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BUSINESS INDICATORS

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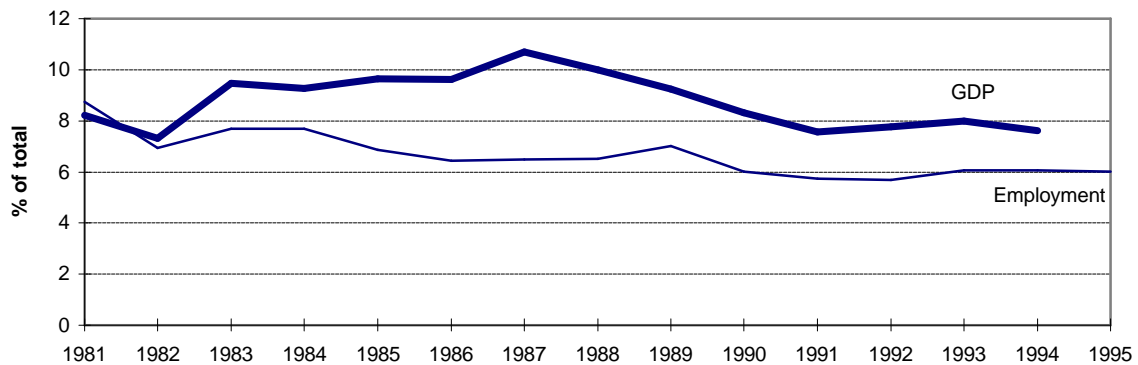
BC's Forest Sector—An Overview

Almost 46% of the land in British Columbia is forested. Forests cover about 43 million hectares of the province, and an estimated 8 billion cubic metres of mature timber is available for harvesting. Almost all of the wood is softwood, used to produce lumber, plywood, shakes, shingles, newsprint, and pulp and paper products. In fact, about half of the softwood produced in Canada comes from BC, and forest products are the province's most important export commodity, accounting for about 63% of total exports last year.

It is hardly surprising, given the abundance of forest resources in BC, that forestry has played an important role in the development of the province's economy since the middle of the last century. The forest sector includes a variety of

activities ranging from primary logging to manufacturing activities such as millwork or the production of paper, and virtually every community in British Columbia relies to some degree on this industry. However, the forest industry has been undergoing tremendous changes. Thirty years ago, millwork was mainly done in small mills located near the forest resource. Many of these small mills have since closed and timber is now being shipped for processing by more efficient larger mills in central locations. Thirty years ago, our major trading partners were the United States and Europe. Now, countries like Japan, Korea, and other Asian nations account for a larger share of our forest product exports than Europe.

In 1981, forestry employed one in eleven workers in BC; by 1994, the industry accounted for one in seventeen workers



Source: BC Economic Accounts, 1985-94,
Labour Force Survey (Statistics Canada)

Figure 1

Due to its reliance on world markets, the forest sector is particularly susceptible to economic upswings and downturns in countries like Japan and the United States. The forest sector is also facing a number of challenges such as coping with concerns about the environment and dealing with competition from other producers of wood and paper in Europe and Asia. New technology and changes in the demand for forest products have also affected BC's forest sector.

What's happened in the forest sector since 1981?

Figure 1 on the previous page shows how the relative importance of forestry to the provincial economy has changed since 1981. The forest sector directly employed about 6% of BC's work force in 1995, considerably less than the 9% of workers it employed at the beginning of the 1980s. In terms of GDP, the forest sector's direct share of total value added has varied since 1981, rising from about 8% to almost 11% of the total in 1987. In 1994, the forest sector accounted for just under 8% of total GDP at factor cost in constant (1986) dollars.

What are the most common occupations in the forest sector?

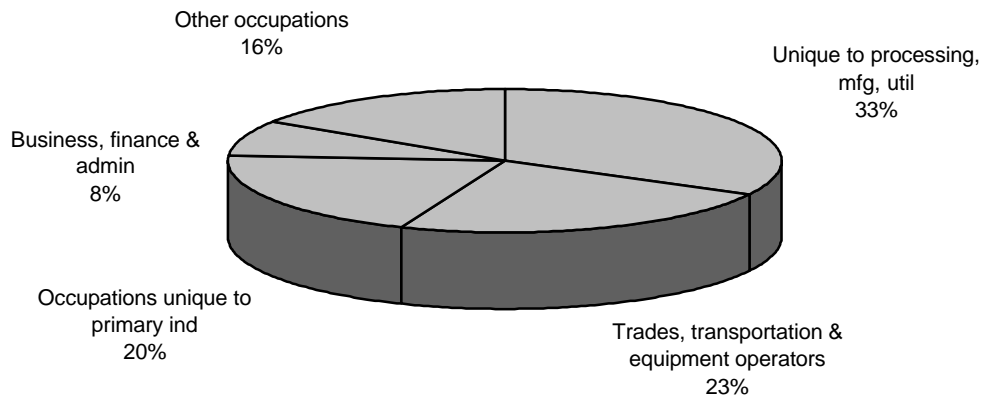
The majority of workers in the forest sector are loggers, fallers, machinery operators, fire fighters, labourers, or in other occupations specific to manufacturing or transporting products. Business, finance and administrative workers make up 8% of the work force. About 6% of forest sector workers are in natural or applied science occupations, while 5% are in management.

How many people work in the forest sector, and what do they earn?

In 1995, there were 106,000 forest sector workers in BC. Just under half (47,000) were employed in the wood manufacturing industry. The second largest employer was the logging industry (36,000), followed by paper manufacturing (23,000).

The average worker in the logging and forestry services industry spent 38 hours on the job and earned \$841 per week in 1995. Those employed in the wood processing industry earned an average \$777 for a 35-hour work week, while workers in the paper and allied products industry earned \$1,021, on average, for a 39-hour week.

A third of the occupations in the forest sector involve product fabricating and processing



Source: 1991 Census data for BC

Figure 2

What are the characteristics of the work force?

More than 90% of forest sector jobs involve full-time employment, and men make up 88% of the work force. Not surprisingly, self-employment is considerably more common in the logging industry than in forest-related manufacturing. The set-up costs for establishing a logging operation tend to be lower than in the wood and paper manufacturing industries.

The size of establishments in the forest sector varies between its component industries. Most logging establishments in BC are small businesses. In 1994, there were 3,900 logging establishments in the province, and 3,500 of them had fewer than 20 employees. However, there are also large businesses in the logging industry: 15 establishments had more than 200 employees in 1994.

Establishments in the wood and paper manufacturing industries tend to be larger. In 1994, 52 of BC's 1,300 wood-manufacturing establishments had at least 200 workers. In the paper industry, about a fifth of the 130 paper establishments had more than 200 employees. There are relatively few furniture manufacturers in the province, and most of them have less than 20 workers.

Where are the jobs located?

Most of the activity in the forest sector occurs outside the population centres of Vancouver and Victoria. About 40% of the work force in the paper industry is located on Vancouver Island, mainly in the central and northern areas of the island, with another 25% of workers in this industry located in the Mainland/Southwest Region of the province. About a third of the labour force in the wood manufacturing industry is located in the area around the Lower Mainland. The Cariboo and Thompson-Okanagan Regions also account for fairly large shares of the province's workers in logging and related manufacturing industries. The forest sector is a major employer in the Nechako and North Coast Regions of BC. However, these regions account for a relatively small share of the total work force in the forest sector.

What's the outlook for the forest sector?

It is reasonable to expect that the forest sector will continue to be one of BC's most important industries. However, if the economy continues to evolve towards being more service-oriented, resource-based industries like forestry and its related manufacturing activities are likely to play a relatively smaller role in BC's future economic development.

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