In July 1988, a study was undertaken to analyze the 1987 residual chip supply in British Columbia. This memo summarizes the study which had broad terms of reference:

- To divide the province into logical chip supply regions.
- To prepare a key map showing chip supply regions, chip concentration centres, pulpmill locations, and railway.
- To prepare a comprehensive mill listing.
- To tabulate all chip producing mills showing actual or estimated residual chip production by regions. This was to include sawmills, plywood/veneer plants, shake and shingle mills, remanufacturing plants, and chipping stations.
- To tabulate all pulpmills showing actual or estimated fibre requirements broken down by source (i.e. residual chips, on-site roundwood chips, and sawdust). This would be undertaken on both a before and after expansion basis.
- To undertake a residual chip supply balance for each region, and the Province, on both a before and after pulpmill expansion basis.
- To include in the residual chip supply balance for each region.

The approach used in the study was to send survey questionnaires to all residual chip producing and consuming plants throughout the province in order to determine residual chip production and/or consumption at each plant location for the 1987 calendar year.

In 1987, B.C. pulp, lumber, and log production levels reached all-time highs, as market conditions were generally favorable and there were no major production shutdowns or interruptions.

- The pulp sector operated at, or very close to, its current rated capacity.
- The lumber sector most probably operated slightly over its current rated 2-shift capacity, mainly because a number of mills were operating on a temporary 3-shift basis in order to process salvage material from blowdown, fire, and insect infestation areas.
- The logging sector operated at well above its current long-run sustainable level of between 75 to 80 million m$^3$ annually.

Thus 1987 was considered a very appropriate year to undertake a province-wide residual chip study, in that both the lumber and pulp sectors were operating at or close to current capacities and the logging sector could operate at a justifiable level to support both the lumber and pulp sectors.

Several residual chip supply balance scenarios were presented in the project report, out of many that could have been chosen. Under the projected scenario, the province still had a residual chip surplus, although it had been reduced significantly from 1987 levels. Under the projected 2-shift scenario, some regions of the province could run out of chips.

The investigators noted that the actual chip surplus/deficit situation in the future will depend primarily on the relative operating levels of the lumber and pulp sectors of the forest industry. They also noted that projected residual chip consumption by pulpmills was reduced substantially owing to poor pulp and/or paper markets, while at the same time chip production by sawmills remained high owing to good lumber markets. A chip surplus can be expected, with continuing opportunities for export when these market conditions occur. However if the reverse were the case, a significant residual chip deficit could occur. This deficit would be substantially increased if chip exports continued in those years.

In conclusion, the investigators note that a very real possibility exists that regional residual chip deficits may occur in the future under varying combinations of lumber and pulp sector operating levels. However, before this chip deficit situation occurs, it can reasonably be expected that additional roundwood chipping stations will come on stream at strategic locations throughout the province, thus ensuring that pulpmill residual chip requirements, and possible export commitments, continue to be met.

Copies of the 64-page project summary report, Pulp Chip Availability in British Columbia: 1987 by P.W. Appleby, Reid, Collins and Associates Ltd. are available while supplies last from:

Forestry Canada
Pacific Forestry Centre
506 West Burmese Road
Victoria, B.C. V8Z 5M1

Please specify FRDA Report # 061 when ordering.