

# THE COST OF TREES

## The Verdicts

"Direct comparisons between prices paid for stumpage and delivered costs are difficult." **ITC Report.**

The initial costs in the lumber industry are the cost of trees and the costs of cutting them down and delivering them to the mill.

For a number of good reasons the price paid for the trees is, on the average, lower in Canada than in the United States, but it is this difference that has been the basis for charges that provincial governments have subsidized the Canadian industry.

In 1983 the U.S. Department of Commerce found that the difference in prices reflects differences in the makeup of the forests, in geography, in climate, in production costs and in distances to markets.

Both the U.S. Forest Service and private consultants concluded in earlier studies that the industry in the United States has natural advantages that make much of its standing timber more valuable than corresponding Canadian stands.

The report of the U.S. International Trade Commission last fall supports these conclusions.

The trees of Canada and the United States are not always interchangeable. There are different species, with different

*An Alabama pine plantation.*



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levels of quality within the species, different sizes, in different places and best suited for different markets. Forests vary greatly, not only from country to country but from region to region. A Canadian spruce is not a southern yellow pine.

## The Industry

Canadian firms tend to be large, and the five largest account for almost a quarter of all forest production.

The lumber segment produced 20.6 billion board feet of softwood lumber in 1984, enough to build two million homes. It exported some 13 billion board feet to the U.S., worth U.S. \$2.5 billion.

## The Forests

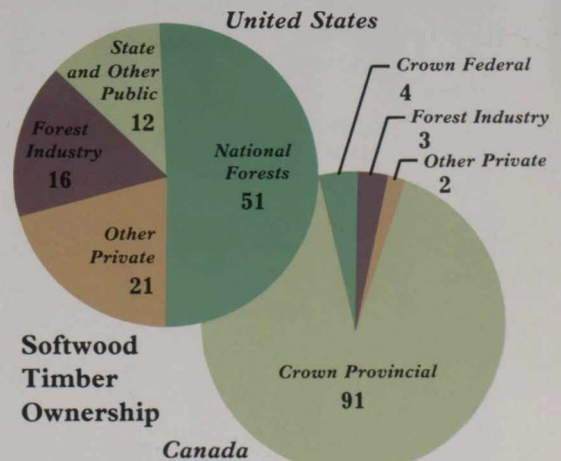
"The current available supply of timber in most regions of Canada is more than sufficient to meet the productive capacity of the license holders."

**ITC Report.**

Canada has 1,320,462 square miles of lonely hills, mountains, flatlands and swamps topped by coniferous trees. Canada's softwoods constitute 14 per cent of the world's supply. The softwoods of the United States represent another 11.5 per cent. Together they are a vital world resource.

Canada has twice as many trees as the European Common Market countries. It has 34.5 acres of inventoried forest for every inhabitant.

It has eight forest regions, four of them in British Columbia. Each region has a different soil, a different climate and a different mix of trees.



Source for all charts, unless otherwise noted, is ITC Report.

## Ownership

Almost all of Canada's productive forests are publicly owned. In the United States, although the public lands constitute only about a third of the whole, they have 63 per cent of the softwood timber.

They are, however, the least productive because timber cutting on them is held, as a matter of public policy, to around 10 billion board feet annually.

In 1976 (the last year for which figures are available) the U.S. forest industry's land, though only 16 per cent of the whole, produced 37 per cent of the harvests, while the public lands produced 33 per cent and the other private lands 30 per cent.



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