



**Canada Wood  
Produits de bois canadien**



A Thumbnail Sketch of the Forest Products Industry in Canada ~ Update 2005

## The Canadian Forest Products Industry

### CANADA'S FORESTS

According to the latest national forest inventory, Canada's total land area is 909.4 million hectares (ha). The inventory indicates that there are about 402 million ha of forest and other wooded land. Twenty-three percent of this area includes treed wetland as well as land with slow-growing, scattered trees. Of the nearly 310 million ha of forest land, more than 290 million ha are not reserved and are therefore potentially available for commercial forest activities. Within the forest land, some 145 million ha are considered commercially viable. About 0.9 million ha is harvested each year.

Ninety-three percent of Canada's forests is publicly owned; the remaining 7 percent is privately owned. Since the majority of forest land is owned by the provinces and territories, the responsibility for forest management remains under provincial and territorial jurisdiction.

Canada's forest and the industry it supports are an integral part of the economic and social fibre of the country. In 2004, Canada's forests provided 391,100 direct jobs and a further 555,000 indirect and induced jobs. Over 300 communities are economically dependent on the forest sector. These are mainly rural communities where employment opportunities are scarce. The value of shipments from this sector was estimated at \$79 billion, contributing about \$33.7 billion to the gross domestic product (GDP), or 3% of this country's annual income. In 2004, this sector also attracted \$3.1 billion in new capital investments.

### SUSTAINABLE FOREST MANAGEMENT

Environmental issues are, more than ever, a growing concern in the marketplace and demand for certified forest products continues to increase. Recognizing the growing global interest in forest products that are certified as originating from sustainably managed forests, the Canadian forest products industry has improved Canada's forest management practices and increased the total certified forest areas within Canada.

Certification is quickly moving forward in Canada, which now has the largest certified area of sustainably managed forests in the world. As of April 2005, approximately 104.6 million hectares have been certified under one of the three forest-specific certification systems available in Canada, representing an annual allowable cut of over 91 million cubic metres. The distribution under the three systems is as follows — Canadian Standards Association (CSA) 63.7 million ha, Sustainable Forestry Initiative (SFI) 36.8 million ha, and Forest Stewardship Council (FSC) 4.9 million ha. This figure is 80% higher than the one reported last year, and almost five times what it was three years ago.

Certification Status in Canada (million hectares)			
	April 11, 2005	June 06, 2004	June 1, 2002
CSA	63.7	32.9	8.8
FSC	4.9	4.2	1.0
SFI	36.8	21.4	8.4
Total	104.6	57.7	18.2



Natural Resources  
Canada

Ressources naturelles  
Canada

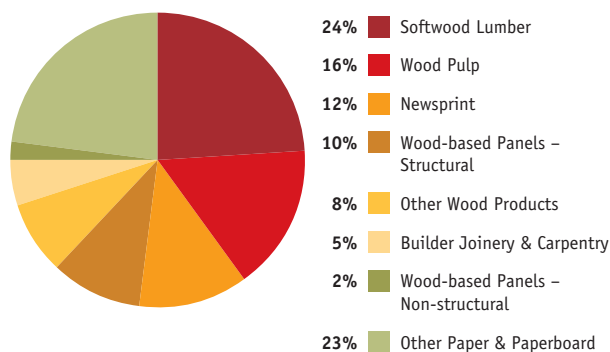
**Canada**

Canada is well on its way to reaching and even exceeding the January 2002 commitment to have 136 million ha certified by the end of 2006. In fact, the national forest products association (whose members represent roughly 75% of Canada's harvest) has already achieved 85% of its target.

## EXPORTS

Canada is the largest exporter of forest products in the world, accounting for about 16% of the world trade. Canada accounts for 18.7% of global softwood production, second only to the United States and is the world's largest exporter of softwood lumber with 36.6% of world exports. For newsprint and pulp, Canada is first and second respectively in terms of being a global producer, but remains the world largest exporter with 45% and 29% of the world trade respectively.

Value of Exports 2004 (\$44.6 Billion) – Percentages



In 2004, Canada's forest product exports amounted to \$44.6 billion, contributing \$34.5 billion to Canada's trade balance. The United States remains Canada's major destination area with exports totalling \$35.5 billion; followed by the European Union at \$2.5 billion, Japan at \$2.4 billion and China at \$1.2 billion.

## WOOD PRODUCTS INDUSTRY

The wood products industry produces goods such as:

- softwood and hardwood lumber including treated wood products;
- wood-based panel products such as oriented strand-board (OSB) and softwood plywood are used in structural applications, and particleboard, fibre-board, and medium-density fibreboard are used in non-structural applications;
- engineered wood products including structural composites, I-joists, glued-laminated timber, roof trusses and other manufactured products;
- builder joinery and carpentry including windows, doors and decorative materials; and
- other value-added wood products (exclusive of engineered wood products) such as hardwood flooring, kitchen cabinets, millwork, furniture components, etc.

The sawmill industry primarily comprises softwood and hardwood lumber manufacturers. While used mostly in structural applications in housing and industrial end uses, softwood lumber is also used in millwork and a variety of other uses. The upper grades of hardwood lumber are used mainly for flooring and furniture and appearance value-added wood products, while the principal use for lower grades is pallets and crating.

The wood industry also includes structural wood-based products such as softwood plywood and oriented strandboard; non-structural panel products such as particleboard; medium-density fibreboard and hard-board; and engineered wood products such as laminated veneer lumber, I-beams and roof trusses.

Federal initiatives are currently being undertaken to promote increased exports overseas. Through a partnership with industry and provincial governments, Canada Wood is funding projects to grow opportunities in offshore markets.



## Softwood Lumber

In 2004, Canada's production reached a new high of 81.7 million cubic metres, a 6.8% increase over the previous year. Strong US housing starts have fuelled a strong demand, improving prices in 2003 and 2004 following a 17-year low reached in late 2002. Exports amounted to 56.5 million cubic metres, generating more than \$11 billion in foreign currencies. Japan remains Canada's largest offshore market followed by the United Kingdom and Germany.

## Oriented Strandboard

Oriented strandboard (OSB) has shown a steady growth over the last two decades. Since 2000, production rose by more than 12% to 8.83 million cubic metres in 2004. Exports of OSB have also risen, increasing more than 17%, from 7.3 million cubic metres in 2001 to 8.6 million cubic metres in 2004, for a value of \$3.8 billion. Recent production capacity growth has occurred through advances in process and resin technologies, rather than construction of new plants.

## Hardwood Lumber

Though hardwood lumber represents only 2.1% of Canada's lumber production, it is nonetheless a high-value product important to the wood product sector of central and eastern Canada. In 2004, production amounted to 1.8 million cubic metres with exports of 1.4 million cubic metres valued at \$645 million.

## Particleboard

In 2004, Canada's production of particleboard increased 2.4% over the previous year to 2.9 million cubic metres. Exports, almost exclusively destined for the US market, totalled 1.2 million cubic metres and were valued at \$295 million.

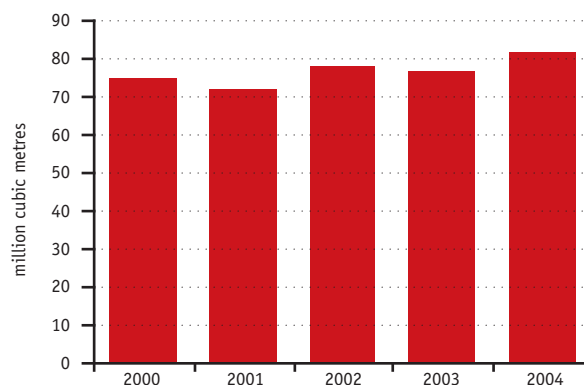
## Softwood Plywood

Softwood plywood production increased to 2.35 million cubic metres in 2004, a 7.7% increment over the previous year. Exports for their part have remained stable at 0.7 million cubic metres since 2002.

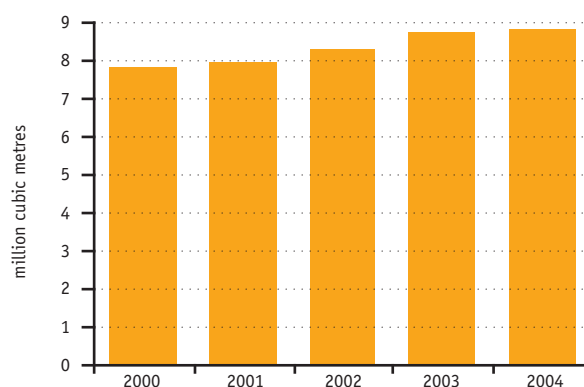
## Fibreboard (Hardboard and Medium-density Fibreboard)

At 1.6 million cubic metres, fibreboard production increased more than 14% in 2004 relative to the previous year. About 85% of the production is exported, mostly to the United States.

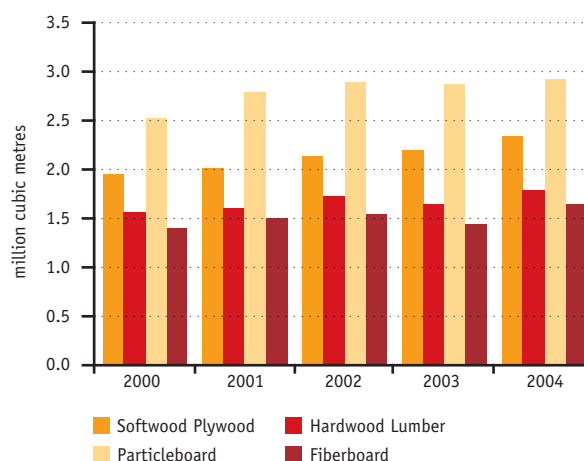
Softwood Lumber – Production



OSB – Production

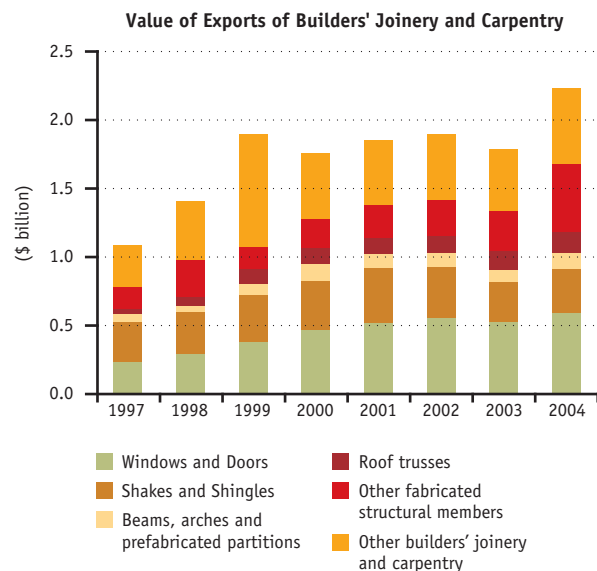


Hardwood Lumber and Other Panels – Production



## Engineered Wood and Other Products

The product grouping that has without a doubt gained tremendous momentum in Canada is the one recorded under the world Harmonized System (HS) 4418 - Builders' Joinery and Carpentry of Wood. This product group is essentially made up of windows and doors, shakes and shingles, engineered wood products such as I-beams, roof trusses and other structural members, and other joinery of wood.



By 2004, exports of products in this category (HS 4418) had exceeded \$2.23 billion, a 24.7% increase over 2003, and more than twice the exports of 1997.

## PULP AND PAPER PRODUCTS INDUSTRY

This sector includes products such as:

- market pulp;
- newsprint;
- printing and writing papers;
- sanitary papers;
- boxboard;
- containerboard;
- kraft papers; and
- specialty papers and boards.

In 2003, Statistics Canada reported 213 pulp, paper and paperboard mills in Canada, and another 657 plants in related industries such as converted paper products, asphalt roofing and paper box and bag industries. These establishments include a wide variety of large, capital-intensive, integrated and non-integrated producers as well as small, regionally based, less capitalized operations.

The majority of the pulp and paper producers are world-scale operations located in rural communities close to the forest resource. The pulp and paper industry throughout Canada fulfills most of its fibre needs from chips produced in sawmills as a by-product of lumber manufacturing.

In 2004, total production of market pulp, paper and paperboard amounted to 30.2 million tonnes, operating at an annual rate of 95.2% of capacity. Exports for the same period totalled 26.0 million tonnes

Canada is one of the world's leading newsprint producers, with more than 90 % of our newsprint production destined for export markets. Demand for newsprint has remained stable over the last decade while the demand for uncoated groundwood paper, a higher value-added paper used to produce items such as advertising inserts, has risen sharply. Consequently, Canadian producers have taken the opportunity to adapt and modify certain older paper machines to produce uncoated groundwood paper.



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Further information on the Canada Wood program can be obtained from:

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Information on the Canada Wood Group offices and on Canadian wood products can be found on the following Web site:  
<http://www.canadawood.info/>

