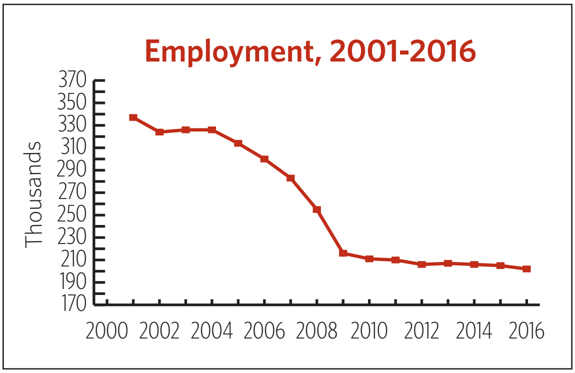
FORESTRY
Sector Profile

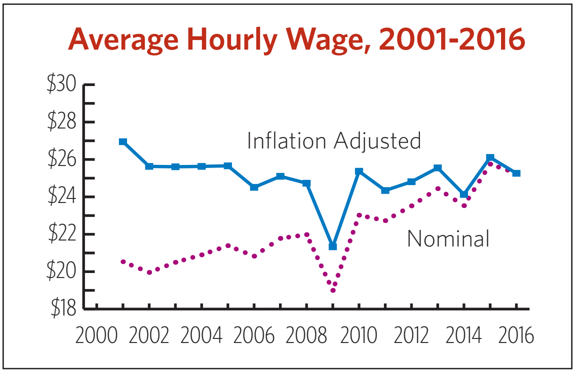
Sector Facts and Figures, 2016	
Total Operating Revenue*	$69 billion
Change since 2007	*-$7 billion*
Total GDP (2007 $CAD)	$22 billion
Share of Canadian GDP	*1.3%*
Exports	$35 billion
Imports	$11 billion
Foreign Trade Balance	$24 billion
Inflation-adjusted change since 2007	*-12%*
Total Employment	202,000
Change since 2007	*-29%*
Average Hourly Wage (Excluding overtime)	$25.25
Inflation-adjusted change since 2007	*+1%*
Productivity Growth 2007-2016	22%
Average Work Hours/Week (Excluding overtime)	37
Average Overtime Hours/Year	107
Greenhouse Gas Emissions (Kilotons, 2014)	43,600
Share of Canada's total industrial emissions	*7%*
Union Coverage Rate	34%
Unifor Members in the Industry	22,100
Share of Total Unifor Membership	7%
Number of Unifor Bargaining Units	282
Average Bargaining Unit Size	78

Source: Cansim; Trade Data Online;
Unifor Research Department.
*2015 data.

Current Conditions

It's been a painful decade for Canada's forestry sector. The industry's wrenching decline and transformation were well underway in the half-decade before the meltdown on Wall Street in 2008. The worst of the crisis was marked by multiple bankruptcies, closures and a wholesale restructuring of the corporate landscape. A look at the Canadian industry's performance since 2009 reveals several stabilizing developments and a number of positive signs. Of course, significant pressures continue to exist, stemming from shifts in demand away from many paper grades and a generally stagnant, or declining, outlook for graphic papers in mature markets. However, the situation is improving as the global economy recovers and we're seeing some stronger performance in packaging grades, dissolving pulp and in the nearly recession-proof tissue market, among others.





Logging, pulp and paper and wood products manufacturing employ 202,000 people across the country, and most of these are good jobs with above-average wages. Canada is the world's largest forestry exporter: we ship slightly more than half of our $69 billion annual output. Additionally, the industry and its workers make important contributions to the public purse, helping pay for such essential services as health care, education and infrastructure.

In contrast to the fortunes in pulp and paper, Canada's wood products industry has benefited from the ongoing recovery in U.S. housing and a weaker Canadian dollar. The continued recovery in the U.S. housing market is supporting increased demand for Canadian wood products, leading to a 40 per cent increase in the total value of exports over the past three years. However, various risks cloud the outlook over the medium term. Production has been poised to remain stable or increase, but timber supply constraints (a result of the mountain pine beetle infestation) will continue to limit domestic production. This supply problem will plague lumber companies operating in British Columbia's interior and could lead to plant closures. In addition, the expiry of the Canada-U.S. Softwood Lumber agreement and imposition of new duties, if left unchecked, will dramatically affect Canadian softwood lumber producers' access to their key market.

Unifor in the Canadian Forestry Industry

Select Unifor Employers	Approx. # Members
Resolute Forest Products	2,400
J.D. Irving Ltd.	1,200
Domtar	1,100
Tembec	1,100
Cascades	800

With 22,000 members spread across 10 Canadian provinces, Unifor is Canada's forestry union. Unifor's members work in a variety of forestry and logging occupations as well as wood product and paper manufacturing facilities. Quebec has the highest concentration of forestry membership, accounting for nearly half of overall sectoral membership, while Ontario and British Columbia account for 17 per cent and 13 per cent, respectively.

Approximately 30 per cent of sectoral membership work for the five largest employers, with the single largest employer—Resolute Forest Products—accounting for one in ten members.

Moving Forward: Developing the Forestry Industry

As one of the industries upon which our country was built, forestry can too often evoke nostalgia. In our increasingly urban society the industry is often out of sight and mind of too many of our political leaders. It is critical that we see forestry for what it truly is: an integral part of our modern economy, an important source of good jobs, a leading-edge innovator and a renewable natural resource that can have a stronger future.

But the forestry sector is in transition. The past decade delivered incredible challenges, including rapidly changing markets, a shift in consumer demand away from newsprint and other papers in the digital age, wild swings in housing and construction demand, the devastation of an over-valued Canadian dollar on exports, and a global financial crisis and recession. Over the past decade, the industry has shed one third of its jobs.

Despite relentless productivity improvements and consolidation measures, the business model that had served the sector for decades had become economically unsustainable. Without a fundamental transformation, many forest industry sub-sectors were set on a longer-term course to marginalization, with far reaching effects.

After painful restructuring that drew on the dedication and sacrifices of forestry workers, supported by some solid government policies, the industry is on a rebound and could be poised for a much brighter future. The good news is that many parts of the forestry sector have made transformative investments, markets for establish products are seeing greater stability and markets for emerging products are showing considerable promise.

Major Sector Development Issues

- Ensure Canada negotiates a new and fair softwood lumber agreement with the United States.
- Prioritize reconciliation with Indigenous communities and work in partnership for forestry sector development.
- Strengthen sustainability of forestry at home and pursue stronger standards around the world.
- Stronger public investment to support higher value-added production, transition to new markets and pursue green innovation.
- Establish a National Forestry Council for sustained dialogue among all stakeholders.

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