

The forest industry has been a major element of British Columbia's economy for generations. It is the largest employer in the province: in some areas, forest industry jobs make up from 45 to 60 percent of the total employment (see Figure 1). According to the Forest Alliance of British Columbia, in the Vancouver metropolitan area, 19,500 workers or 2.4 percent of the total workforce is employed in the forestry sector; an additional 113,000 workers, or 16.3 percent of the labor force, are estimated to be dependent on the forest industry for employment. More than half (52 percent) of the forest-dependent jobs are in the Vancouver metro area. Revenues from the industry provide to the public provides wages for 25,000 doctors, nurses, teachers, social workers, and other public employees and generates nearly \$3 billion a year in provincial revenues. The industry represents about 18 percent (more than \$6 billion) of the province's annual Gross Domestic Product.¹⁴

Sales of forest products doubled between 1986 and 1995, from more than \$9 billion to nearly \$18 billion. Employment has remained quite constant over the past decade: some 97,500 workers were employed in the forest industry in 1995 and another 195,000 workers provided supplies and services to the timber industry or were otherwise indirectly employed by the industry.¹⁵ Forest industry employees earned an average of more than \$45,000 a year, nearly one-and-a-half times the \$31,000 earned by the average industrial worker in the province. Twenty-six percent of the industry's earnings are returned to the provincial government through stumpage fees and income taxes and other payments made by or on behalf of forestry workers; the government receives additional taxes and revenues from those indirectly employed in the industry. Net earnings of the industry have been uneven. In 1995, the industry had net earnings of nearly \$1.3 billion, but in 1990-1992 it suffered net losses due to a decline in prices and demand. The annual log harvest in 1995 was 76.5 million cubic feet, down from a decade high of 90.1 million cubic feet in 1987, but still slightly higher than that of three of the four previous years. Annual logging costs have more than doubled, from \$33/million cubic feet in 1986, to \$79 in 1995. The return on shareholders' equity was 13.7 percent in 1995, down from decade high of 26.3 percent in 1987. See Table 1.