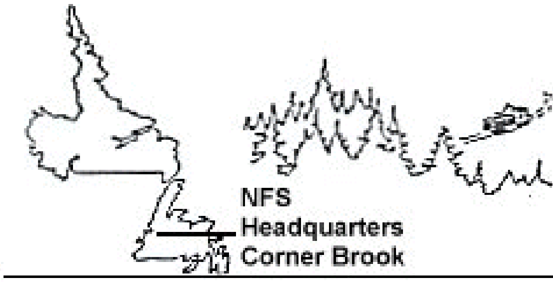

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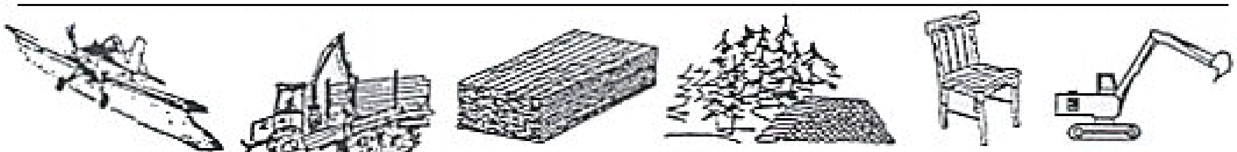

1998-1999 LUMBER PRODUCTION REPORT

FEIS Information Report # 28

Stirling James & Joe Russell

June, 2000

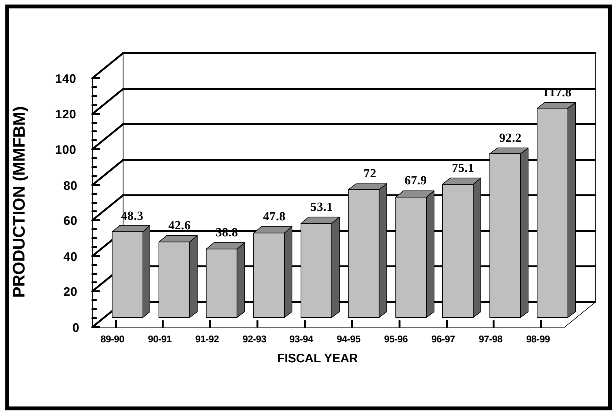

Figure 1. Ten Year Lumber Production (1989-98)

Introduction

It is the responsibility of the Forest Engineering and Industry Services Division of the Newfoundland Forest Service to compile the sawmill lumber production statistics procured from the district management offices throughout the Province. The statistics for this report reflect those of the fiscal year 1998-1999 and relevant comparisons to previous years summaries. Some highlights will include increased productivity analysis, industry trends, tenure, classifications and number of mills, hardwood production, domestic and commercial differentiation, etc.

Lumber Production for 1998-1999

The sawmill industry has again shown record production levels with an overall increase of 22% from 1997-1998 and a continued increase since the early 1990's as evident from Figure 1.

The production levels are delineated along forest management districts and regional summaries as well as differentiating tenure and species component.

Private ownership includes all lands not directly managed by the Crown (i.e. company limits, licence/lease, private , etc). Species are identified as softwood and hardwood, with softwood predominantly spruce, fir and some larch, while hardwood is mainly birch and some aspen. As well, it must be noted the lumber production by tenure, associated with each district, should not be interpreted as having been manufactured from logs harvested solely in that district (ie. mills in District 2 may have produced lumber from logs delivered from other districts) (Table 1and Appendix).

The softwood component yielded 96 % of total output, with 75 % of this originating from Crown forests. Hardwood species accounted for the remaining 4 %, with only 17 % of this coming from Crown tenure (Table 2).

Hardwood production has doubled to over 4,000,000 FBM from 1997-98 levels. This can be attributed directly to an increase in value added initiatives in the industry. Market demands, product diversity and resource availability will influence any growth in this sector.

Eastern and Western regions have experienced overall production increases of 23% and 19% respectively over 1997-98 in keeping with the record production trends. However, Labrador region experienced a more modest increase of only 5% over the same period (Table 3).

Although lumber production is at record levels, the actual number of licenced sawmills have continued to show a somewhat gradual decline to 1692 from a recent high of 1944 in 1995-96 and a ten year high of 2016 in 1988-89 (Table 4). This trend may be attributed to a consolidation of smaller operational mills in channeling their round log inventories to larger integrated mills, as well as to general attrition within the industry.

Region	Mgmt Dist.	Crown Softwood	Crown Hardwood	Private Softwood	Private Hardwood	Total Production
	1	3,750,151	0	1,357,207	950,000	**6,057,358**
	2 & 3	26,794,658	0	969,892	0	**27,764,550**
	5	3,331,773	0	546,922	710,524	**4,589,219**
	7	1,012,141	0	0	0	**1,012,141**
	8	25,955,047	419,000	19,328,630	82,000	**45,784,677**
	10 & 11	451,751	0	102,793	0	**554,544**
East	**Total**	**61,295,521**	**419,000**	**22,305,444**	**1,742,524**	**85,762,489**
	9 & 12	779,200	191,188	37,153	1,474,739	**2,482,280**
	14	381,525	5,000	305,801	36,000	**728,326**
	15	1,169,123	39,512	529,385	13,625	**1,751,645**
	16	5,193,019	0	4,910,235	311,386	**10,414,640**
	17	457,800	33,000	12,000	0	**502,800**
	18	12,352,217	0	0	0	**12,352,217**
West	**Total**	**20,332,884**	**268,700**	**5,794,574**	**1,835,750**	**28,231,908**
	19,22,23,24	2,615,388	0	0	0	**2,615,388**
	20,21	1,209,835	0	0	0	**1,209,835**
Lab.	**Total**	**3,825,223**	**0**	**0**	**0**	**3,825,223**
	Grand Total	**85,453,628**	**687,700**	**28,100,018**	**3,578,274**	**117,819,620**

Table 1. Lumber Production in FBM (1998-99)

	SOFTWOOD		**HARDWOOD**	
	CROWN	**PRIVATE**	**CROWN**	**PRIVATE**
	85,453,628 (75%)	**28,100,018** (25%)	**687,700** (17%)	**3,578,274** (83%)
Subtotal	**113,553,646** (96%)		**4,265,974** (4%)	
TOTAL	**117,819,620**			

Table 2. Species Breakout By Tenure (FBM)

	97-98	98-99	
EAST	65,687,060	85,762,489	(23%)
WEST	22,890,553	28,231,908	(19%)
LAB	3,636,203	3,825,223	(5%)
TOTAL	92,213,816	117,819,620	(22%)

Table 3. Change in Regional Output (FBM)

Fiscal Year	No. of Mills
88-89	2016
89-90	1945
90-91	1783
91-92	1771
92-93	1833
93-94	1916
94-95	1925
95-96	1944
96-97	1818
97-98	1740
98-99	1692

Table 4. No. of Licenced Mills by Year

The number of mills in the DNO* category remains unchanged from 1997-98 at 290 or 17 % of the total number of issued licenses. Whereas the actual number of operational mills decreased to 1254 or 74% (assuming DNR** mills did not operate)(Table 5 and Appendix). This decline in numbers of operational mills has been felt in all production classes except Class 06 (largest), where there has been a moderate increase (Table 6). Notably, the output from this classification of mills is more than 94,000,000 FBM or 80% of the total production (Table 7). The Class 01 (smallest) mills generally denote the domestic sawmills and their production levels have remained relatively consistent over the past few years, albeit of a somewhat decreasing nature (Figure 2).

Included in the Class 06 mills are the eleven integrated sawmills which produced 85,000,000 of the total 113,000,000 FBM of softwood output or greater than 75% of the total commercial softwood output. These integrated mills have high production levels as well as capabilities to produce pulpchips from residue such as slabs and edgings which traditionally were wastage of little or no value. As well, several of these mills have chipper/canter primary breakdown technology. This eliminates the traditional circular saw primary breakdown thereby producing quality pulpchips directly from the round log with no sawdust wastage until the secondary breakdown at the gang saw. All of the integrated mills have debarking capabilities necessary to meet the pulpchip quality standard of the Pulp & Paper Companies.

Region by Dist.	Mills DNO	Mills DNR	Mills OPR	Total Mills	Total Production FBM
Eastern					
1	18	2	128	148	6,057,358
2 & 3	67	33	306	406	27,764,550
5	13	8	89	110	4,589,219
7	3	1	24	28	1,012,141
8	13	17	101	131	45,784,677
10&11	3	0	17	20	554,544
Total	117	61	665	843	85,762,489
Western					
9 & 12	26	12	71	109	2,482,280
14	26	7	84	117	728,326
15	12	23	68	103	1,751,645
16	11	0	33	44	10,414,640
17	21	0	167	188	502,800
18	56	31	78	165	12,352,217
Total	152	73	501	726	28,231,908
Labrador					
19,22, 23,24	8	14	24	46	2,615,388
20&21	13	0	64	77	1,209,835
Total	21	14	88	123	3,825,223
Grand Total	290	148	1,254	1,692	117,819,620

* DNO - Did not operate, ** DNR - Did not return, OPR - Operated

Table 5. SAWMILL DATA (1998-99)

CLASS	FBM RANGE	98-99	97-98	96-97	95-96	94-95
* 01	1 - 6000	802	820	830	923	873
02	6001 - 25,000	242	262	254	262	277
03	25,001 - 50,000	83	97	107	99	100
04	50,001 - 100,000	52	54	49	67	75
05	100,001 - 500,000	53	69	67	77	94
06	500,000 +	22	17	15	18	12
TOTAL		1254	1319	1322	1446	1431

(* Denotes Domestic Sawmills)

Table 6. Sawmill Classifications for Operational Mills

CLASS	FBM RANGE	No. Mills	Production FBM	% of Production
* 01	1 - 6000	802	2,013,030	1.7
02	6001 - 25,000	242	3,271,799	2.8
03	25,001 - 50,000	83	2,951,351	2.5
04	50,001 - 100,000	52	3,760,127	3.2
05	100,001 - 500,000	53	11,086,291	9.4
06	500,000 +	22	94,737,022	80.4
TOTAL		1,254	117,819,620	100

(* Denotes Domestic Sawmills)

Table 7. Output by Class for 1998-99 Operational Mills

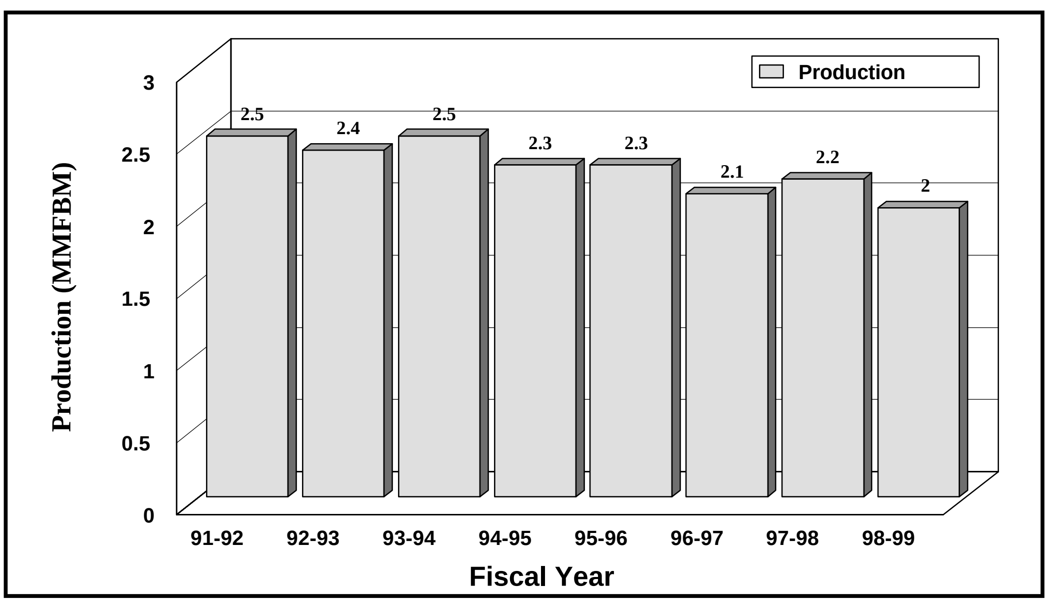

Figure 2. Domestic Sawmill Production History

The integrated mills have impacted immensely on total softwood lumber output by more than doubling their production in recent years (Figure 3), with much of this output going to export markets. Continued growth in this sector is expected as demand increases.

More Information

Additional information pertaining to lumber production and sawmill data can be obtained by contacting our office. As well, an equipment data bank and video and slide libraries of various harvesting and processing equipment are maintained by our Division. This information is made readily available to interested parties.

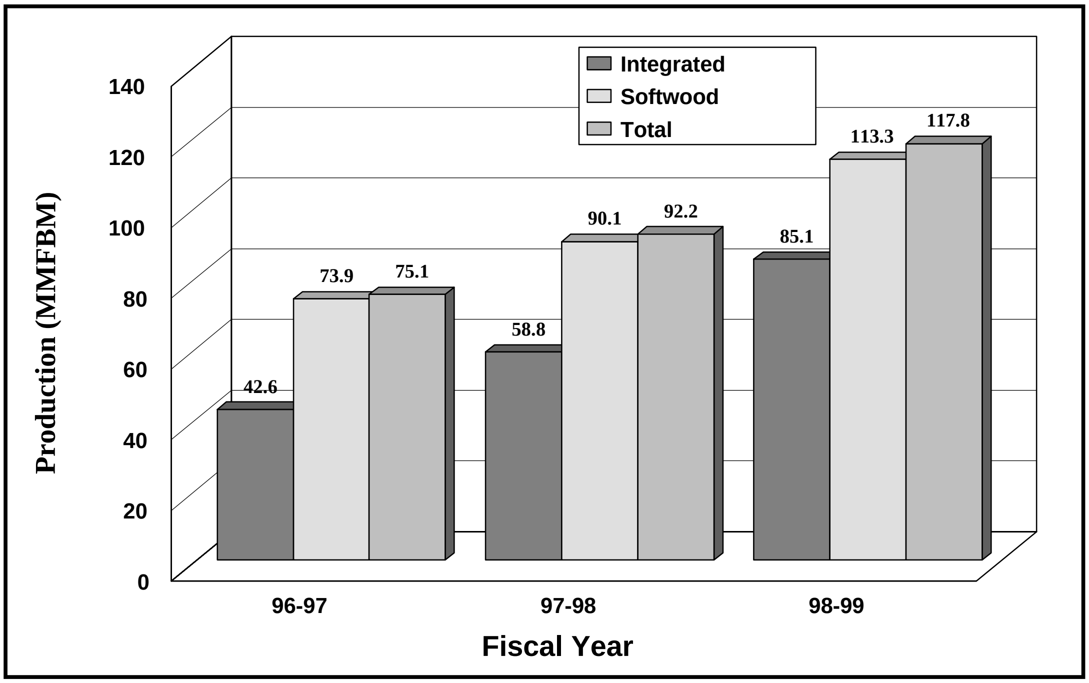

Figure 3. Impact of Integrated Sawmills (on Total Output)

Conclusions

As evident from the information in this report, the sawmill industry has experienced tremendous growth in overall production. This has been primarily linked to continued growth in export markets in the Eastern United States. The hardwood component, although still in it’s infancy, shows promising growth through diverse value added initiatives.

The annual lumber production report provides a snapshot of the Province’s lumber industry and reflects a sawmill licensing and mill return system administered by the Department’s district offices with compilations and analyses by the Industry Services Section. In addition, this information provides an important component for tracking fibre flow and determining the impact of the industry on the forest resource.

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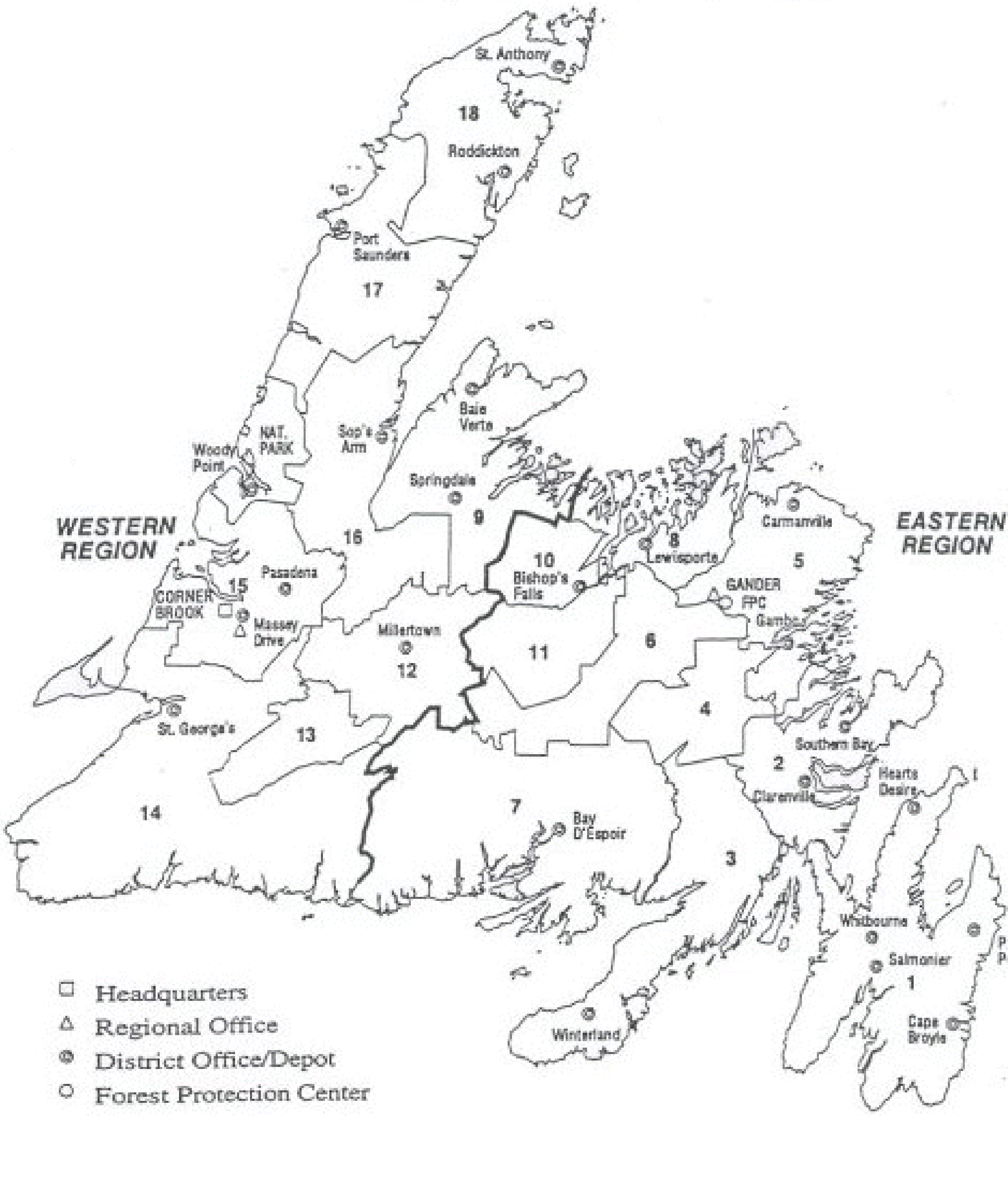
APPENDIX

Department of Forest Resources and Agrifoods

Regional and District Boundaries



Department of Forest Resources and Agrifoods

District Boundaries