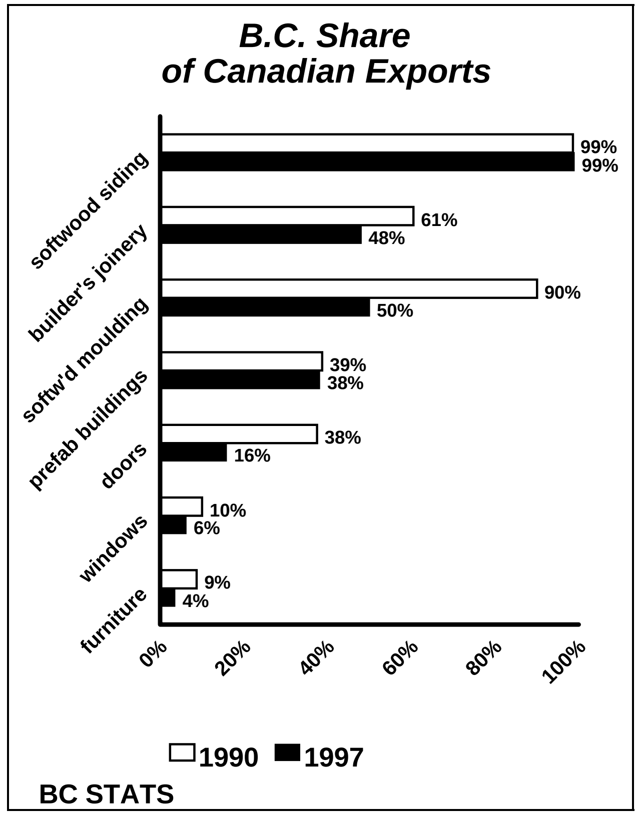
## Feature:
# British Columbia Falling Behind In Export Boom For Secondary Manufactured Wood

Exports of secondary manufactured solid wood products have risen fast in British Columbia during the 1990s. British Columbia exports of a selection of the most important products in this category (see table next page) rose 184 per cent between 1990 and 1997, for an average annual growth of 26 per cent. However, as impressive as these figures may seem, exports from the rest of Canada have risen faster. Secondary manufactured solid wood products shipped abroad from other provinces rose 414 per cent over the same period, at an annual average rate of 59 per cent.

This has meant that British Columbia is falling behind the rest of Canada (taken as a whole) in the drive to include more value added content in its solid wood exports. Although the secondary manufactured ratio of British Columbia's total solid wood exports rose from 6.2 per cent to 8.5 per cent between 1990 and 1997, the ratio for the rest of Canada rose from 22.3 per cent to 30.6 per cent.

Much of the increase in exports of secondary manufactured wood products from the rest of Canada has been produced by the very rapid growth of furniture exports from Alberta, Manitoba, Ontario and Quebec. It could be argued that wooden furniture exports are less strictly value added wood products because they include upholstery and other non-wood components, and because the woods used are often imported from other provinces or countries.

If furniture is excluded from the selection of secondary manufactured wood products, the figures still suggest that British Columbia's progress to increase the value added content of its solid wood exports in the 1990s falls short when compared with that of other provinces.




With furniture excluded, the portion of secondary manufactured products in British Columbia solid wood exports went from 5.5 per cent in 1990 to 7.9 per cent in 1997 – an improvement of 2.4 percentage points. For the rest of Canada, the portion went from 10.7 per cent to 15.2 per cent – an improvement of 4.5 percentage points.

## Exports of Selected Secondary Manufactured Wood Products

### from B.C. ($ millions)

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|
| **softwood siding** | 146 | 137 | 143 | 141 | 144 | 142 | 130 | 176 |
| **builder's joinery** | 23 | 20 | 28 | 42 | 60 | 82 | 122 | 265 |
| **softwood moulding** | 9 | 6 | 9 | 12 | 12 | 12 | 15 | 16 |
| **hardwood moulding** | 1 | 0 | 0 | 1 | 0 | 1 | 1 | 1 |
| **pre-fab buildings** | 36 | 34 | 24 | 34 | 64 | 108 | 130 | 152 |
| **doors** | 9 | 8 | 14 | 16 | 28 | 33 | 32 | 25 |
| **windows** | 1 | 1 | 2 | 2 | 1 | 2 | 4 | 5 |
| **furniture** | 33 | 30 | 26 | 31 | 47 | 49 | 65 | 66 |
| **other** * | 33 | 37 | 48 | 58 | 69 | 74 | 86 | 121 |
| **Selection Total** | 291 | 273 | 294 | 337 | 425 | 503 | 585 | 827 |

### from other Canada ($ millions)

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|
| **softwood siding** | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 |
| **builder's joinery** | 15 | 19 | 22 | 37 | 75 | 103 | 163 | 287 |
| **softwood moulding** | 1 | 1 | 1 | 3 | 13 | 15 | 13 | 16 |
| **hardwood moulding** | 13 | 8 | 9 | 14 | 18 | 20 | 27 | 28 |
| **pre-fab buildings** | 57 | 59 | 62 | 63 | 105 | 152 | 237 | 247 |
| **doors** | 15 | 16 | 20 | 24 | 53 | 69 | 103 | 133 |
| **windows** | 9 | 13 | 20 | 28 | 42 | 44 | 65 | 76 |
| **furniture** | 347 | 344 | 439 | 668 | 935 | 1,113 | 1,423 | 1,823 |
| **other** * | 139 | 141 | 158 | 194 | 246 | 309 | 323 | 462 |
| **Selection Total** | 598 | 603 | 733 | 1,033 | 1,488 | 1,827 | 2,356 | 3,074 |

### B.C share of Canadian total

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|
| **softwood siding** | 98.6% | 98.6% | 98.6% | 98.6% | 99.3% | 98.6% | 98.5% | 98.9% |
| **builder's joinery** | 60.5% | 51.3% | 56.0% | 53.2% | 44.4% | 44.3% | 42.8% | 48.0% |
| **softwood moulding** | 90.0% | 85.7% | 90.0% | 80.0% | 48.0% | 44.4% | 53.6% | 50.0% |
| **hardwood moulding** | 7.1% | 0.0% | 0.0% | 6.7% | 0.0% | 4.8% | 3.6% | 3.4% |
| **pre-fab buildings** | 38.7% | 36.6% | 27.9% | 35.1% | 37.9% | 41.5% | 35.4% | 38.1% |
| **doors** | 37.5% | 33.3% | 41.2% | 40.0% | 34.6% | 32.4% | 23.7% | 15.8% |
| **windows** | 10.0% | 7.1% | 9.1% | 6.7% | 2.3% | 4.3% | 5.8% | 6.2% |
| **furniture** | 8.7% | 8.0% | 5.6% | 4.4% | 4.8% | 4.2% | 4.4% | 3.5% |
| **other** * | 19.2% | 20.8% | 23.3% | 23.0% | 21.9% | 19.3% | 21.0% | 20.8% |
| **Selection Total** | 32.7% | 31.2% | 28.6% | 24.6% | 22.2% | 21.6% | 19.9% | 21.2% |

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

**BC STATS**

Within the broad category of secondary manufactured wood products, British Columbia's export progress compares better for some items than for others.

In the important prefabricated housing category, the province's export growth came close to matching the rest of Canada. Exports of these products from British Columbia rose 322 per cent between 1990 and 1997, from $36 million to $152 million. Over the same period, export shipments from other provinces rose 333 per cent, from $57 million to $247 million. Most of this has been shipped to the Japanese market, where British Columbia enjoys some trade advantage relative to the rest of Canada because of its Pacific location.

For wood siding, British Columbia's export growth was the highest in Canada. However this was because almost all was produced from red cedar, a tree that is harvested in no other province, and that is becoming very difficult to obtain in the United States. Even in British Columbia, red cedar is becoming scarce, so that there is limited potential to expand the volume of wood siding exports in future, unless a suitable substitute can be produced from another type of wood. During the 1990s, British Columbia's wood siding exports grew 21 per cent. They reached $176 million in 1997, 99 per cent of the Canadian total.

British Columbia's timber resources provide no such unique advantage for producing wooden mouldings. Mouldings are the continuously shaped strips of wood used to trim doors and windows, among other purposes. Softwood mouldings (those made from coniferous wood) exported from other provinces grew 1,500 per cent from $1 million to $16 million between 1990 and 1997, as exports of hardwood mouldings (from non-coniferous wood) grew 115 per cent, from $13 million, to $28 million. British Columbia exports of softwood mouldings grew a more moderate 78 per cent, to $16 million. The province exported only $1 million of hardwood mouldings in 1997.

Exporters across Canada having been shipping much greater values of products in the builder's joinery category. These include pre-drilled studs and many of the engineered wood structural components, such as 'I' beams, that have increasingly replaced sawn lumber in construction work. Exports of builders joinery products from British Columbia, grew 1,052 per cent between 1990 and 1997. For the rest of Canada they grew an even more striking 1,813 per cent. The value shipped from British Columbia in 1997 amounted to $265 million, 3 per cent of the value of all solid wood exports from the province, and 48 per cent of total Canadian exports of builders joinery products.

More highly processed and value added types of building products shipped from British Columbia have traditionally accounted for far smaller shares of the Canadian total. And these shares have shrunk even further during the 1990s.

For example, wooden door exports from British Columbia accounted for 38 per cent of the Canadian total in 1990, but by 1997 they had slipped to 16 per cent of the Canadian total. This occurred as British Columbia's wooden door exports actually grew 178 per cent, from $9 million to $25 million, but exports from other provinces jumped 787 per cent, from $15 million to $133 million.

There have been similar patterns for exports of wooden windows and furniture. British Columbia export growth for these products has been outstripped by exports from the rest of Canada, leaving the province with small and still shrinking portions of total Canadian exports.

Many of the companies that have produced the surge in exports of secondary manufactured wood products from other provinces have been small or medium sized. Gerhard Kress, Industry Canada senior specialist for the wood processing industry suggests that the smaller size and family ownership that is typical for these firms establishes a different business style than is prevalent in the large corporations dominating the high volume, commodity producing British Columbia wood industries.

This assessment is echoed by Dr. Bill Wilson of the Canadian Forestry office in Victoria. Dr. Wilson who adds that British Columbia cannot rely on its timber resources alone to encourage the development of more value added wood processing because 'secondary manufacturing of more refined wood products tends to be based near the markets.' This could certainly have been an important factor in the development of Ontario and Quebec secondary wood processing industries, but it explains less of the success enjoyed by firms located in Winnipeg or Calgary.

In addition to markets, Dr. Wilson identifies the two other important factors for secondary wood manufacturing industries as, 'skilled and affordable labour, and reliable access to wood at reasonable and stable prices.'

The problem of finding ways to include more value added processing content in British Columbia's wood exports has taken on a new urgency recently. The traditional wood industries have been experiencing shutdowns and layoffs because of a combination of problems including limited commercially available wood supply, new international competition, product substitution for dimension lumber products, and economic slowdown in Asia. More than ever, this has focused attention on value added processing as the best way to preserve employment levels in the industry.

One important initiative intended to promote value added processing has been the Centre For Advanced Wood Processing (CAWP). This is a University of British Columbia based program inspired by European models. The Centre describes itself as 'an interdisciplinary initiative by the faculties of Forestry and Applied Science at U.B.C. --- created through a partnership of the Canadian wood products industry, the Federal and Provincial Governments, and Forest Renewal B.C.' CAWP produces graduate students at the masters and doctorate level in advanced woodworking. It also provides workshops and seminars to transfer the latest available technology to Canadian industry and conducts industry supported applied research.

Another initiative is WoodLINKS, a Forest Renewal B.C. funded program operated as a non-profit society. WoodLINKS is designed to provide the value added industry with better qualified entry level employees.

As more graduates are produced through these programs they should provide the industry in British Columbia with more of the skilled labour that has been listed as one of the requirements for a healthy secondary wood processing industry.