

Background

About 8,000 establishments form the mosaic of Canada's forest industry, ranging from small, family-owned sawmills, independent contract loggers and kitchen cabinet producers to large, fully diversified companies with annual sales of \$2 billion or more. Activities of the forest sector range from the harvesting of wood through to the manufacture of a variety of wood and paper products.

The harvesting and processing of Canada's forest resource support the direct employment of some 270,000 Canadians and provide the economic basis for some 345 forestry-dependent communities coast to coast, many of them in outlying regions. The forest industry has clearly been an engine of growth for most provincial economies and has opened many remote regions across the country.

As a nation, Canadian economic well-being is enhanced by the ability of the forest industry to grow and to compete in domestic and world markets. Annual sales in 1985 are estimated at about \$35 billion, including six billion dollars in shipments of logs and other unprocessed material for further processing in Canadian mills and \$29 billion in shipments of a wide range of processed wood and paper products.

The forest industry is highly dependent on export markets, with exports amounting to \$17.9 billion in 1986 or about one-half of the value of total output. Imports of forest products amounted to \$2.4 billion in the same year, leaving a net trade balance of \$15.5 billion in Canada's favour.

The growth of the forest industry has provided the impetus for development of other manufacturing and service industries. Its products serve many other sectors of the economy, such as residential construction, printing and publishing, packaging, and furniture. The forest industry is also a large user of energy, chemicals, transportation services, machinery and advanced processing, and control systems.

The Resource

Canada is the second largest nation in the world, with an area of 9.9 million square kilometres. About one-half of this land area is forested. These forest lands contain some of the more valuable species of timber found in the world. Northern softwoods are particularly well-suited to the production of construction materials and pulp and paper products. New advances in technology have made extensive reserves of formerly unutilized hardwood species, such as poplar, an important raw material source for pulp and waferboard.