

Industry Profile and Statistics

Canada's Forest Products Industry

Global Forest Resource

- Canada has 10 % of the world's forest area
- Canada ranks the 3rd in terms of total forest area

Rank	Country	Total forest area (million hectares)
1	Russia	851
2	Brazil	544
3	Canada	235
4	U.S.	226
5	China	163
6	Australia	155

Source: Food and Agricultural Organization.
FAOSTAT, 2001

Forest Regions of Canada



Source: Natural Resources Canada, 2001

The Wood Product Manufacturing Industry

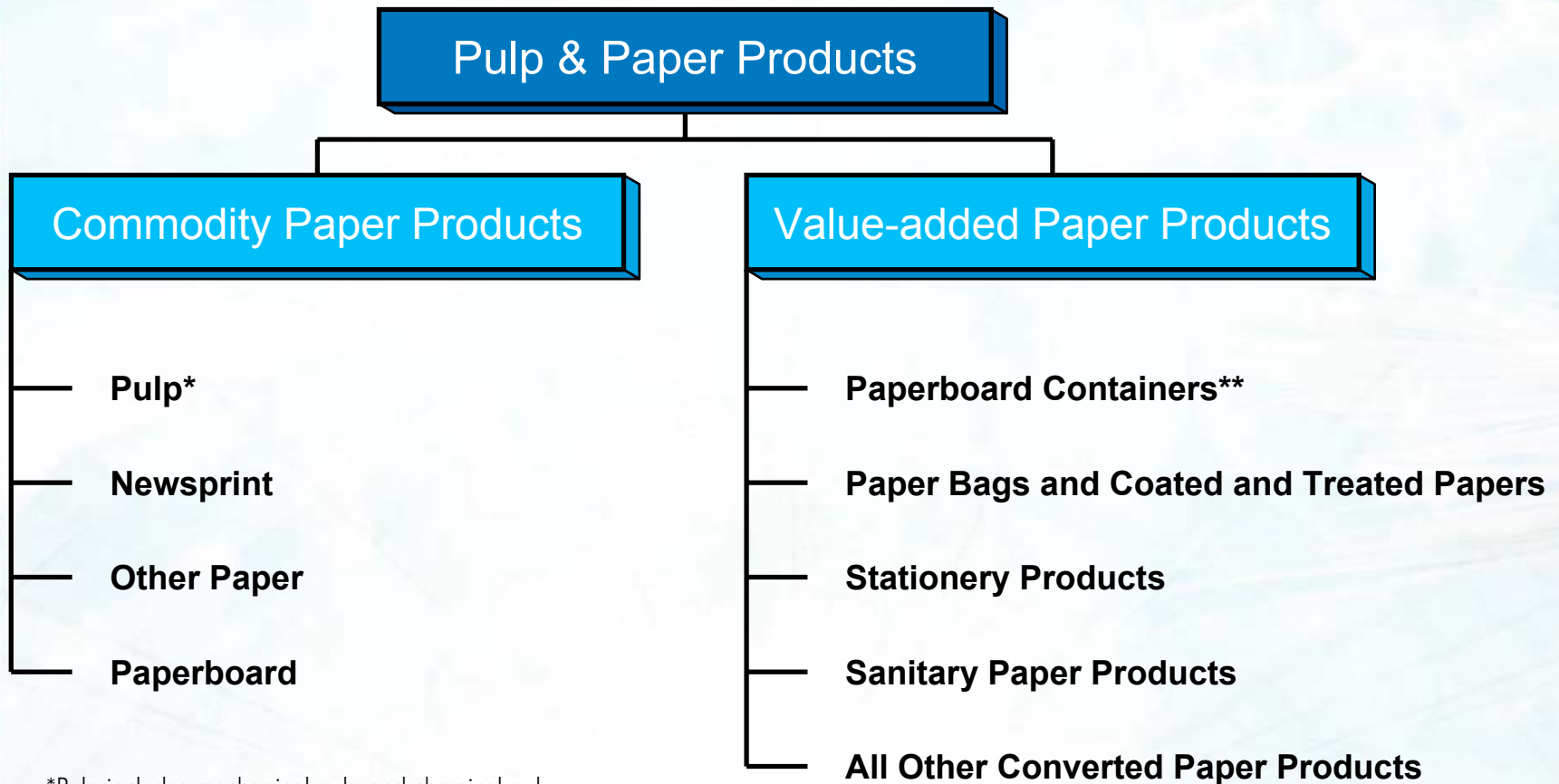


*Other commodities include shingle and shake, and wood preservation

** Wood furniture includes wood kitchen cabinet & counter top, other wood household furniture, and wood office furniture, including custom architectural woodwork

Note: Classifications are based on NAICS Codes

The Pulp & Paper Manufacturing Industry



*Pulp includes mechanical pulp and chemical pulp

**Paperboard containers include corrugated & solid fibre box, folding paperboard box, and other paperboard container

Note: Classifications are based on NAICS Codes

Industry Profile: 2002

Value of Shipments	\$ 64.3 billion
Exports	\$ 43.5 billion
Trade Balance	\$ 33.4 billion
Direct Employment	255,000**
No. of Establishments	3,500

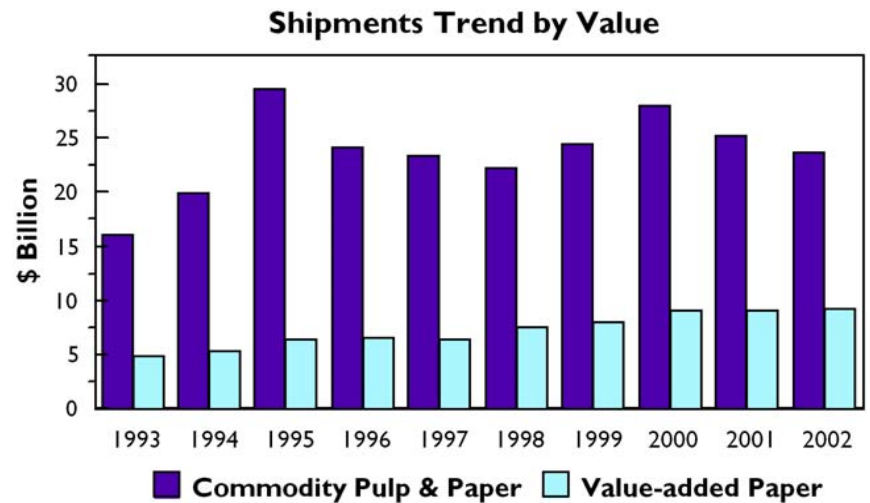
Industry Sub-sectors	Shipments (\$ billion)	Exports (\$ billion)	Employees*	Number of Establishments*
Commodity Pulp and Paper	23.6	21.1	62,000	180
Value-added Paper	9.2	2.7	42,000	500
TOTAL PAPER	32.8	23.8	104,000	680
Commodity Wood	23.9	16.2	96,000	1,200
Value-added Wood	7.6	3.5	55,000	1,600
TOTAL WOOD	31.5	19.7	151,000	2,800

Source: Statistics Canada, * Industry Canada estimates. ** Does not include logging and forestry - 60,000

PULP & PAPER MANUFACTURING

Shipments of Pulp & Paper Products

- Manufacturing shipments of pulp & paper products have risen from \$21 billion in 1993 to \$32.8 billion in 2002.
- While commodity paper products shipments have had a very cyclical growth pattern over the period, value-added paper products have a more steady growth trend

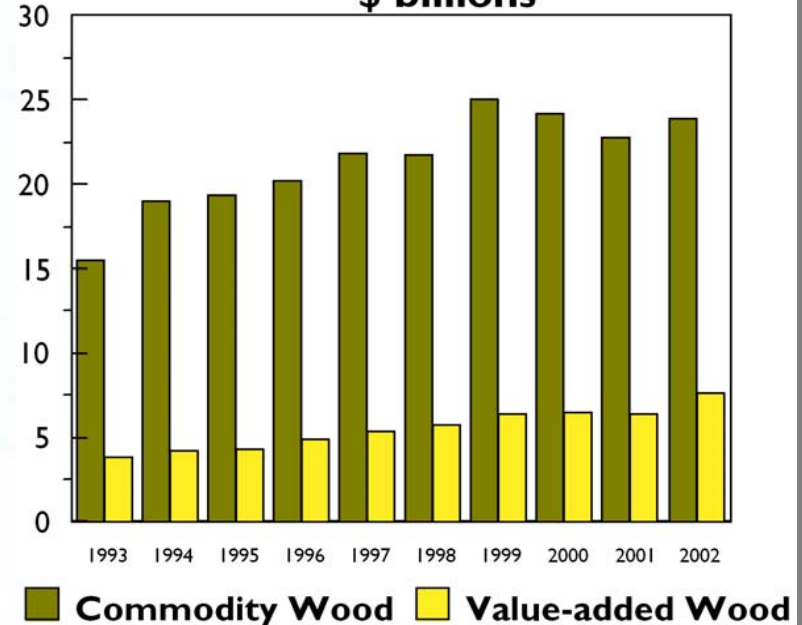


Source: Statistics Canada, CANSIM II, 2001 (Table 301-0003)

WOOD PRODUCT MANUFACTURING Shipments of Wood Products

- Both commodity and value-added wood products experienced growth in value of shipments since 1993. Total shipments increased from \$19 billion in 1993 to \$32 billion in 2002
- Shipments of Commodity Wood grew rapidly throughout the 90's , with an average annual growth of 8.6 % between 1993 and 1999. There has been some decline in commodity prices in the last few years
- Shipments of Value-added Wood Products have grown steadily from 1993 to 2002 with an average annual growth of 8 %

Shipments Trend by Value
\$ billions

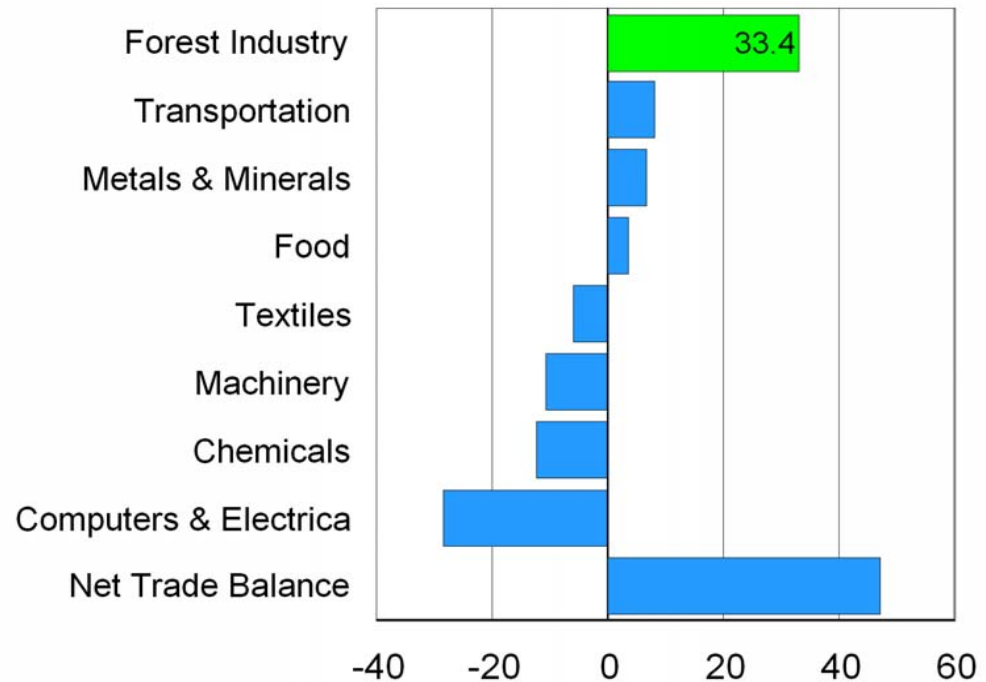


Source: Statistics Canada,

Cornerstone of Canada's Economy

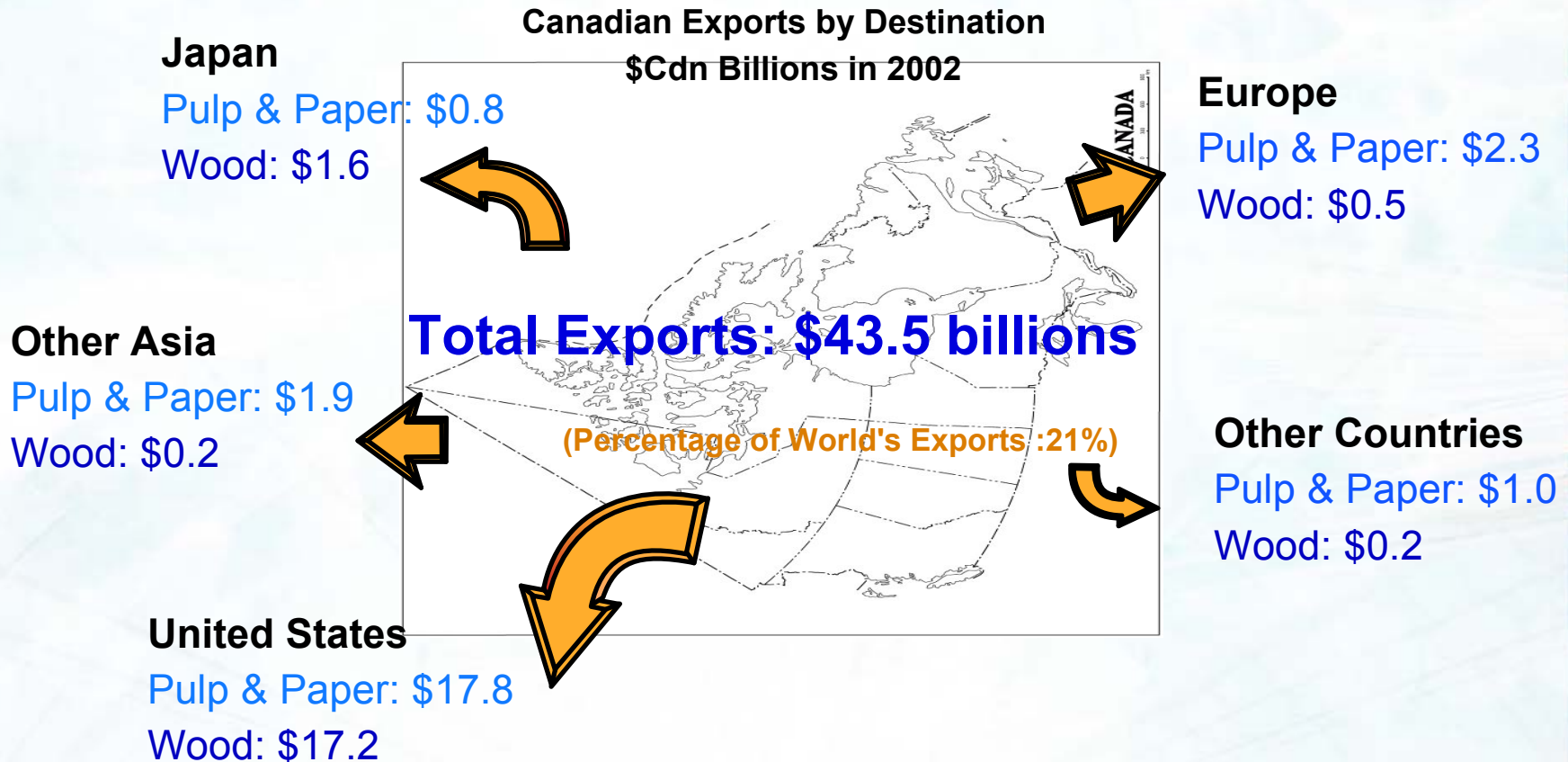
- The forest industry has traditionally been the largest contributor to Canada's trade balance
- In 2002, about 70% of the total positive trade balance come from the forest industry

Net Trade Balance: 2002
\$ billions



Source: Statistics Canada

Strong Trade Performance



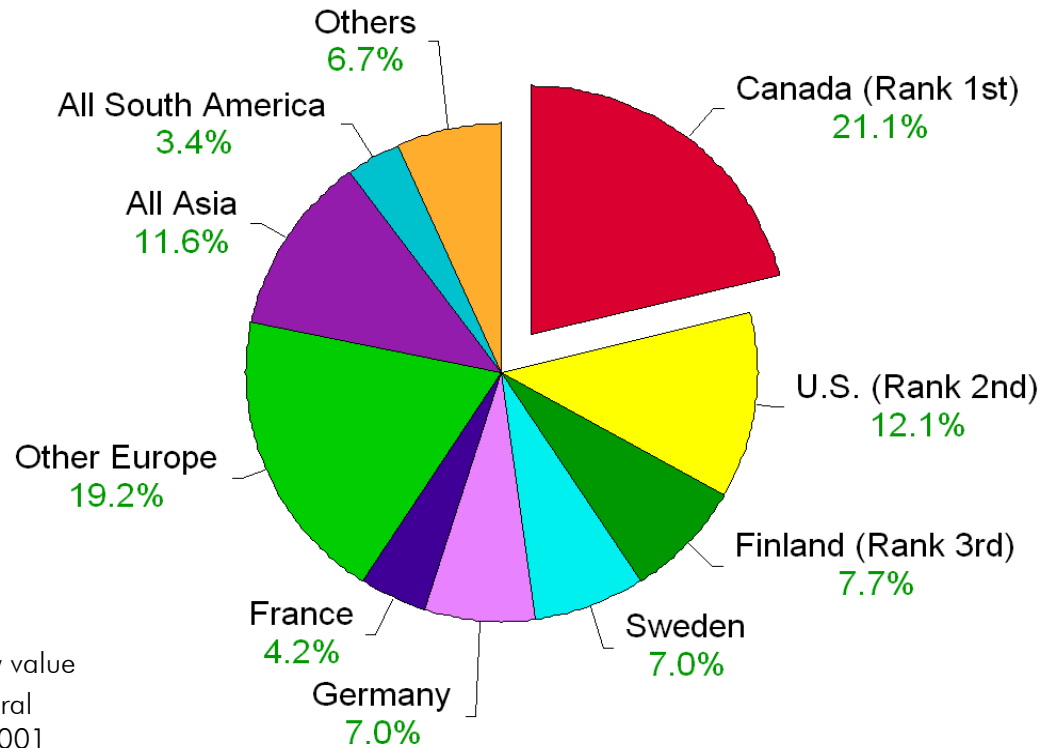
Source: Statistics Canada,

Canada: A Major Forest Products Exporter

Canada is the world's largest forest products exporter

In 2000, Canada accounted for 21% of the total value of world exports

Major Global Exporters*



* Percentages are shown by value

Source: Food and Agricultural Organization. FAOSTAT, 2001

World Class Forest Industry R&D Institutes

The Pulp and Paper Research Institute of Canada (PAPRICAN)

Non-profit research & educational organization
Research focus: fibre supply & quality, pulping, papermaking, product performance

Forintek Canada Corporation (FORINTEK)

Canada's wood products research institute
Research focus: sawmilling, panel products, engineered wood and value-added products

The Forest Engineering Research Institute of Canada (FERIC)

Leader in operational forest R&D
Field-oriented research in wood harvesting, transportation and silvicultural operations

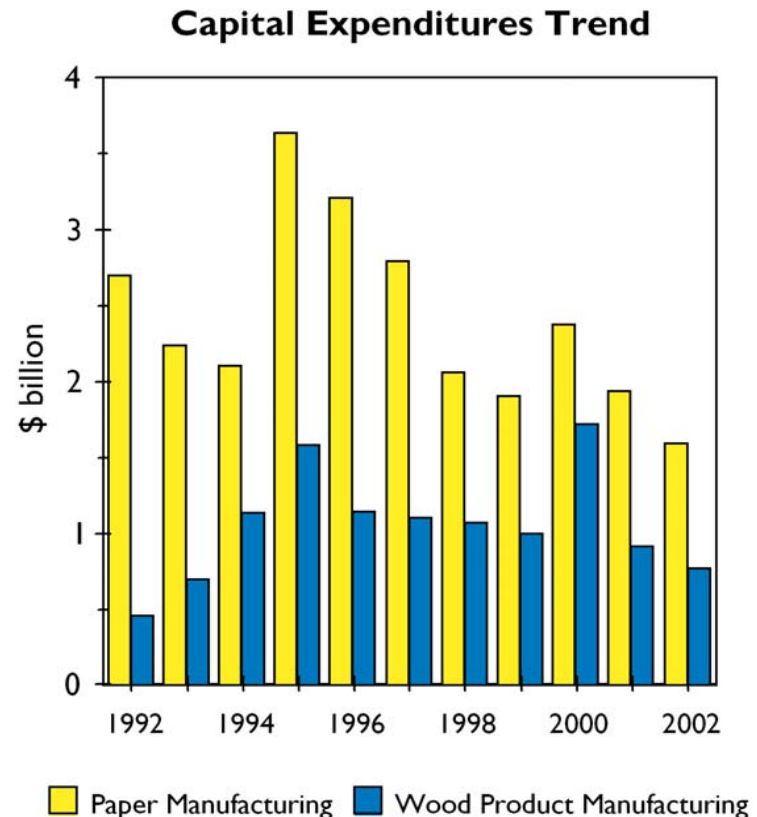
Ongoing R&D to foster development on:

- ✓ quality
- ✓ cost competitiveness
- ✓ operational efficiency
- ✓ advanced technology
- ✓ & better environment

Industry Capital Expenditures

The forest products industry has traditionally been Canada's most capital intensive industry, with an average capital spending of \$3.5 billion annually, slightly higher than that of the transportation equipment industry

The pulp & paper industry is more capital intensive than the wood sector and has a larger share ratio reaching more than 65% of the total in most years



Source: Statistics Canada

Canada: Leader in Sustainable Development

Canada has been actively promoting sustainable forest management

- ◆ developed the national standards (CSA)
- ◆ leading the ISO process for the development of an international standard for sustainable forest management
- ◆ Budget 2000 initiated a Sustainable Development Technology Fund of an initial level of \$100 million to stimulate the development of new environmental technologies

Provincial policies encouraging:

- ◆ integrated approach to forest management in conjunction with all social-economic values, biodiversity, multiple use, etc.
- ◆ optimization of fibre utilization
- ◆ application of best forest management practices

Canada's Forest Resource

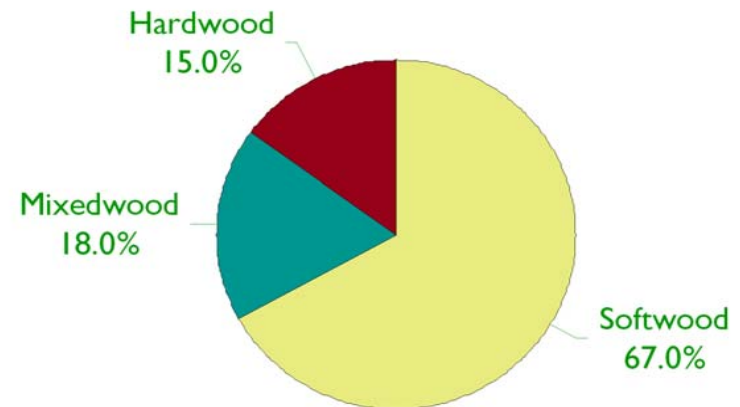
Canada has 235 million hectares of commercially productive forest land, distributed as follows:

Species Mix	Percentage	Hectares (millions)
Softwood	67%	158
Mixedwood	18%	42
Hardwood	15%	35

119 million hectares are actively managed, with the remaining commercially productive forests have not been accessed

Canada has rich endowment of forest resource

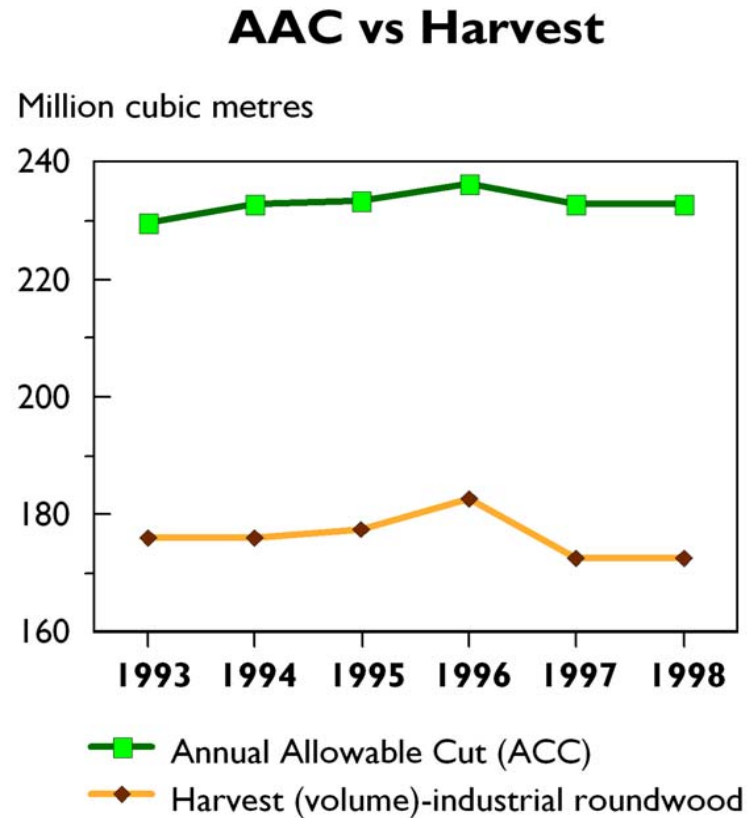
Distribution of Canada's Forest Resource By Species Mix



Source: Natural Resource Canada.
The State of Canada's Forest, 1998-1999

Annual Allowable Cut (AAC) and Harvest

- Careful management has avoided over-harvesting of forest resource
- Actual harvest has been kept under 78% of the Annual Allowable Cut for the past six years
- In 1999, over \$1.4 billion was spent on forest management and more than 420,000 hectares were planted



Source: Natural Resource Canada.

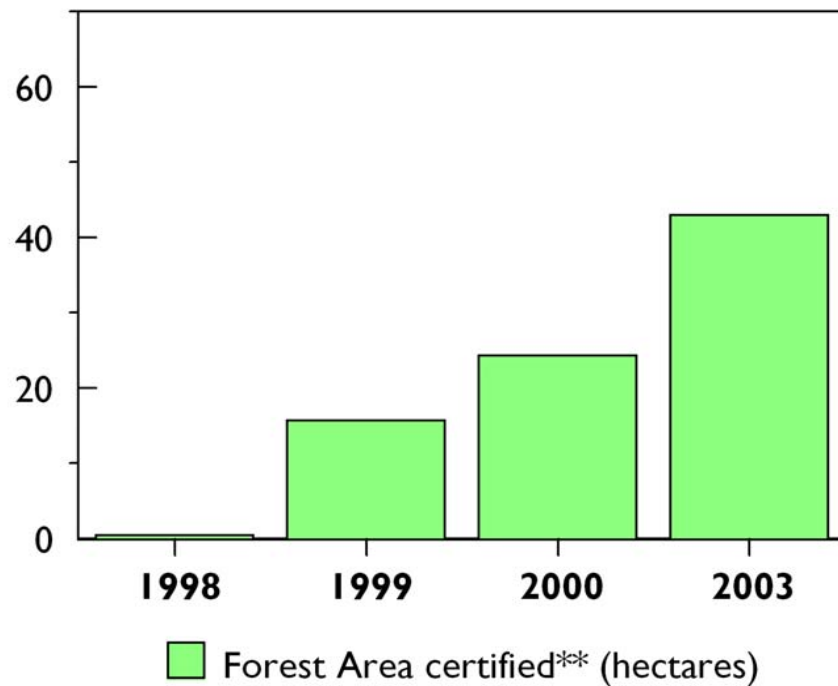
The State of Canada's Forests, 1994-2001. Compendium of Canadian Forestry Statistics, 2001

Forest Certification

- Area of certified forest has grown exponentially
- As of April 16, 2003 over 43 million hectares of forest land have been certified
- Growing area of certified forest further enhances industry competitiveness

Certification Trend in Canada

Certified forest area (million hectares)



Source: NRCAN

Summary

Canada

- Offers vast renewable high quality fibre resource with important growth potential
- A leader in sustainable development
- Has world class forest products research institute
- Improved market access under the NAFTA and the WTO

The Forest Products Industry

- A cornerstone of Canada's economy
- Has a track record of growth
- Ongoing restructuring has further enhanced production efficiency and international competitiveness
- Investment opportunities exist for higher value-added products and differentiated products that can command premium prices



For more information about Canada's Forest Products Industry,
please visit:

<http://www2.nrcan.gc.ca/cfs-scf/industry/>