

GOAL 24: Forestry in New Brunswick

The forestry industry in New Brunswick will return to its pre-2004 trend growth.

Status: PROGRESSING

Current Situation

New Brunswick's forestry industry consists of logging, the manufacturing of pulp and paper products, and the manufacturing of wood products. As defined by Natural Resources Canada, logging, or forestry, is the process of harvesting, cutting, and preparing timber. Pulp and paper manufacturing involve the production of everyday items, such as tissue or newsprint, by milling softwoods and hardwoods into pulp. Finally, wood product manufacturing consists of processing veneer and plywood, producing millwork, and wood preservation.¹ Though diverse, all three sectors of New Brunswick's forestry industry are important to the growth of provincial and national GDP.

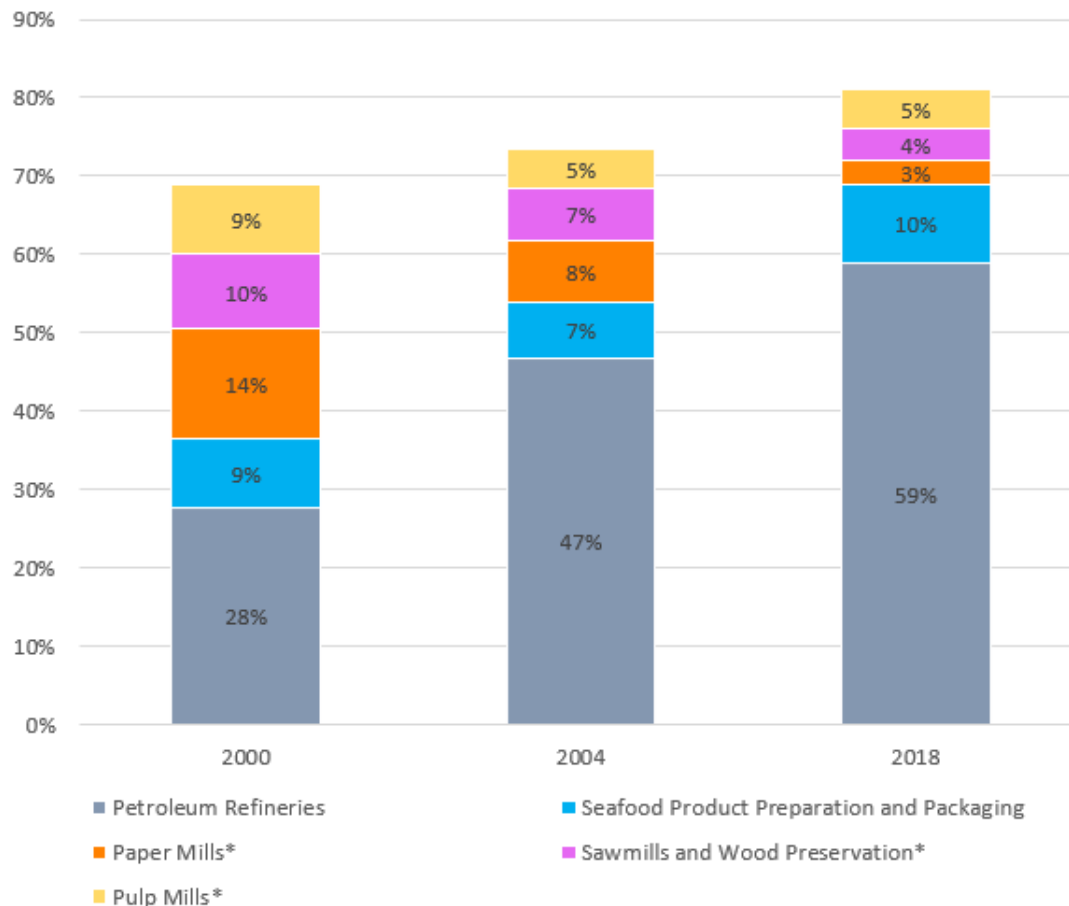
Forestry is both the largest industry in New Brunswick and a critical source of export products for the province. However, according to the provincial government, the effects of global competition have caused New Brunswick's forestry industry to decline. Consequently, the number of pulp mills in the province decreased by half over the past two decades. The 2014 *Strategy for Crown Lands Forest Management* cites that between 2004 and 2014, the forestry sector went from comprising 11% to only 5% of the provincial economy; moreover, its contribution to the provincial GDP fell by 31%, and labour income decreased by 22%.

¹"Overview of Canada's Forest Industry." *Natural Resources Canada*. July 11, 2016.
<https://www.nrcan.gc.ca/forests/industry/overview/13311>.

Section One: Showing the Divide

The difference between the 2004 levels and the current 2018.

Figure 1: Top New Brunswick Industries, Based on Exports (2000, 2004, and 2018) In 2018 Constant Dollar



*Make up the New Brunswick Forestry Sector

Interpreting the Data

Since the year 2000, the top 5 industries have comprised an increasing share of New Brunswick's exports. The total value of the exports from these sectors has increased over the last 18 years, primarily as a result of the 31% rise in petroleum exports. In terms of dollar-value, products from paper mills, pulp mills, and sawmills have increased slightly since 2000, but they now make up a smaller share of New Brunswick's total exports. For example, products from the paper mill industry made up 14% of New Brunswick's exports in 2000, but the most recent data from 2018 shows that they now comprise only 3% of exports. This decrease is partially due to the large growth of petroleum refineries, which now make up nearly 59% of provincial exports.

With the goal being to return to the pre-2004 trends, Seafood Products and Petroleum Refineries have hit the mark with Pulp Mills just meeting the expectations.

Data Deep Dive

Data: Figure 1	2000		2004		2018	
Petroleum Refineries	\$2,918,019,131	28%	\$5,671,279,226	47%	\$2,070,921,095	59%
Paper Mills*	\$1,463,700,677	14%	\$978,551,928	8%	\$660,599,081	3%
Sawmills and Wood Preservation*	\$1,005,650,498	10%	\$797,332,280	7%	\$ 670,773,856	4%
Pulp Mills*	\$945,149,938	9%	\$599,566,163	5%	\$713,711,164	5%
Seafood Product Preparation and Packaging	\$930,813,231	9%	\$840,397,107	7%	\$1,038,789,834	10%

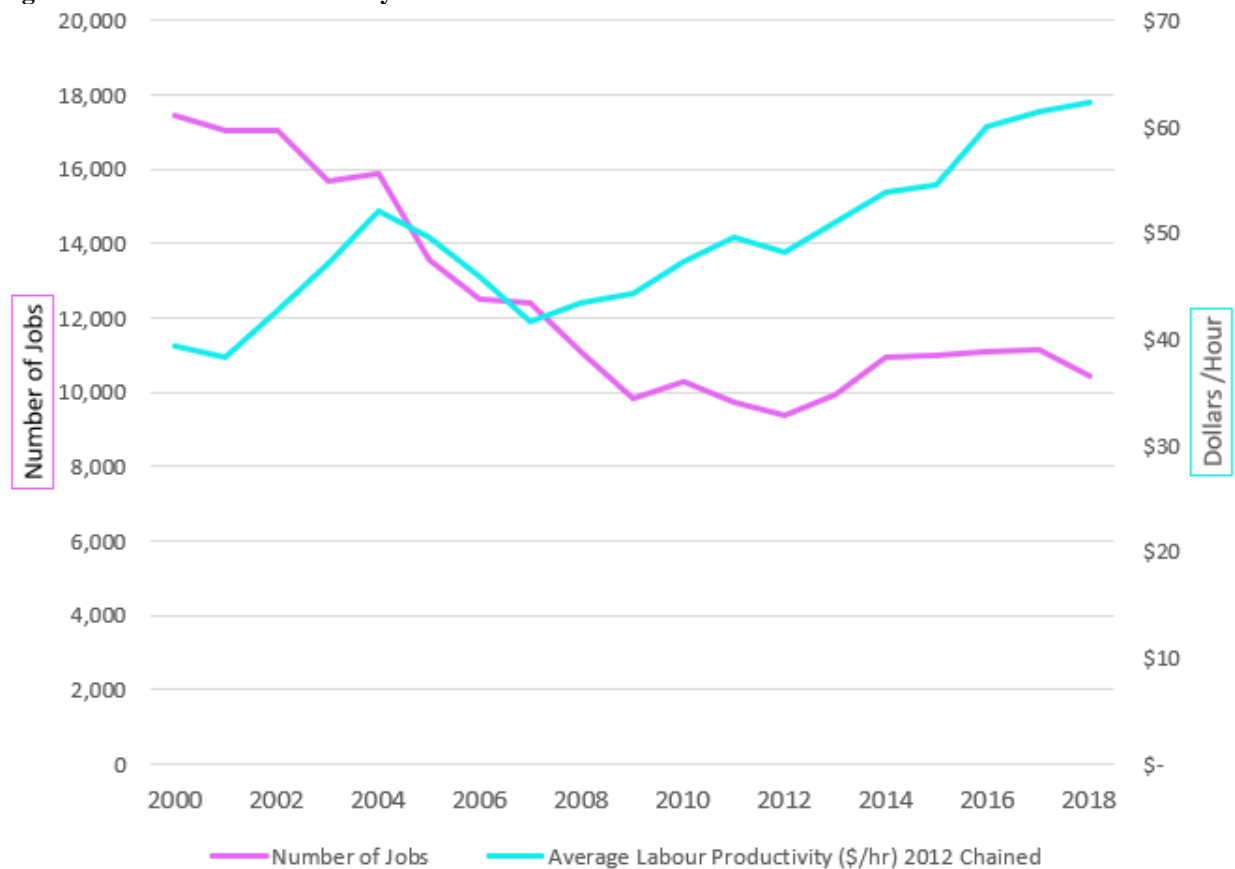
Source: Statistics Canada (Trade Data Online)

Values in 2018 Dollars

*Make up the New Brunswick Forestry Sector

Section Two: Breaking down the Forestry Sector

Figure 2: New Brunswick Forestry Labour Measures



Interpreting the Data

The 2014 *Value-Added Wood Report* calls New Brunswick a “forest province” because 85% of the province’s landscape is covered by trees. It is therefore not surprising that the forestry industry employs many New Brunswickers, both directly and indirectly—however, the number of forestry and logging jobs has been decreasing since 2000. This is due in part to the automation of the industry, which consequently requires fewer jobs for product output. Since 2012, the number of jobs in forestry has slowly started to rise. New Brunswick will need to increase the jobs by 5,400 if we hope to achieve this goal. An added note is that the forestry industry includes forestry and logging, wood and product manufacturing, and paper manufacturing.

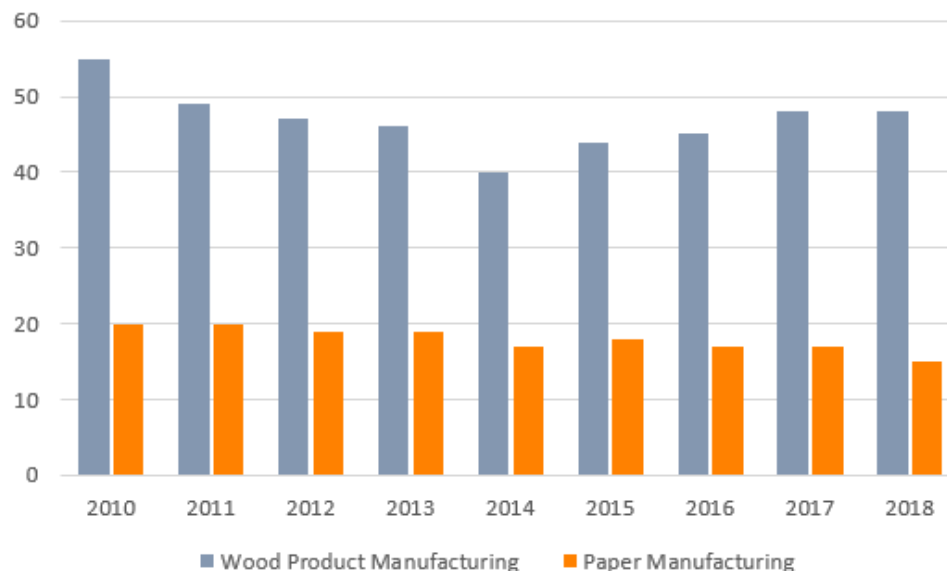
Data Deep Dive

Data: Figure 2	Number of Jobs	Average Labour Productivity*
2000	17,435	\$ 39.30
2001	17,030	\$ 38.30
2002	17,030	\$ 42.77
2003	15,690	\$ 47.07
2004	15,865	\$ 52.10
2005	13,550	\$ 49.63
2006	12,505	\$ 45.90
2007	12,395	\$ 41.60
2008	11,090	\$ 43.47
2009	9,835	\$ 44.33
2010	10,260	\$ 47.30
2011	9,710	\$ 49.60
2012	9,380	\$ 48.23
2013	9,925	\$ 50.97
2014	10,940	\$ 53.87
2015	10,985	\$ 54.60
2016	11,095	\$ 59.90
2017	11,150	\$ 61.33
2018	10,410	\$ 62.33

**Chained (2012) Dollars*

Source: Statistics Canada (CANSIM 383-0033)

Figure 3: Exporting forestry Manufacturing Companies in New Brunswick



Interpreting the Data

Since 2010, there has only been slight fluctuation in the number of forestry manufacturing firms that are participating in export trade. Between 2010 and 2014, the number of wood product manufacturing establishments in the province decreased by 15. Although, since 2014, the number of exporting establishments in the wood product manufacturing sector began to increase slowly. Paper manufacturing, which has a smaller number of firms, accounts for most of export value between the combined sectors. In 2017, paper manufacturing generated nearly 60% of the dollar-value of manufactured forestry products, despite having less than half the number of firms devoted to wood product manufacturing. The New Brunswick paper manufacturing sector is concentrated around large, internationally competitive firms, including Irving Pulp and Paper Ltd., Irving Tissue Co. Ltd., and Lake Utopia Paper. Figure 6 shows just how much paper manufacturing exports is valued at compared to wood manufacturing. Even with the decreasing number of companies and jobs in that area they are still adding a large value to the New Brunswick economy.

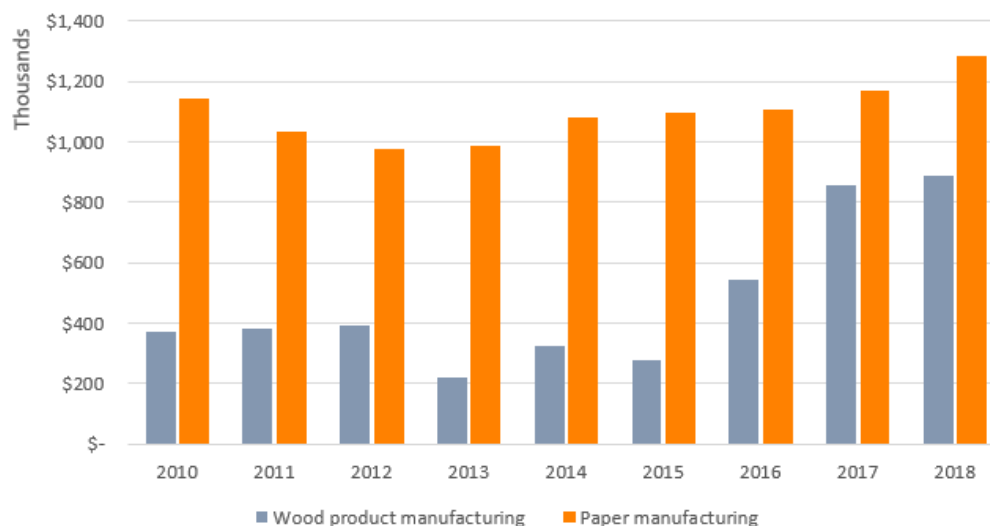
Data Deep Dive

Data: Figure 3	Wood Product Manufacturing	Paper Manufacturing
2010	55	20
2011	49	20
2012	47	19
2013	46	19
2014	40	17
2015	44	18

2016	45	17
2017	48	17
2018	48	15

Source: Statistics Canada (CANSIM 228-0077)

Figure 4: Value of Total Forestry Exports from New Brunswick

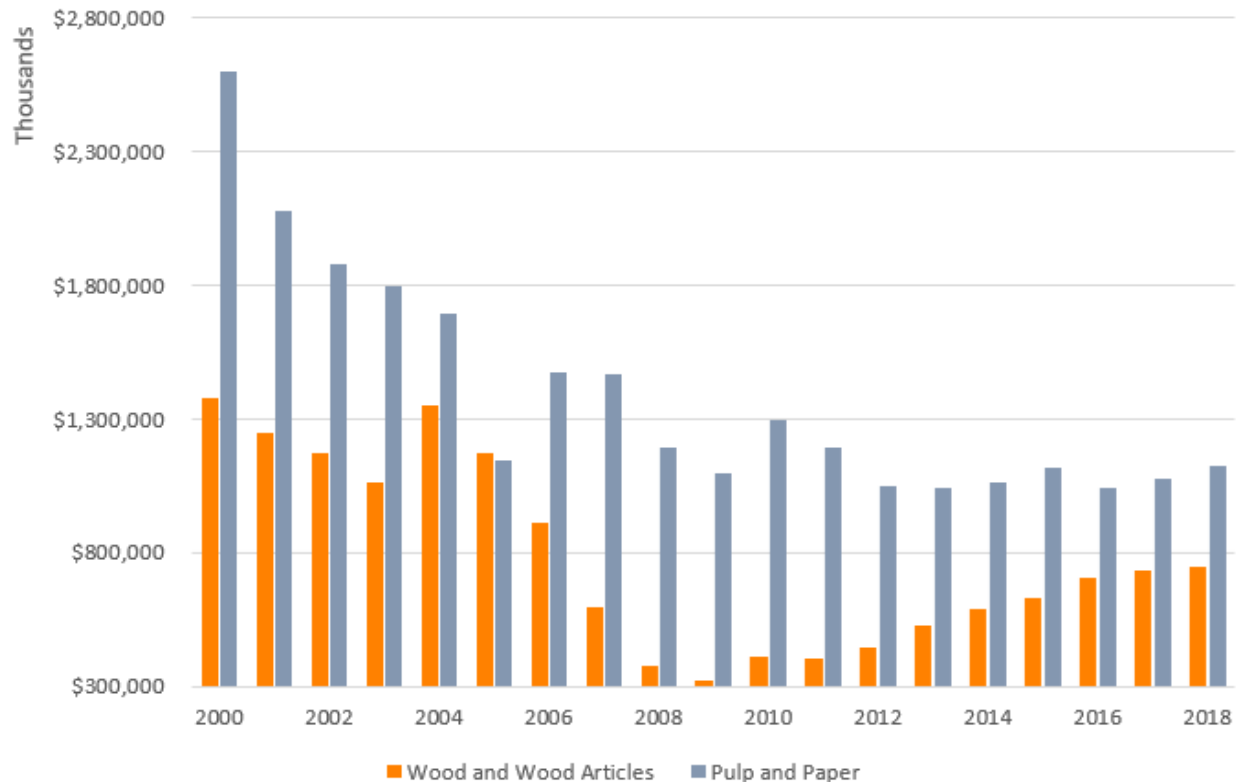


Data Deep Dive

Figure: 4	Wood product manufacturing	Paper manufacturing
2010	\$ 371,856.00	\$ 1,141,037.00
2011	\$ 379,404.00	\$ 1,035,258.00
2012	\$ 390,228.00	\$ 975,734.00
2013	\$ 222,016.00	\$ 986,692.00
2014	\$ 323,788.00	\$ 1,079,151.00
2015	\$ 277,572.00	\$ 1,097,063.00
2016	\$ 542,322.00	\$ 1,104,788.00
2017	\$ 858,161.00	\$ 1,167,147.00
2018	\$ 887,366.00	\$ 1,283,523.00

Source: Stats Canada (12-10-0098-01)

Figure 5: Export Value in Wood and Pulp and Paper



Interpreting the Data

Lumber and manufactured wood products are important contributors to provincial growth. According to the *2012-2016 New Brunswick Value-Added Wood Strategy*, wood products emerging from further manufacturing processes account for 4.4% of New Brunswick’s GDP and 10% of provincial exports. The value of the wood and wood articles coming from New Brunswick’s forestry sector declined from 2004 to 2009 due to multiple “adverse conditions” within the industry,² and export numbers reached an all-time low in 2009. However, since 2009, New Brunswick’s total wood, wood article, and pulp and paper exports have been on a positive trend and continue to increase.

For the past 20 years, the United States has remained the top destination for New Brunswick’s logging and forestry exports, receiving more than 99% of the province’s wood products. The international trading partners that receive the remaining exports change on a yearly basis, but most recently this list has included Lebanon, Japan, Jamaica, and France.

² “New Brunswick Value-Added Wood Sector Strategy 2012-2016.” Rebuilding New Brunswick. <http://www2.gnb.ca/content/dam/gnb/Corporate/pdf/EcDevEc/Wood.pdf>. 1.

Data Deep Dive

Data: Figure 5	Pulp and Paper (2018 Constant Dollars)	Wood and Wood Articles (2018 Constant Dollars)
2000	\$ 2,601,637,533	\$ 1,381,293,904
2001	\$ 2,077,483,343	\$ 1,247,326,853
2002	\$ 1,881,669,555	\$ 1,173,868,620
2003	\$ 1,799,445,173	\$ 1,062,935,679
2004	\$ 1,696,991,284	\$ 1,353,338,577
2005	\$ 1,146,468,353	\$ 1,171,628,047
2006	\$ 1,471,458,375	\$ 910,882,314
2007	\$ 1,465,035,275	\$ 595,971,765
2008	\$ 1,193,478,609	\$ 376,798,266
2009	\$ 1,098,661,057	\$ 322,265,731
2010	\$ 1,292,948,123	\$ 407,599,380
2011	\$ 1,191,134,478	\$ 406,515,562
2012	\$ 1,049,362,389	\$ 440,983,790
2013	\$ 1,040,453,944	\$ 527,643,344
2014	\$ 1,064,034,415	\$ 590,446,126
2015	\$ 1,114,921,335	\$ 632,225,994
2016	\$ 1,038,664,812	\$ 703,388,390
2017	\$ 1,077,647,929	\$ 734,602,745
2018	\$ 1,126,269,828	\$ 746,503,295

Source: Statistics Canada (Trade Data Online)

*Values in 2018 Dollars

Notes

Corresponding NAICS Codes:

- *Forestry and Logging NAICS 113*
- *Forestry – Nurseries and Gathering NAICS 113210*
- *Logging (Except Contract) NAICS 113311*
- *Wood and Articles of Wood (incl. wood charcoal) HS 44*
- *Petroleum Refineries NAICS 32411*
- *Paper Mills NAICS 32212*
- *Sawmills and Wood Preservation NAICS 32111*
- *Pulp Mills NAICS 32211*
- *Seafood Product Preparation and Packaging NAICS 31171*

- *Wood Pulp, Paper, and Paper Articles HS X*