

United States Log Exports

Behind much of the ongoing Canadian – American lumber trade dispute has been the concern of U.S. lumbermen that their Canadian competitors have access to large supplies of timber at prices lower than what would be considered market value in the United States.

American lumber interests have claimed that some Canadian provincial governments have indirectly subsidised their lumber industries by setting stumpage rates too low. Stumpage is the fee paid by lumber companies to cut timber on government land.

But if American sawmills are finding their own timber too scarce and expensive to compete with Canadian producers, at least part of the reason could be that so much American timber is being exported as logs, mainly to Asia.

U.S. Department of Commerce export figures show that the United States shipped \$US 1,022 million worth of logs and poles in 1998. \$US 758 million of this went to Asia, more than three times the \$US 227 million worth of American lumber shipped to Asia. In 1993, when Asian economies were healthier, total U.S. log and pole exports reached as high as \$US 2.35 billion.

By comparison, Canada's total log and pole exports in 1998 amounted to only \$177 million (Canadian dollars), compared to lumber exports of \$11,114 million.

U.S. log exports are much higher than Canadian because most U.S. forest land is privately owned, whereas most forest land in Canada, and particularly in British Columbia, is government owned. In both countries, timber cut on private land can be exported as logs, but there are restrictions on log exports for timber cut on public lands.

Exports of Softwood Logs and Lumber						
	U.S.A.			Canada		
	Log* Exports (\$US millions)	Lumber Exports (\$US millions)	Logs As % Logs + Lumber Exports	Log* Exports (\$Cdn millions)	Lumber Exports (\$Cdn millions)	Logs As % Logs + Lumber Exports
1990	2,230	1,343	62.4%	118	5,250	2.2%
1991	1,944	1,366	58.7%	102	5,027	2.0%
1992	2,004	1,374	59.3%	172	6,380	2.6%
1993	2,352	1,401	62.7%	190	9,180	2.0%
1994	2,106	1,351	60.9%	136	11,011	1.2%
1995	2,129	1,266	62.7%	116	10,520	1.1%
1996	1,981	1,228	61.7%	99	12,097	0.8%
1997	1,493	1,111	57.3%	79	12,490	0.6%
1998	1,022	748	57.7%	177	11,114	1.6%

* including poles

BC STATS

Logs that are exportable can often be sold at a higher price because potential buyers include overseas wood processors. This is a problem for American mill owners bidding on mainly exportable American logs because lumber they produce must compete with lumber imported from Canada, where logs are mainly non-exportable.

In both Canada and the United States, objections to exporting logs centre around the notion that exporting logs is equivalent to exporting sawmill jobs. Log exports from private lands are justified on the basis of the important right of property owners to secure the best price for their assets.

From time to time voices on the American side of the lumber debates have called for

bilateral trade in logs. This would make logs cut on Canadian public lands available to American sawmills. While no doubt appealing to the American lumber industry, this could be a difficult sell in Canada.

In the meantime, the United States remains by far the world's greatest exporter of softwood logs, according to United Nations data processed by Statistics Canada in its World Trade Database. American exporters shipped 45 per cent of all world softwood log exports in 1996, the latest year for which data are available. Russia was the second biggest exporter, shipping 20 per cent of the world total. Canada was eighth, shipping just 2 per cent of the world total.