

GOAL 24 – FORESTRY IN NEW BRUNSWICK

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

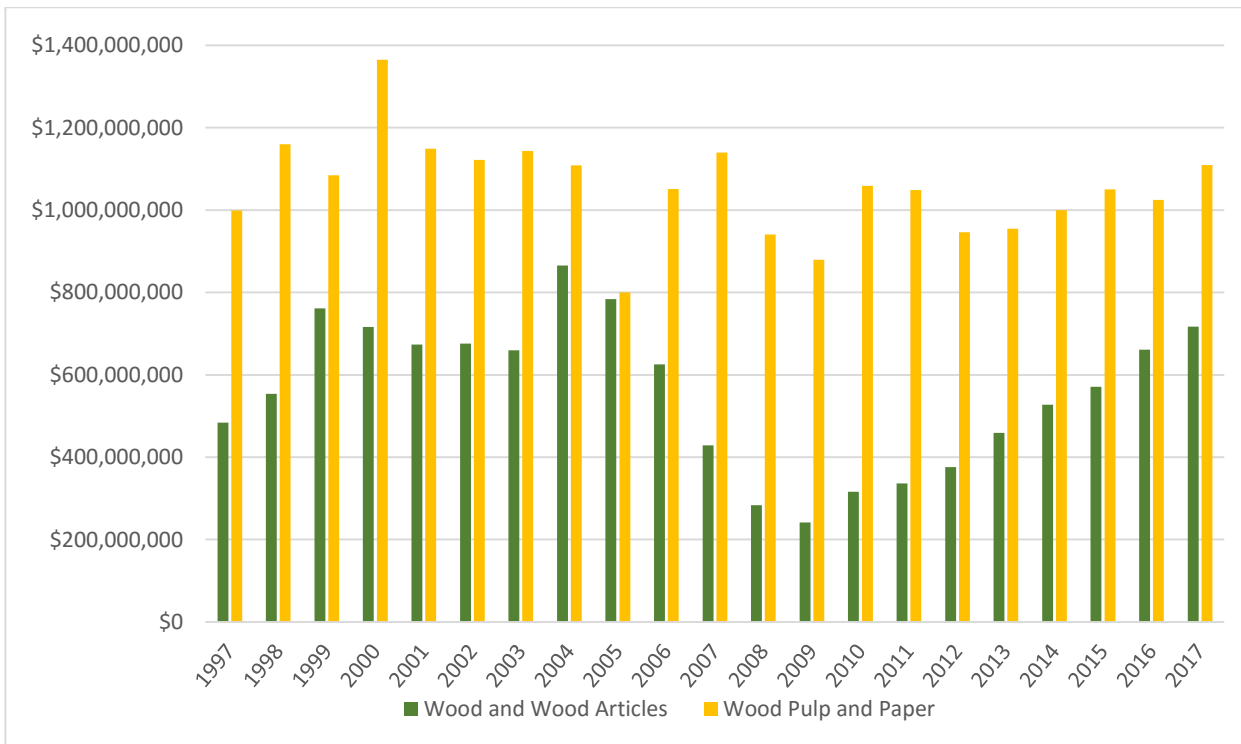
Status: PROGRESSING

Current Situation

New Brunswick’s forest 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 involves 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%.

Figure 1: New Brunswick Exports – Wood, Wood Pulp and Paper



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

Data: Figure 1	Value of Wood Product Exports	Value of Wood Pulp and Paper Exports
1997	\$ 483,611,577	\$ 999,012,292
1998	\$ 553,621,268	\$ 1,160,183,893
1999	\$ 761,277,183	\$ 1,084,194,274
2000	\$ 716,158,965	\$ 1,364,895,709
2001	\$ 673,355,876	\$ 1,148,756,206
2002	\$ 675,718,318	\$ 1,122,086,671
2003	\$ 659,817,373	\$ 1,143,906,889
2004	\$ 865,196,830	\$ 1,109,024,469
2005	\$ 784,215,120	\$ 800,469,337
2006	\$ 625,081,544	\$ 1,051,038,570
2007	\$ 428,990,196	\$ 1,139,848,253
2008	\$ 283,716,157	\$ 941,047,238
2009	\$ 241,301,766	\$ 879,114,133
2010	\$ 315,837,386	\$ 1,058,631,070
2011	\$ 335,958,327	\$ 1,048,856,310
2012	\$ 375,839,585	\$ 946,553,104
2013	\$ 459,006,962	\$ 954,705,470
2014	\$ 527,282,943	\$ 999,729,982
2015	\$ 571,038,803	\$ 1,050,218,105
2016	\$ 661,290,518	\$ 1,024,458,273
2017	\$ 716,785,605	\$ 1,109,606,735

Source: Statistics Canada (Trade Data Online)

*Values in 2017 Dollars

What This Means

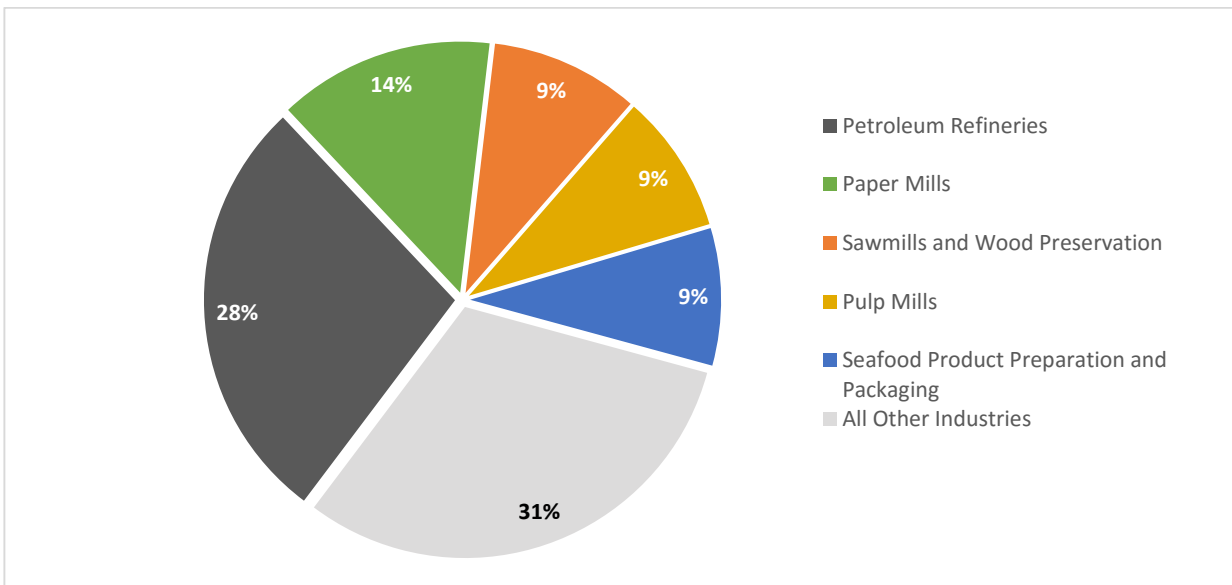
Lumber and manufactured wood products are important contributors to provincial growth. According to the *2012-2016 New Brunswick Value-Added Wood Strategy*, wood products emerging from further manufacturing processes account for 4.4% of New Brunswick’s GDP and 10% of provincial exports. The value of 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.

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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.

Figure 2: Top New Brunswick Industries, Based on Exports (2000)



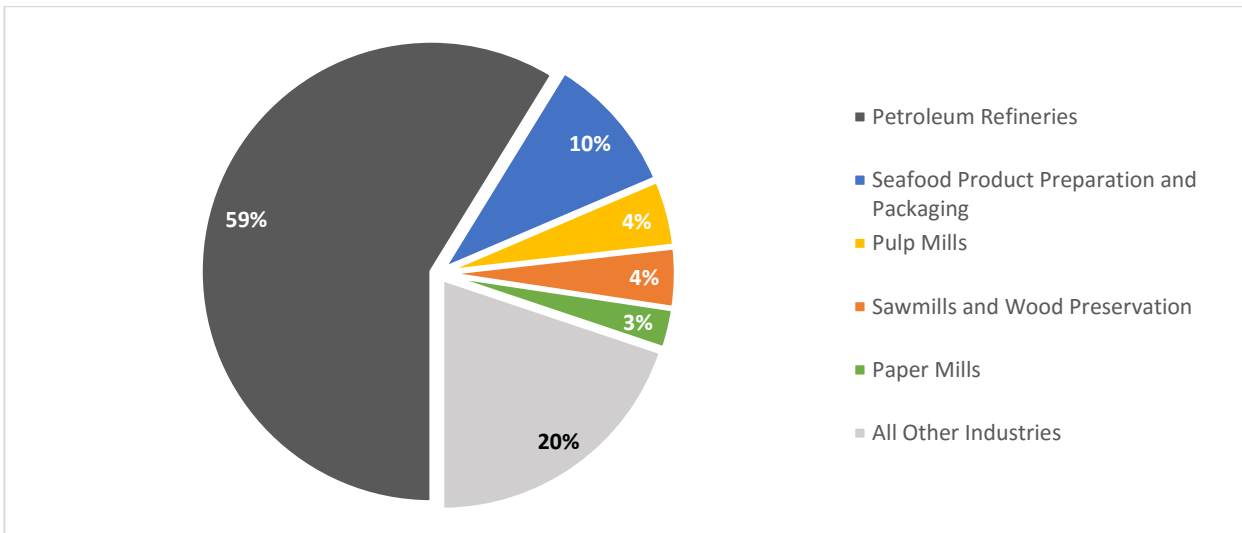
Data: Figure 2	Value of Industry Exports (2000)	Share of Total NB Exports (2000)
Petroleum Refineries	\$ 1,501,102,105	28%
Paper Mills*	\$ 752,964,278	14%
Sawmills and Wood Preservation*	\$ 517,331,796	10%
Pulp Mills*	\$ 486,208,793	9%
Seafood Product Preparation and Packaging	\$ 478,833,633	9%
Total	\$ 3,736,440,605	69%

Source: Statistics Canada (Trade Data Online)

Values in 2017 Dollars

*Make up the New Brunswick Forestry Sector

Figure 3: Top New Brunswick Industries, Based on Exports (2017)



Data: Figure 3	Value of Industry Exports (2017)	Share of Total NB Exports (2017)
Petroleum Refineries	\$ 7,575,976,505	59%
Paper Mills*	\$ 1,262,638,196	3%
Sawmills and Wood Preservation*	\$ 596,320,491	4%
Pulp Mills*	\$ 539,231,489	4%
Seafood Product Preparation and Packaging	\$ 356,434,069	10%
Total	\$10,330,600,750	80%

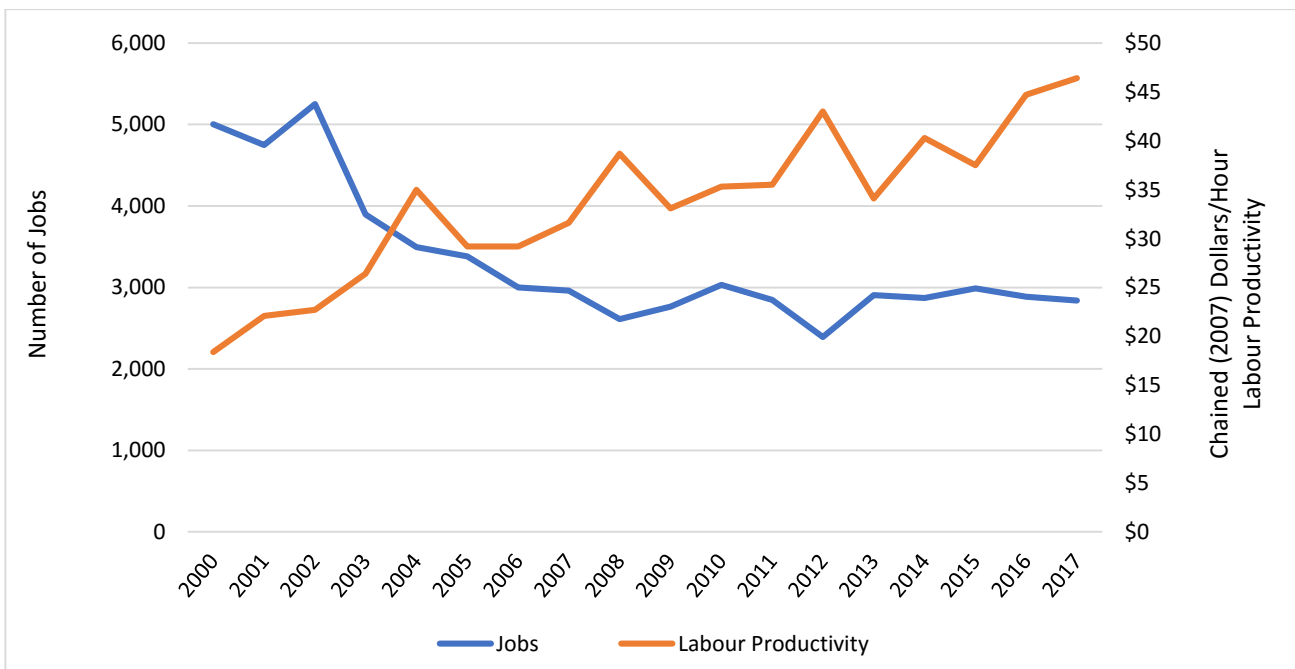
Source: Statistics Canada (Trade Data Online)

Values in 2017 Dollars

*Make up the New Brunswick Forestry Sector

Since the year 2000, most of New Brunswick’s exports have become more concentrated around the top 5 industries. The total value of the exports from these sectors have increased over the last 17 years, primarily as a result of the 400% rise in petroleum exports. In dollar value, products from paper mills, pulp mills, and sawmills have increased slightly since 2000, but have dropped in share of total New Brunswick exports. Products resulting from the paper mill industry used to make up 14% of New Brunswick’s exports, and has since fallen to a small 3%. This is in part due to the size of petroleum refineries, now making up nearly 60% of provincial exports.

Figure 4: NB Forestry Labour Measures



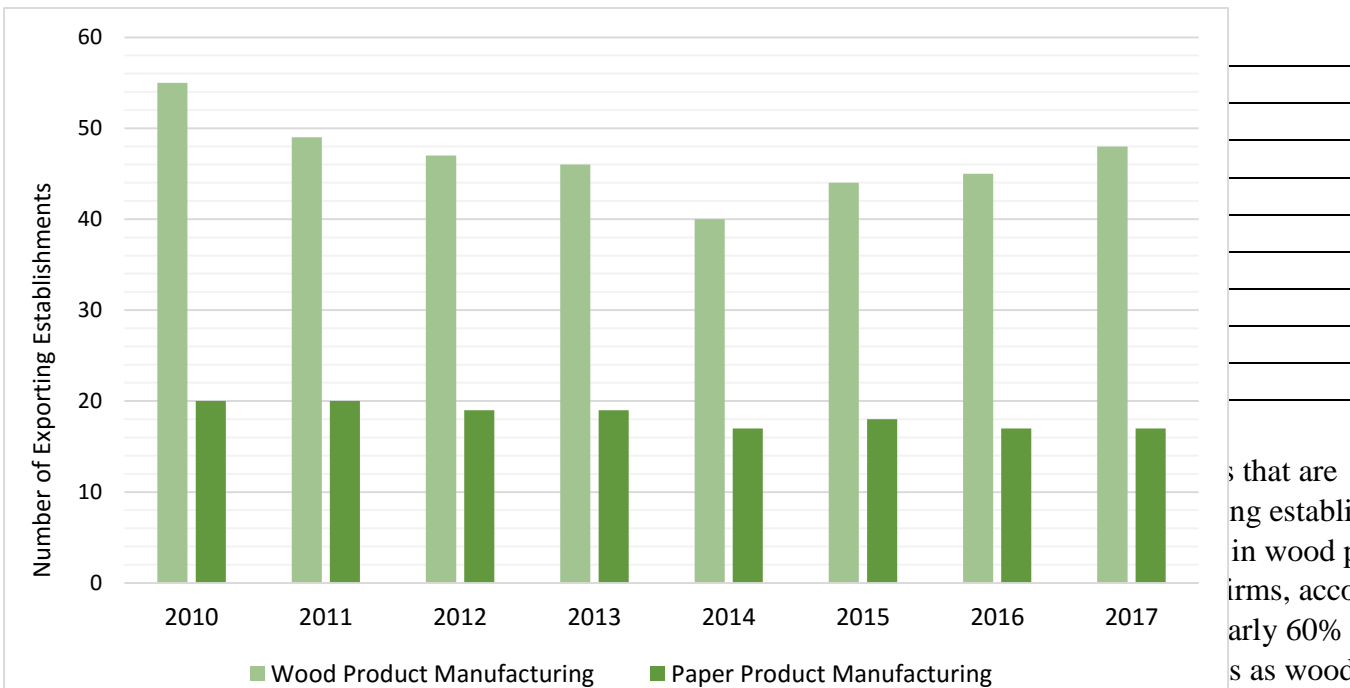
Data: Figure 4	Number of Jobs	Labour Productivity*
2000	5,005	\$ 18.40
2001	4,750	\$ 22.10
2002	5,250	\$ 22.70
2003	3,895	\$ 26.40
2004	3,495	\$ 35.00
2005	3,380	\$ 29.20
2006	3,000	\$ 29.20
2007	2,960	\$ 31.60
2008	2,610	\$ 38.70
2009	2,765	\$ 33.10
2010	3,030	\$ 35.30
2011	2,845	\$ 35.50
2012	2,390	\$ 43.00
2013	2,905	\$ 34.10
2014	2,870	\$ 40.30
2015	2,990	\$ 37.50
2016	2,885	\$ 44.70
2017	2,840	\$ 46.40

*Chained (2007) Dollars

Source: Statistics Canada (CANSIM 383-0033)

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 to the automation of the industry and the substitution of capital for labour, which requires fewer jobs for product output.

Figure 5: NB Exporting Establishments in Forestry Manufacturing



product manufacturing. The New Brunswick paper manufacturing sector is concentrated around large, s that are ng establishments in wood product firms, accounts for arly 60% of the s as wood large,

internationally competitive firms, including Irving Pulp and Paper Ltd., Irving Tissue Co Ltd., and Lake Utopia Paper.

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*