Regional Changes in the B.C. Forest Industry - FRDA Report 082

Because of changing technology, economic conditions, and environmental demands, the B.C. forest industry has undergone many changes since 1945. FRDA Report 082 provides a general overview of these broad changes in:

- the forest resource by region
- the industry's use of the forest resource by region
- the structure of the forest industry

Included are 33 pages of detailed statistical tables. The report's substantive material is grouped into three categories:

- The forest resource
- The forest products
- The forest industry

THE FOREST RESOURCE

To assess the forest resource, the province was divided into 3 regions: the Coast, with the Vancouver Forest Region and the coastal portions of the Prince Rupert Forest Region; the South Interior, with the Kamloops, Nelson, and Cariboo Forest Regions; and the North Interior, with the Prince George and interior portions of the Prince Rupert Forest Region. The report emphasizes the period from 1963 when statistics were available for regional differences.

Technological advances since the 1956 Sloan report have increased the amount of available forest land from 30.35 million ha (1956) to current inventories of 51.8 million ha. The Coast region is still dominated by mature forests while the North Interior includes large areas classified as non-commercial or non-forest. In the 1984 Forest and Range Resource Analysis, the 43.25 million ha of unalienated forest land was reduced to 21.29 million ha of net productive available and suitable forest land, for which the Province grants timber harvesting rights.

Until 1972 the timber volume in the Coast exceeded the Interior but then the trend shifted with the introduction of closer utilization standards. The previous utilization standards were based on the recovery of lumber rather than fibre; the shift made residual fibre available for pulp production. The statistics suggest this trend will continue with development opportunities expected for the Interior. There are still untapped fibre resources in the NE and NW of the province. However, while the volume of timber harvested in the Interior exceeds the volume harvested on the Coast, the value of the Coastal harvest is still greater. The Coastal timber is larger and of better quality. The harvest is generally in tune with the inventory.

THE FOREST PRODUCTS

Statistical analysis shows that the forest industry in this province is based on lumber production with the use of residual chips in pulp and paper. Regionally, the greatest increases in lumber have occurred in the North Interior region. The South Interior has also shown some significant increases while the Coast region has declined. Statistics show that the Coast Industry is much older and relies on high-cost wood supply and has survived by filling custom orders with high quality lumber. The Interior industry was developed on maximum throughput to produce high volumes of low valued products. The evidence suggests the chief possibility for further processing of solid wood products depends largely on the ability of Interior sawmills to segregate the species to extract maximum value from their products rather than maximum volume. The trend shows that the Coast industry will continue to produce more specialty trades with continued emphasis on filling custom orders. While the Coast has also dominated the pulp and paper industry and its proportionate output has remained relatively constant, the volume of timber harvested and lumber produced in the Interior regions has risen dramatically. Interior pulp production (produced from the residual chips) has also increased. Statistics show that the pulp industry is dependent on the use of residual chips. The report suggests further increases in the pulp industry can come from an increased fibre supply in the Interior, and indicates some of the plans for developing mills in the province.

The British Columbia forest industry also produces a number of other products, including plywood and veneer, and shingles and shakes. However, the value of these products has not increased at the same rate as lumber and pulp. Also, since 1979 plywood and veneer shipments have declined with a trend towards reconstituted boards in construction.

THE FOREST INDUSTRY

Although the Pearse Commission and several studies since have noted the need and possibility for intermediate manufacturing, the growth of the forest industry has remained in primary manufacturing. The recent recession and changes in stumpage and silviculture policies are forcing the industry to reduce costs and achieve a greater return on timber harvested. While the report notes that changes have begun by reducing staff and developing additional product lines, these
are relatively new beginnings and the implications are not yet known. It is suggested that the limitations will be set more by capital than by timber supplies.

In 1976 the Pearce Commission also expressed concern that the 10 largest companies controlled 58.7% of the committed harvesting rights. The Small Business Forest Enterprise Program has since been implemented. The Ministry of Forests has committed 7.02% of available timber to this program with the current policy to allocate up to 15% of the total harvest to smaller operators.

One measure of the importance of the forest industry in British Columbia is by the employment it generates. Although employment in all sectors changes with the business cycles, the greatest changes occur in the logging sector. The Coast employs just under 12,000 people while the Interior Regions employ under 2,000. From 1973 to 1985, the Interior regions show a more constant employment position than the Coast Region.

The forest industry also demonstrates its importance to British Columbia by the value it adds to the economy (Figures 1 & 2).

FIGURE 1. Value added by sector

Source: Statistics Canada

FIGURE 2. Value added by region

Copies of the 69-page report, *Regional Changes in the B.C. Forest Industry* by W. Swanson, are available while supplies last, from:

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