	192.60	-1.6%
Nova Scotia	172.79	171.12	165.27	132.01	-20.1%
Manitoba	8.39	6.96	6.67	4.79	-28.1%
Newfoundland	0.00	0.13	0.14	0.15	8.2%
Territories	0.01	0.14	0.01	0.00	-100.0%
Prince Edward Island	0.03	0.07	0.01	0.02	394.3%
Canada	6,651.74	7,315.82	7,202.00	5,246.06	-27.2%

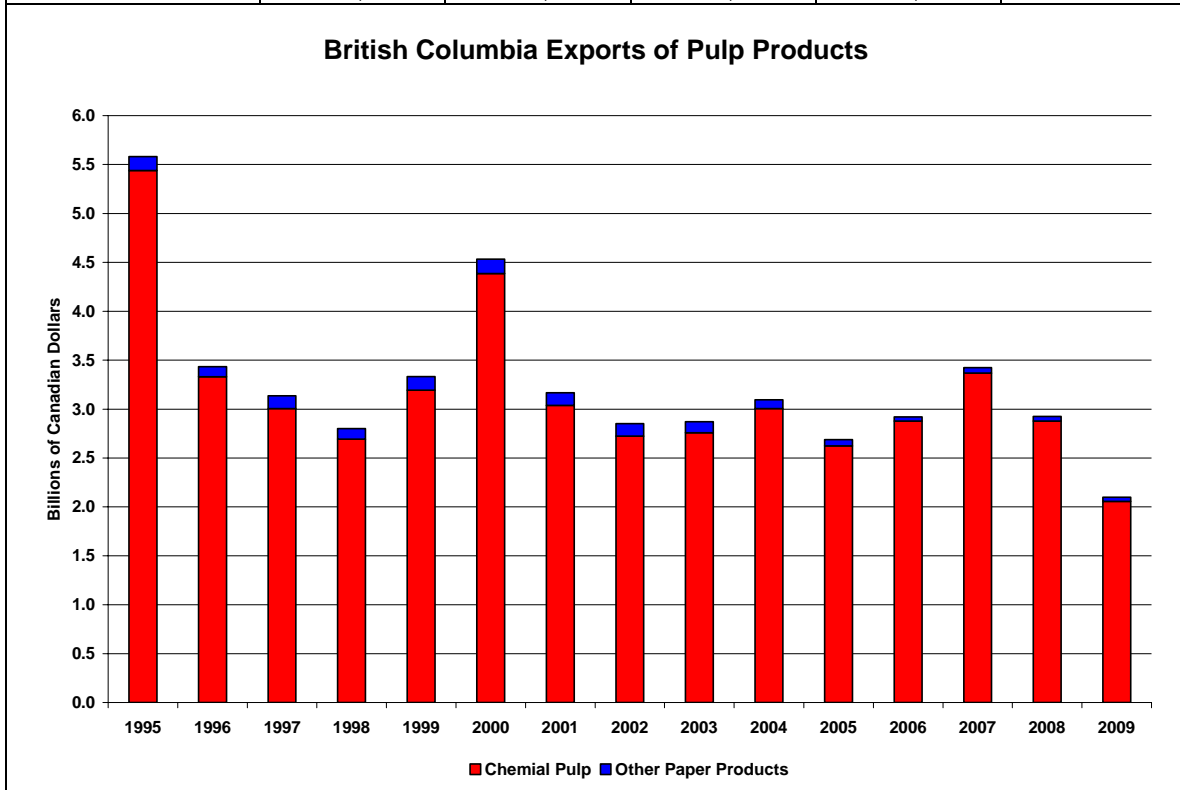


Source: Global Trade Information Services, Inc.

In 2009, exports of wood pulp by British Columbia fell by 28% to \$2.1 billion, far from the glory days observed a decade and a half ago. Of the products shipped by the province, close to 98% were of chemical grade (sulphate), while other pulp products include mechanical pulp and recovered paper.

British Columbia Exports of Pulp Products, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Chemical Pulp	2,876.08	3,368.65	2,876.53	2,055.97	-28.5%
Other Pulp Products	43.25	54.37	48.13	43.02	-10.6%
Total	2,919.33	3,423.02	2,924.66	2,098.99	-28.2%

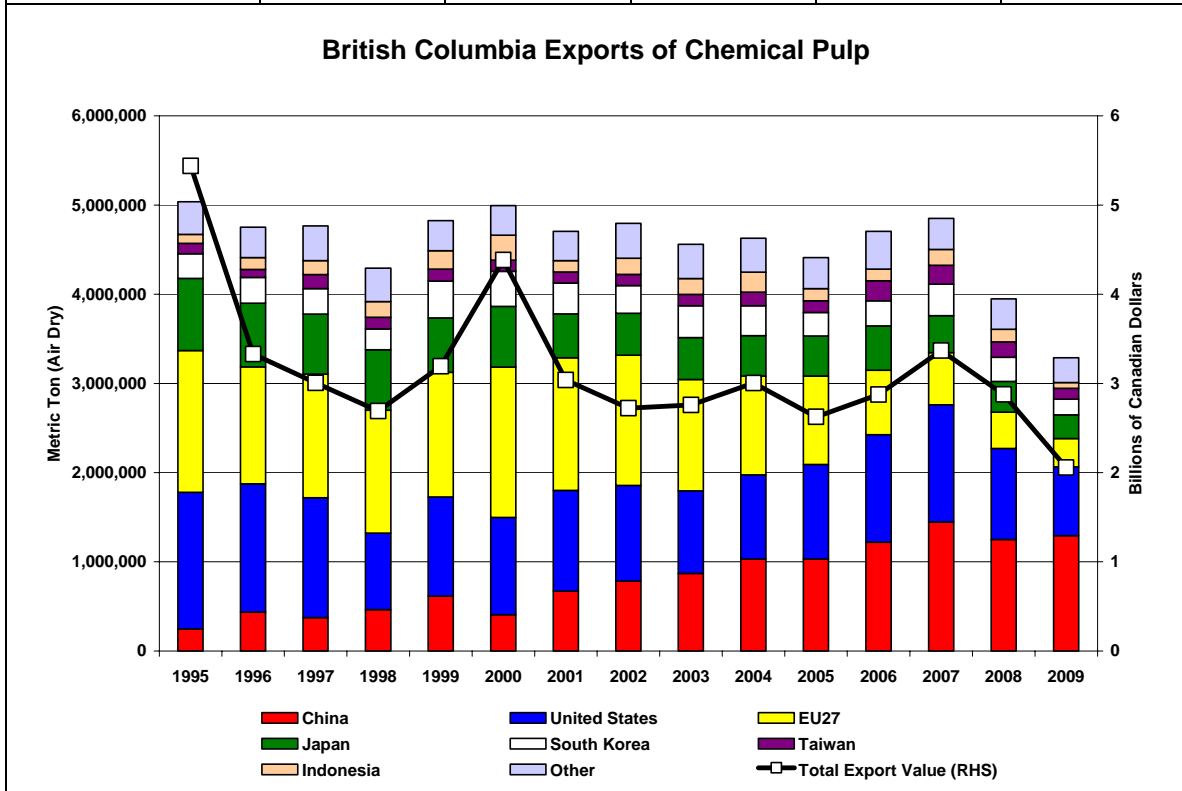


Source: Global Trade Information Services, Inc.

Unlike the wood products sold by British Columbia, the clientele for the chemical pulp products are much more diversified. Since 2006, China has become the top purchaser of the province's chemical pulp products, surpassing both the United States and EU27. Despite the emergence of China, minimal growth in shipments to that country since 2007 has not helped balance the loss of share to other nations. Even with the 3.5% growth as shown in China, the overall exports were down 16.7% from the previous year.

British Columbia Exports of Chemical Pulp, metric ton (air dry)

	2006	2007	2008	2009	% Change (08-09)
China	1,221,555	1,445,762	1,250,093	1,293,434	3.5%
United States	1,204,550	1,315,394	1,020,252	769,947	-24.5%
EU27	722,652	583,316	406,559	318,519	-21.7%
Japan	497,645	415,710	344,990	265,322	-23.1%
South Korea	280,894	352,586	271,774	176,523	-35.0%
Taiwan	223,120	211,804	172,572	121,747	-29.5%
Indonesia	131,419	177,090	139,790	64,390	-53.9%
Other	422,228	347,867	342,247	278,621	-18.6%
Total	4,704,063	4,849,529	3,948,277	3,288,503	-16.7%



Source: Global Trade Information Services, Inc.

## BRITISH COLUMBIA PAPER PRODUCTS



Photo Credit: © 2010 Thinkstock

After a slight recovery in 2008, exports of paper products by British Columbia fell 22.4%. The continual introduction of electronic readers and the migration towards a less-paper office attitude will lessen the production and demand for newsprint, as well as printing & writing papers.

## PAPER PRODUCTS' PRODUCTION & CAPACITY

The latest study released by BC Ministry Forests and Range showed that nine mills remained operative in 2008. There are six mills in the Coastal region, representing about 74% of the province's total capacity.

### Pulp Production Capacities in British Columbia

	Forest Region	Number of Mills	Estimated Annual Capacity	
			000s of Tonnes	%
2006	Coast	8	2,441	76.6%
	Interior	3	748	23.4%
	Total	11	3,188	100.0%
2007	Coast	6	2,115	73.8%
	Interior	3	750	26.2%
	Total	9	2,864	100.0%
2008	Coast	6	2,099	73.9%
	Interior	3	740	26.1%
	Total	9	2,838	100.0%

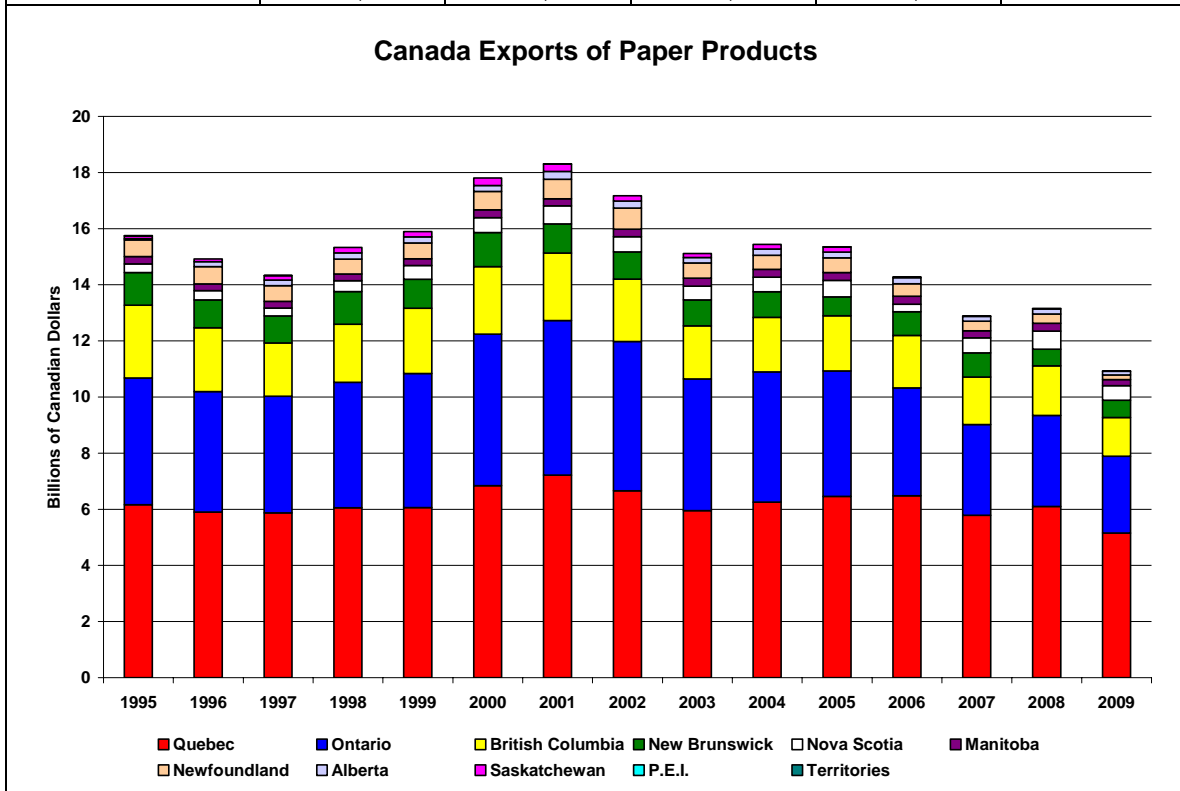
Source: Major Primary Timber Processing Facilities in British Columbia, BC Ministry of Forests and Range

## PAPER PRODUCTS' EXPORTS

Following a rise in exports of paper products by Canada from 1997 to 2001, shipments plunged 40% thereafter. Despite shrinking by 15% in 2009, Quebec and Ontario continue to lead the way in exports of paper products.

Canada Exports of Paper Products by Provinces, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Quebec	6,483.35	5,785.49	6,101.30	5,152.02	-15.6%
Ontario	3,844.17	3,230.07	3,239.28	2,737.40	-15.5%
British Columbia	1,869.16	1,698.44	1,774.62	1,377.35	-22.4%
New Brunswick	846.92	863.59	592.15	616.10	4.0%
Nova Scotia	268.56	530.27	638.76	520.53	-18.5%
Manitoba	280.19	252.78	282.33	219.75	-22.2%
Newfoundland	448.01	340.92	337.14	166.11	-50.7%
Alberta	214.24	177.04	180.25	129.62	-28.1%
Saskatchewan	29.89	13.22	10.93	10.06	-8.0%
Prince Edward Island	1.37	0.86	0.82	1.87	127.7%
Territories	0.14	0.07	0.03	0.03	21.3%
Canada	14,285.99	12,892.75	13,157.60	10,930.84	-16.9%

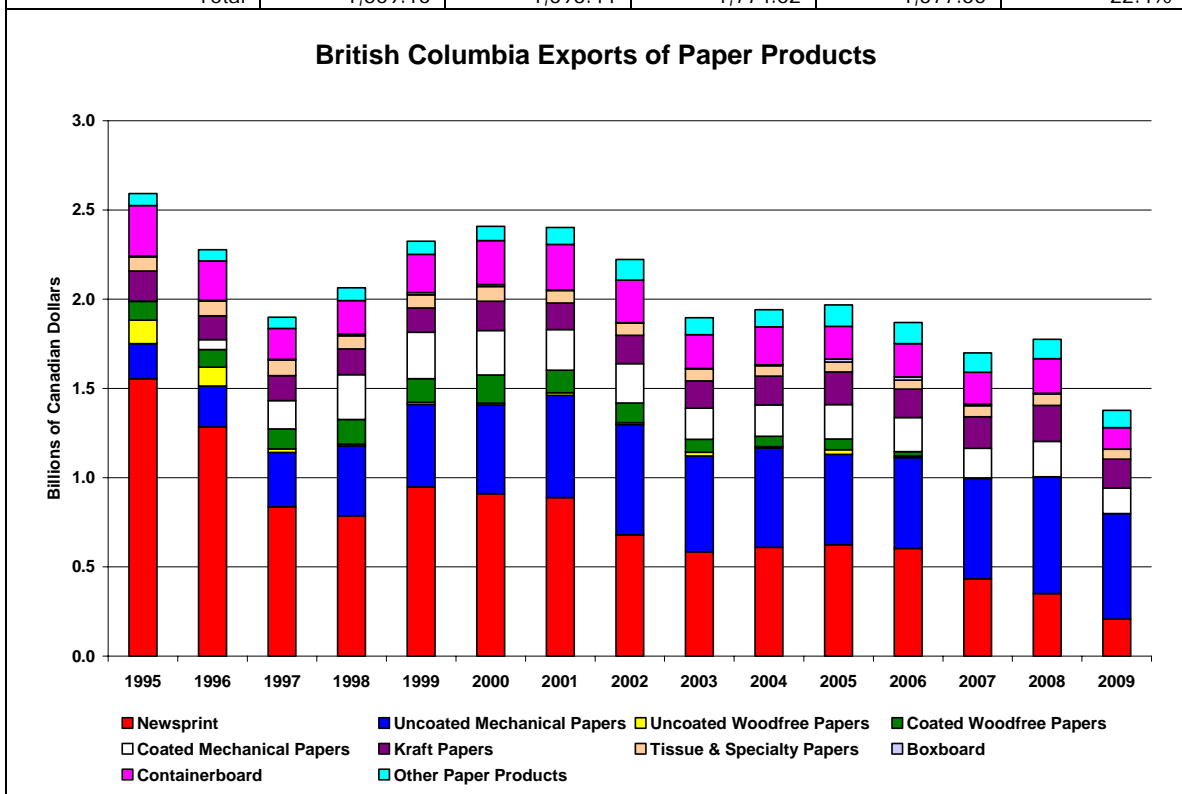


Source: Global Trade Information Services, Inc.

Looking at British Columbia, uncoated mechanical printing & writing papers continue to lead the way, followed by newsprint, with the remaining balance made up of wrapping & packaging papers as well as sanitary paper products. As illustrated in the graph below, exports of newsprint were valued at \$1.55 billion back in 1995 but have plunged to just \$207 million in 2009.

British Columbia Exports of Paper Products, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Newsprint	603.19	433.34	349.46	207.33	-40.7%
Uncoated Mechanical	509.47	562.35	653.16	591.01	-9.5%
Uncoated Woodfree	8.45	2.66	1.43	0.21	-85.2%
Coated Woodfree	24.15	0.02	0.06	0.06	1.5%
Coated Mechanical	191.43	166.75	198.96	142.94	-28.2%
Kraft Papers	159.49	175.45	201.01	161.80	-19.5%
Tissue & Specialty Ppr	50.40	62.81	65.30	55.73	-14.7%
Boxboard	17.71	9.42	3.20	0.73	-77.1%
Containerboard	187.24	177.58	194.18	121.12	-37.6%
Other Paper Products	117.63	108.07	107.85	96.41	-10.6%
Total	1,869.16	1,698.44	1,774.62	1,377.35	-22.4%



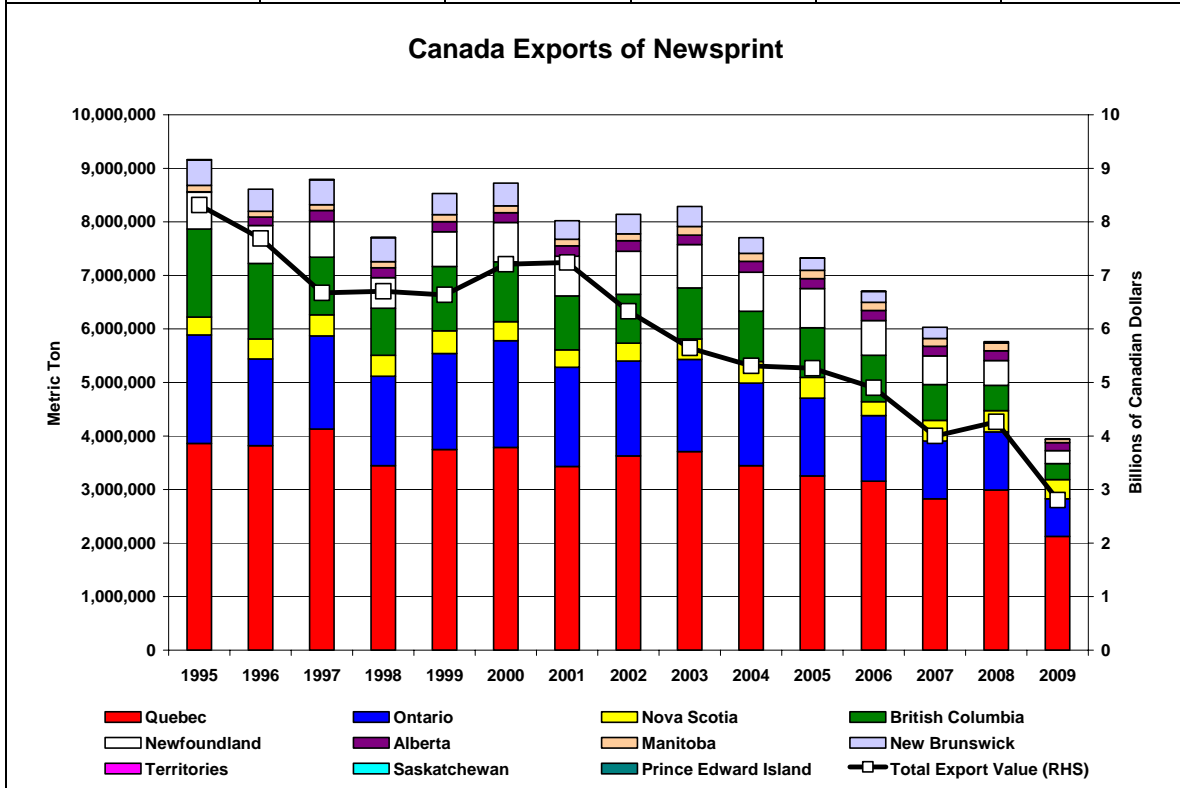
Source: Global Trade Information Services, Inc.

## NEWSPRINT

As a whole, Canada's shipments of newsprint have shrunk by more than 66% since 1995. The \$207 million worth of newsprint from British Columbia was about 7% of the nation's total exports.

Canada Exports of Newsprint by Provinces, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
Quebec	2,394.09	1,928.36	2,228.60	1,520.40	-31.8%
Ontario	916.98	714.88	805.24	513.73	-36.2%
Nova Scotia	183.65	254.11	302.28	253.49	-16.1%
British Columbia	603.19	433.34	349.46	207.33	-40.7%
Newfoundland	433.26	337.20	328.31	165.57	-49.6%
Alberta	129.71	107.57	129.93	88.42	-31.9%
Manitoba	112.86	87.81	102.16	51.32	-49.8%
New Brunswick	127.51	136.48	18.19	2.71	-85.1%
Territories	0.00	0.00	0.00	0.03	-
Saskatchewan	1.80	0.09	0.06	0.02	-62.6%
Prince Edward Island	0.00	0.08	0.00	0.02	-
Total	4,903.05	3,999.91	4,264.23	2,803.05	-34.3%

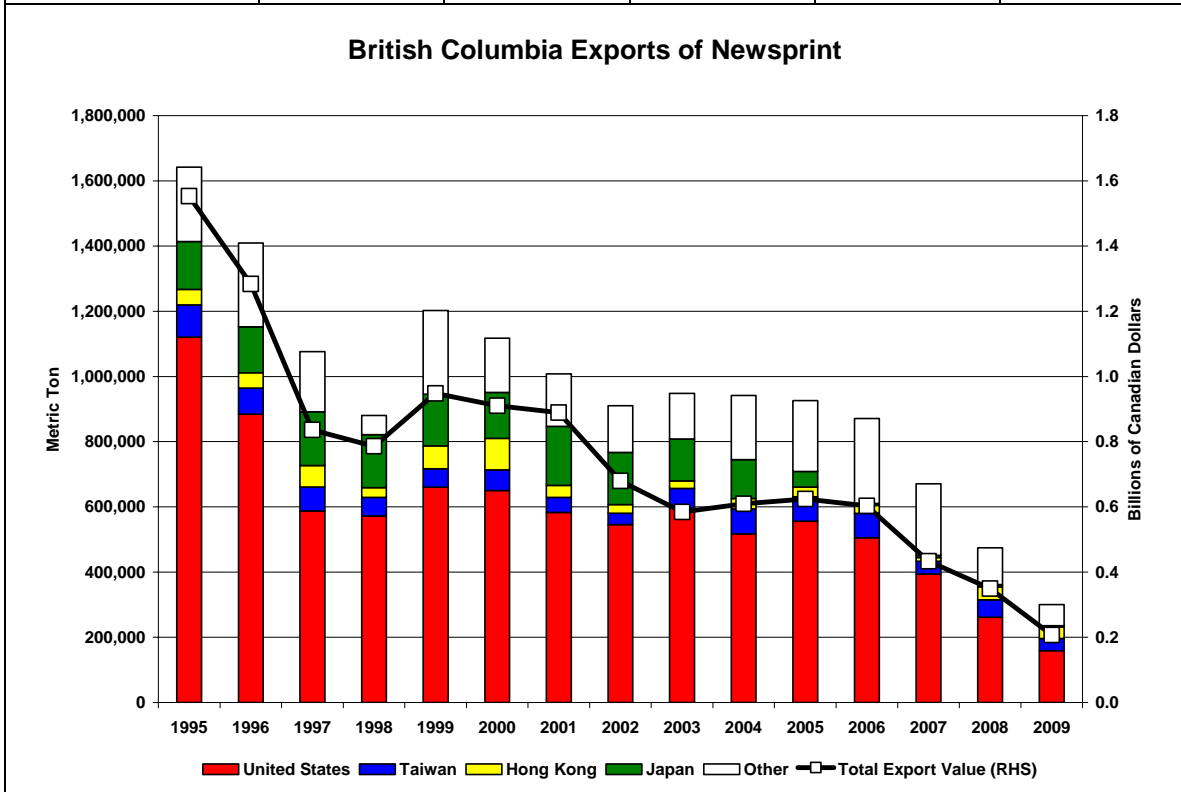


Source: Global Trade Information Services, Inc.

In British Columbia, newsprint shipments represented 15% of the value of all paper products exported by the province. Without much surprise, the United States remains the largest client, consuming more than half of the province's export shipments. The continual introduction of electronic readers will continue to hamper the production and demand for newsprint.

British Columbia Exports of Newsprint, metric ton

	2006	2007	2008	2009	% Change (08-09)
United States	505,629	394,406	261,799	159,116	-39.2%
Taiwan	74,608	38,667	53,218	37,174	-30.1%
Hong Kong	24,296	11,227	39,719	34,745	-12.5%
Japan	5,745	7,155	7,232	4,334	-40.1%
Other	260,629	219,338	112,505	65,020	-42.2%
Total	870,907	670,793	474,473	300,389	-36.7%



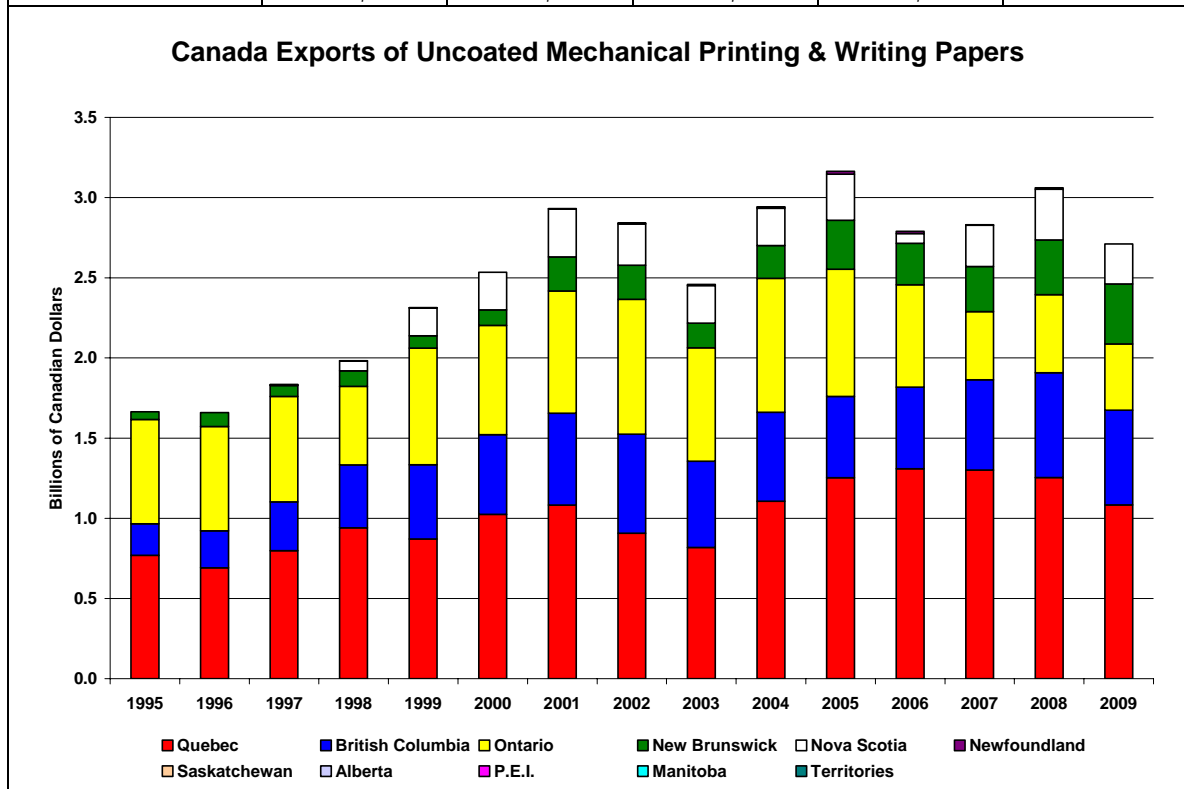
Source: Global Trade Information Services, Inc.

## UNCOATED MECHANICAL PRINTING & WRITING PAPERS

Exports of uncoated mechanical printing & writing papers by British Columbia have been on the rise since 2005, but stumbled in 2009 as shipments fell 9.5%. Although British Columbia surpassed Ontario back in 2007, the province's shipments remain half that recorded by Quebec.

Canada Exports of Uncoated Mechanical Printing & Writing Papers, millions of Canadian Dollars

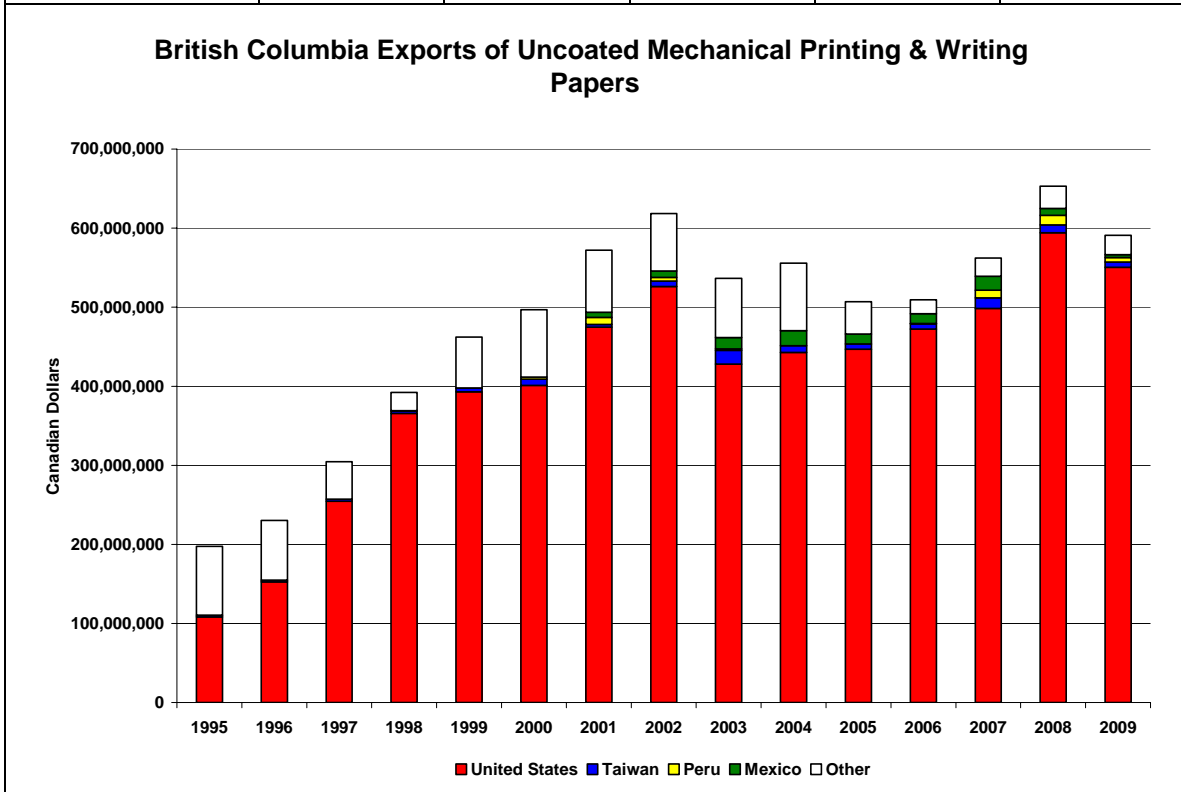
	2006	2007	2008	2009	% Change (08-09)
Quebec	1,309.08	1,301.17	1,254.58	1,083.25	-13.7%
British Columbia	509.47	562.35	653.16	591.01	-9.5%
Ontario	637.74	425.13	487.70	413.50	-15.2%
New Brunswick	258.16	281.74	341.04	373.67	9.6%
Nova Scotia	60.39	256.36	315.60	249.51	-20.9%
Newfoundland	14.39	3.37	8.68	0.46	-94.7%
Saskatchewan	0.00	0.14	0.15	0.00	-100.0%
Alberta	0.02	0.15	0.09	0.10	9.4%
P.E.I.	0.02	0.00	0.03	0.00	-100.0%
Manitoba	0.02	0.34	0.02	0.06	166.4%
Territories	0.00	0.00	0.00	0.00	-
Total	2,789.30	2,830.76	3,061.05	2,711.56	-11.4%



Similar to other forest products, the United States is also the largest client for printing and writing paper products, consuming 90% of all British Columbia's export shipments. Other notable customers include Taiwan, Peru and Mexico.

British Columbia Exports of Uncoated Mechanical Printing & Writing Papers, millions of Canadian Dollars

	2006	2007	2008	2009	% Change (08-09)
United States	472.20	498.40	594.21	550.50	-7.4%
Taiwan	6.89	13.38	9.96	6.60	-33.8%
Peru	0.30	9.89	11.86	5.65	-52.3%
Mexico	12.33	17.58	8.78	3.56	-59.4%
Other	17.75	23.10	28.36	24.69	-12.9%
Total	509.47	562.35	653.16	591.01	-9.5%



Source: Global Trade Information Services, Inc.





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