

Value Added Wood Exports Grow Fast In British Columbia, But Faster In Rest of Canada

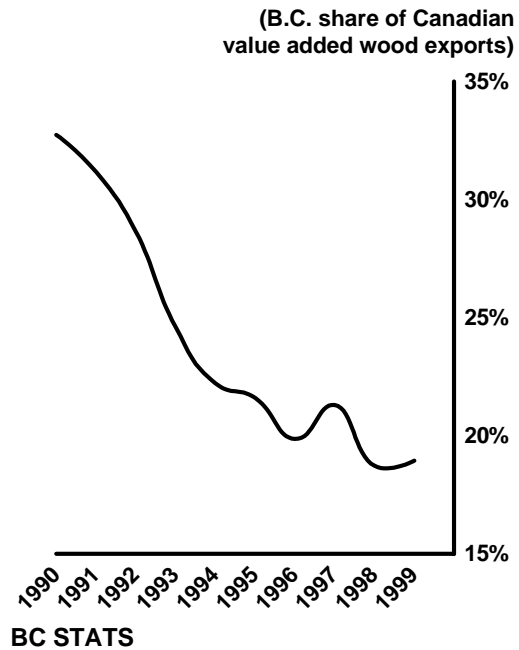
Note: No universally accepted definition exists for value added wood products. However, the term usually refers to products made from lumber, such as mouldings, siding, engineered wood, and completed articles made primarily from wood. Engineered wood products include, for example, finger-jointed edge glued, 'I' beams, and laminated veneer lumber. Articles made from wood could include doors, windows, prefabricated houses and furniture.

The definition of value added wood used here has been constructed by BC STATS. It is designed to provide a means of determining trends and comparing provincial export performances. Included are most wood products that might be considered value added. Not included are shakes and shingles, or panel products such as plywood, oriented strand board and medium density fibreboard.

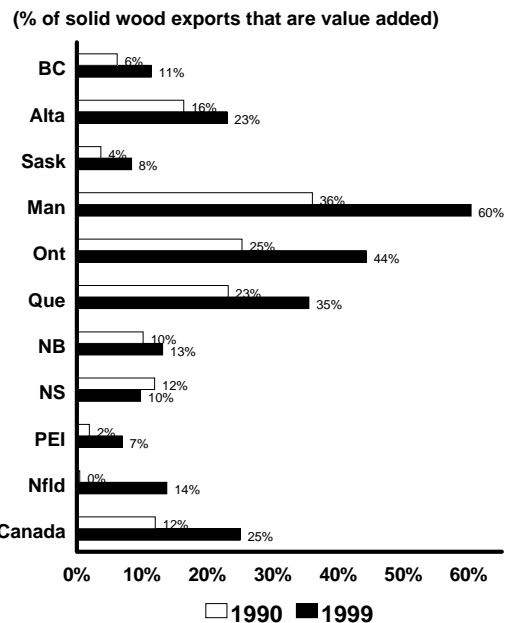
Exports of value added wood products from British Columbia rose rapidly over the 1990s. They now account for a larger proportion of solid wood exports than ever before, having risen 296 per cent between 1990 and 1999. Total solid wood product exports rose 114 per cent over the same period.

However, value added wood exports have risen even faster in other parts of Canada, with growth averaging 584 per cent for the country as a whole. British Columbia has been part of the national trend to shipping higher proportions of solid wood products in value added form, but has not kept up with other provinces. Evidence of this can be seen in its declining share of total Canadian value added wood exports.

B.C.'s Diminished Role In Canadian Exports of Value Added Wood Products



Value Added Products Still Small Part of B.C. Wood Product Exports



Persistent Decline In B.C. Share of Canadian Value Added Wood Exports

British Columbia has traditionally shipped relatively little of its solid wood exports in value added form compared to other provinces. It has nonetheless accounted for a large part of total Canadian value added wood exports because its total volume of wood exports has been very large.

At the beginning of the last decade British Columbia was the leading exporter of value added wood products in Canada, shipping 33 per cent of the national total. The next most important provinces for value added wood exports were Ontario with 30 per cent of the total and Quebec with 24 per cent.

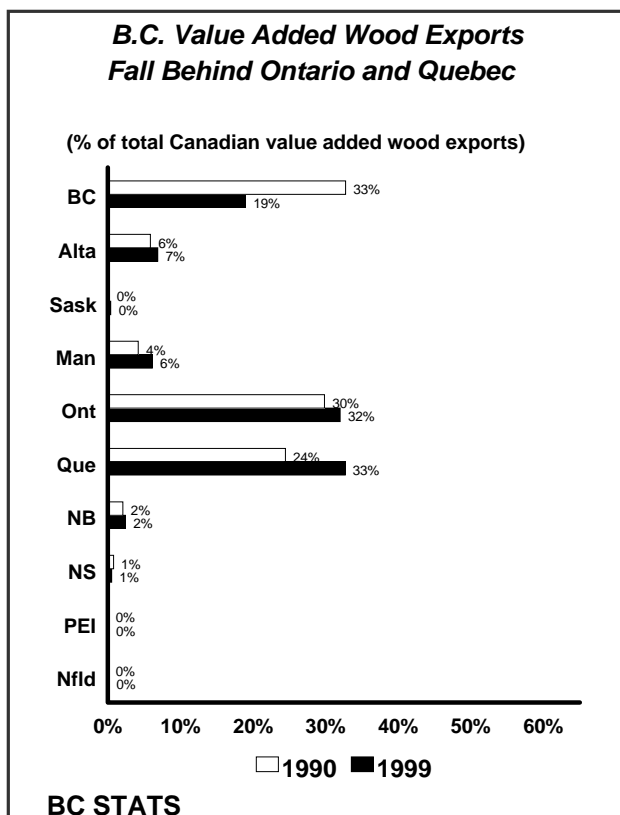
But by the end of the decade, faster growth of value added wood exports from those other provinces had changed this picture. In 1999, British Columbia ranked in third place behind Quebec and Ontario. Its 19 per cent of Canadian value added wood exports in that year compared to 33 per cent from Quebec and 32 per cent from Ontario.

Other provinces have been increasing their value added wood exports at faster rates than British Columbia. Alberta increased its share of Canadian value added wood product exports from 6 per cent in 1990 to 7 per cent in 1999. Manitoba increased its share from 4 per cent in 1990, to 6 per cent in 1999.

Most B.C. Value Added Wood Exports Concentrated In Two Products

Over half (56 per cent) of British Columbia's 1999 value added wood exports were concentrated in two product groups - softwood siding and builder's joinery.

Softwood siding is mainly sawn from red cedar. Because this tree species is harvested nowhere else in Canada, British Columbia was the source of 97 per cent of 1999 Canadian softwood siding exports. However, red cedar is becoming increasingly scarce. This, and the availability of similar looking cement, vinyl and metal siding products could limit future growth of softwood siding exports.



**Exports of Selected
Secondary Manufactured Wood Products**

from B.C. (\$ millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% growth 1990-99
softwood siding	146	137	143	141	144	142	131	176	154	149	2%
builder's joinery	23	20	28	42	60	82	122	266	386	492	2039%
softwood moulding	9	6	9	12	12	12	15	16	17	31	244%
hardwood moulding	1	0	0	1	0	1	1	1	3	4	300%
pre-fab buildings	36	34	24	34	64	108	130	153	110	126	250%
doors	9	8	14	16	28	33	33	25	25	45	400%
windows	1	1	2	2	1	2	4	5	6	12	1100%
furniture	33	30	26	31	47	49	65	67	83	112	239%
other *	33	37	48	58	69	74	84	122	135	181	448%
Selection Total	291	273	294	337	425	503	585	831	919	1,152	296%

from other Canada (\$ millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% growth 1990-97
softwood siding	2	2	2	2	1	2	1	2	4	5	150%
builder's joinery	15	19	22	37	75	103	163	288	415	671	4373%
softwood moulding	1	1	1	3	13	15	13	17	24	34	3300%
hardwood moulding	13	8	9	14	18	20	26	28	33	32	146%
pre-fab buildings	57	59	62	63	105	152	240	238	269	311	446%
doors	15	16	20	24	53	69	102	134	171	207	1280%
windows	9	13	20	28	42	44	66	76	92	113	1156%
furniture	347	344	439	668	935	1,113	1,423	1,826	2,369	2,773	699%
other *	139	141	158	194	246	309	327	462	612	784	464%
Selection Total	598	603	733	1,033	1,488	1,827	2,361	3,071	3,989	4,930	724%

B.C. share of Canadian total

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1990-99 Percentage Point Difference
softwood siding	99%	99%	99%	99%	99%	99%	99%	99%	97%	97%	-2%
builder's joinery	61%	51%	56%	53%	44%	44%	43%	48%	48%	42%	-18%
softwood moulding	90%	86%	90%	80%	48%	44%	54%	48%	41%	48%	-42%
hardwood moulding	7%	0%	0%	7%	0%	5%	4%	3%	8%	11%	4%
pre-fab buildings	39%	37%	28%	35%	38%	42%	35%	39%	29%	29%	-10%
doors	38%	33%	41%	40%	35%	32%	24%	16%	13%	18%	-20%
windows	10%	7%	9%	7%	2%	4%	6%	6%	6%	10%	0%
furniture	9%	8%	6%	4%	5%	4%	4%	4%	3%	4%	-5%
other *	19%	21%	23%	23%	22%	19%	20%	21%	18%	19%	0%
Selection Total	33%	31%	29%	25%	22%	22%	20%	21%	19%	19%	-14%

* 'other' includes fencing, flooring, cases, pallets, etc.

BC STATS

**1999 Exports of Selected
Secondary Manufactured Wood Products**

Value in millions of dollars

	BC	Alta	Sask	Man	Ont	Que	Atlantic	Total Canada
softwood siding	149	0	0	0	0	2	2	154
builder's joinery	492	69	1	14	237	301	49	1,163
softwood moulding	31	0	0	0	16	17	0	65
hardwood moulding	4	0	0	3	16	12	1	36
pre-fab buildings	126	35	19	19	166	47	23	437
doors	45	2	0	15	100	90	1	252
windows	12	3	0	42	50	17	3	125
furniture	112	272	3	236	1,177	1,040	44	2,885
other *	181	36	2	42	183	461	60	965
Selection Total	1,152	417	25	371	1,945	1,987	183	6,082

Distribution

	BC	Alta	Sask	Man	Ont	Que	Atlantic	Total Canada
softwood siding	13%	0%	0%	0%	0%	0%	1%	3%
builder's joinery	43%	17%	4%	4%	12%	15%	27%	19%
softwood moulding	3%	0%	0%	0%	1%	1%	0%	1%
hardwood moulding	0%	0%	0%	1%	1%	1%	1%	1%
pre-fab buildings	11%	8%	76%	5%	9%	2%	13%	7%
doors	4%	0%	0%	4%	5%	5%	1%	4%
windows	1%	1%	0%	11%	3%	1%	2%	2%
furniture	10%	65%	12%	64%	61%	52%	24%	47%
other *	16%	9%	8%	11%	9%	23%	33%	16%
Selection Total	100%	100%	100%	100%	100%	100%	100%	100%

1990 to 1999 growth

	BC	Alta	Sask	Man	Ont	Que	Atlantic	Total Canada
softwood siding	2%	-100%	-100%	NA	-100%	NA	NA	4%
builder's joinery	2039%	6800%	NA	NA	3850%	3663%	NA	2961%
softwood moulding	244%	NA	NA	NA	1500%	NA	NA	550%
hardwood moulding	300%	NA	NA	200%	100%	200%	NA	157%
pre-fab buildings	250%	52%	1800%	533%	592%	1075%	1050%	370%
doors	400%	NA	NA	NA	809%	2900%	NA	950%
windows	1100%	200%	NA	4100%	733%	1600%	NA	1150%
furniture	239%	988%	NA	687%	640%	719%	780%	659%
other *	448%	1709%	NA	2000%	273%	559%	233%	461%
Selection Total	296%	702%	2400%	903%	634%	816%	632%	584%

BC STATS

Growth prospects are more positive for builder's joinery products. These include fabricated structural members for buildings, such as roof trusses or laminated beams. Some of these fit into the growing range of engineered wood products made from chips, strands, veneer, etc. glued together to produce substitutes for traditional lumber. They have become increasingly competitive as demand for wooden building materials has grown faster than available sources of high quality timber.

Exports of builder's joinery products from British Columbia grew 2,039 per cent between 1990 and 1999, faster than exports of any other type of value added wood products. Builder's joinery products have now become the largest single component of the province's value added wood exports, having expanded from 8 per cent in 1990, to 43 per cent in 1999. If trends of the 1990s continue through this decade, they may soon account for most value added wood exports from the province.

Although builder's joinery product exports from British Columbia have grown very rapidly, exports from other provinces have grown even faster. British Columbia's 2,039 per cent increase in builder's joinery exports over the decade was exceeded by export gains of 6,800 per cent in Alberta, 3,850 per cent in Ontario, and 3,663 per cent in Quebec.

The effect has been to reduce the British Columbia share of all Canadian builder's joinery exports from 61 per cent in 1990, to 42 per cent in 1999. Values of builder's joinery products shipped in 1999 were \$492 million from British Columbia, \$69 million from Alberta, \$237 million from Ontario, and \$301 million from Quebec. Those provinces were British Columbia's most important competitors in international

markets. The stands of tall straight conifers that originally established British Columbia as Canada's largest producer of siding and sawn lumber confer less advantage, if any, in the competition to export builder's joinery products to international markets. These products can be made from a variety of tree species available in other provinces, including some that are unsuitable for traditional sawn lumber.

Pre-Fabricated Buildings and Furniture Account For Another 21 Per Cent

Prefabricated buildings are British Columbia's third most important type of value added wood export, accounting for 11 per cent of the total in 1999.

They can be shipped in various stages of assembly from lumber kits, to completed buildings with some of the appliances installed. Because they are constructed primarily of wood, the finished product is regarded as a value added wood product.

Prefabricated buildings have followed a pattern similar to exports of other value added wood products - growing faster than most other British Columbia exports, but not as fast as exports of the same products from other provinces.

There was a 250 per cent increase in the value of prefabricated building exports from British Columbia between 1990 and 1999, from \$36 million to \$126 million. This compared to a 446 per cent increase for the rest of Canada, from \$57 million to \$311 million.

Other provinces shipping substantial values of prefabricated buildings in 1999 included Ontario (\$166 million), Quebec (\$47 million), and Alberta (\$35 million).

Wooden furniture is British Columbia's fourth largest value added wood export, accounting for 10 per cent of the total in 1999. However, wooden furniture is a much more important category in the value added wood exports of Alberta, Manitoba, Ontario and Quebec. In all those provinces, it accounts for over half the value of total value added wood exports.

It is not surprising then, that British Columbia does not produce a large share of total Canadian wooden furniture exports. The province was the source on 4 per cent of Canadian wooden furniture exports in 1999, down from 9 per cent in 1990.

As with other value added wood products, exports of wooden furniture from British Columbia grew faster than the average for other British Columbia exports, but considerably less fast than exports of the same products from other provinces. British Columbia wooden furniture exports grew 239 per cent between 1990 and 1999, as compared to growth rates of 988 per cent for Alberta, 687 per cent for Manitoba, 640 per cent for Ontario, and 719 per cent for Quebec.

Substantial timber resources clearly do not ensure that a province will develop a major furniture manufacturing industry. Most of British Columbia's wood resources are not particularly suitable for furniture manufacturing, and the province's wood industry tradition has been mainly in high volume production of lumber, with relatively little production of completed goods.

Nevertheless, wood resources count as something of an asset for furniture manufacturing, and British Columbia's usually high net inflows of migrants provide a strong domestic market. It is possible that these may someday provide the basis for a much larger furniture manufacturing industry that could boost the province into the top ranks of Canadian furniture exporters.

