


2021 Economic State of British Columbia's Forest Sector

Ministry of Forests

Economics and Trade Branch

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Foreword

The *Economic State of the British Columbia Forest Sector* report is an annual review of the forest sector's role in the provincial economy in 2021. This report provides an overview of forest product markets, including softwood lumber, veneer, plywood, shake and shingle, logs, pulp, and paper in 2021 and in previous years. It examines and monitors the B.C.'s forest sector in terms of harvest level, gross domestic product (GDP), manufacturing sales, exports, employment, market supply and demand conditions, major destination markets, and key products. Because the forest sector is export-oriented, the report also includes an overview of the global forest commodity markets, exchange rates, foreign competition, and trade policies.

The report is an annual cumulation of other information products developed by the Economics and Trade Branch throughout the year. Numbers throughout the report may not add up to totals due to rounding. Some historical data is also subject to revision.

This report is available online at:

https://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/forest-industry-economics

Please note that any comments can be sent to the contact information on the website, by e-mail to ForestEconomics@gov.bc.ca or by mail to the following location:

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This report acknowledges that its development and writing was done with respect on the territorial lands of the lək̓ʷəŋən, Songhees and Esquimalt peoples whose historical relationships with the land continue to this day.

Contents

List of Figures

List of Tables

Overview

The forest sector in British Columbia (B.C.) is a vital industry that supports economic activity in all regions of the province. This sector is critical to regional economic development and provides significant economic benefits to British Columbians. The *Economic State of the British Columbia Forest Sector* report provides key information on the sector's contribution to the economy and market trends in 2021 and previous years.

In 2021, B.C.'s forest sector continued to play an important role in the provincial economy. The sector generated 55,715 jobs, $5.9 billion in GDP, and $1.9 billion in provincial government revenues. The sector also accounted for 33% of provincial manufacturing sales and 30% of B.C.'s total commodity export value.[1]

In 2021, market trends in B.C.'s forest sector were driven by various factors. Post-pandemic supply disruption, transportation challenges, fibre shortages, and major flooding limited supply of many forest products. Meanwhile, demand for these products surged because home construction and renovations increased across North America. The imbalance between supply and demand resulted in record-high prices for many forest products.

Timber Harvest

Timber harvest in B.C. totaled 52.7 million cubic metres in 2021. The Interior accounted for 73% of the harvest (38.4 million cubic metres), and the Coast for 27% (14.3 million cubic metres). The volume reported in this section includes all logs, special forest products, species, and grades billed on Crown, federal, and private lands. It excludes waste, rejects, and Christmas trees, and is based on the B.C. Harvest Billing System (HBS) data.

Figure 1: B.C. Harvest Volume, Coast and Interior

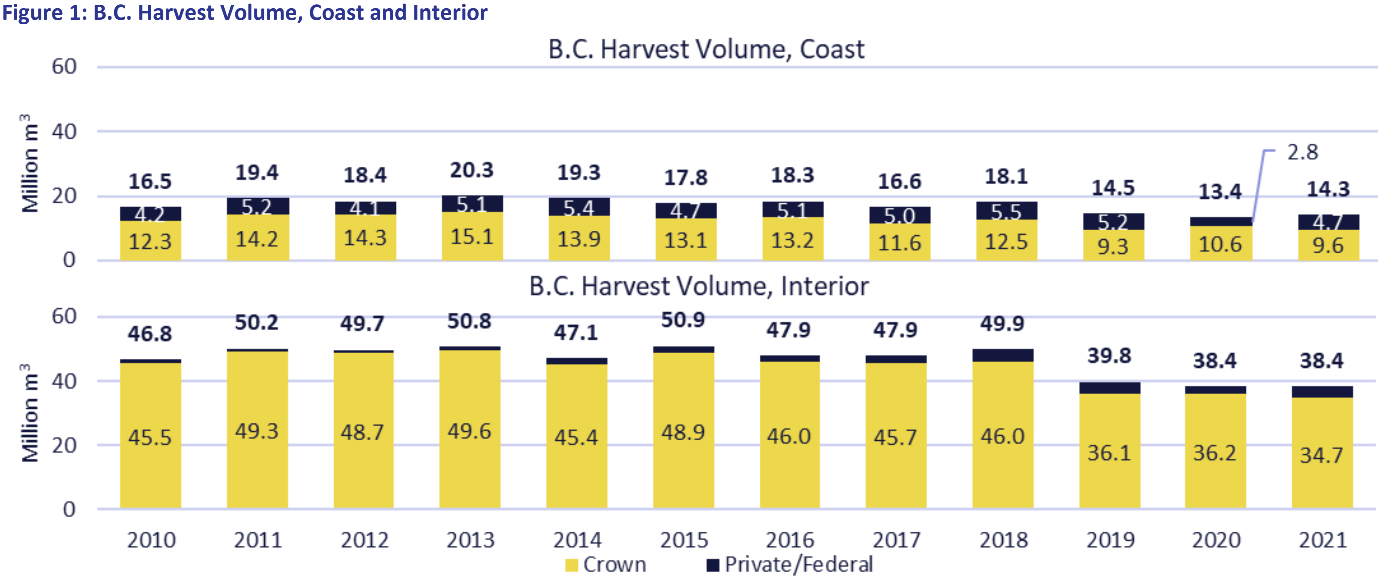
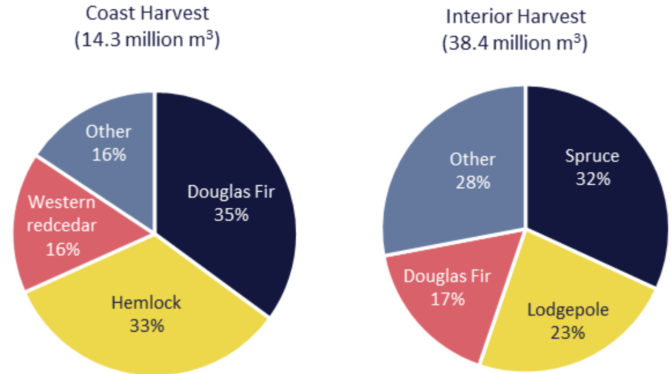


Table 1: B.C. Timber Harvest

million m^3	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Coast	16.5	19.4	18.4	20.3	19.3	17.8	18.3	16.6	18.1	14.5	13.4	14.3
Interior	46.8	50.2	49.7	50.8	47.1	50.8	47.9	47.9	49.9	39.8	38.4	38.4
Total	**63.3**	**69.6**	**68.1**	**71.1**	**66.4**	**68.6**	**66.3**	**64.5**	**68.0**	**54.3**	**51.7**	**52.7**

[1] Annual B.C. Exports by B.C. Stats and Statistics Canada

On the Coast, Douglas fir accounted for 35% of the log harvest, followed by hemlock (33%), and Western redcedar (16%). In the Interior, spruce and lodgepole pine together accounted for 55% of the log harvest.

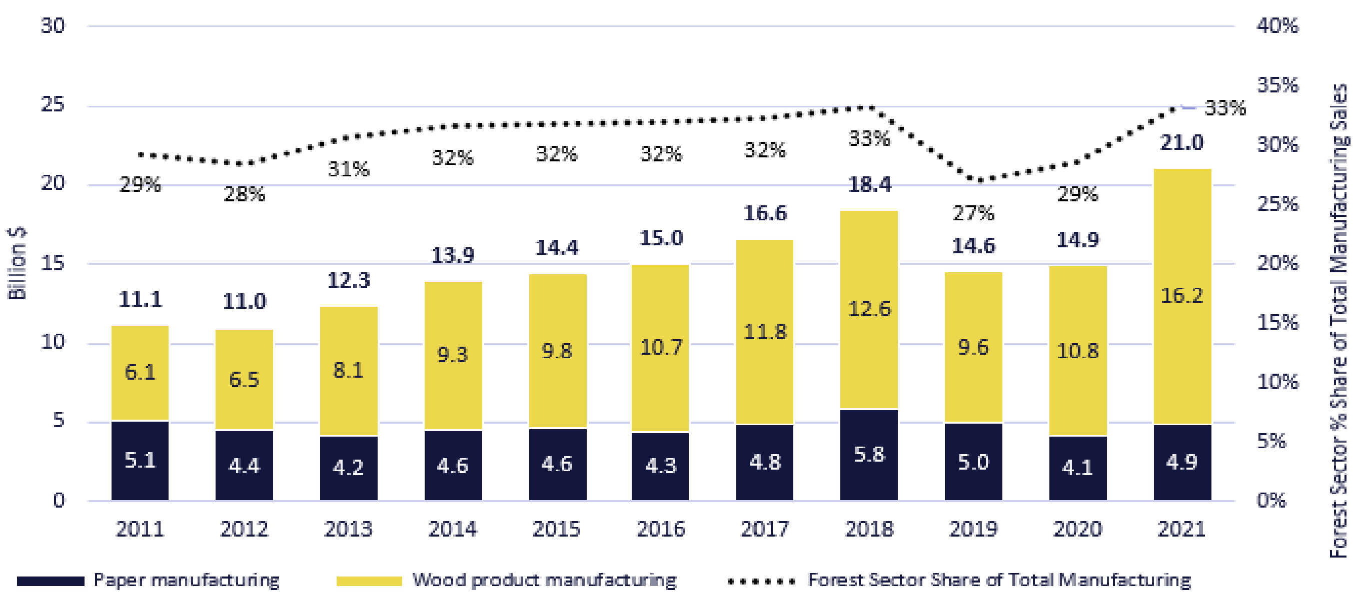


Forest Sector Manufacturing

Logs harvested in the province are manufactured to make various forest products and surplus logs are shipped to other jurisdictions. More details on the use of primary logs by various major timber processing facilities can be found in the Ministry's annual *Major Timber Processing Facilities Survey*.

Total B.C. forest sector manufacturing sales increased by 41%, from $14.9 billion in 2020 to $21 billion in 2021. Wood product manufacturing sales increased by 50%, from $10.8 billion in 2020 to $16.2 billion in 2021, driven by high prices for lumber and other wood products. Paper manufacturing increased by 18%, from $4.1 billion in 2020 to $4.9 billion in 2021.

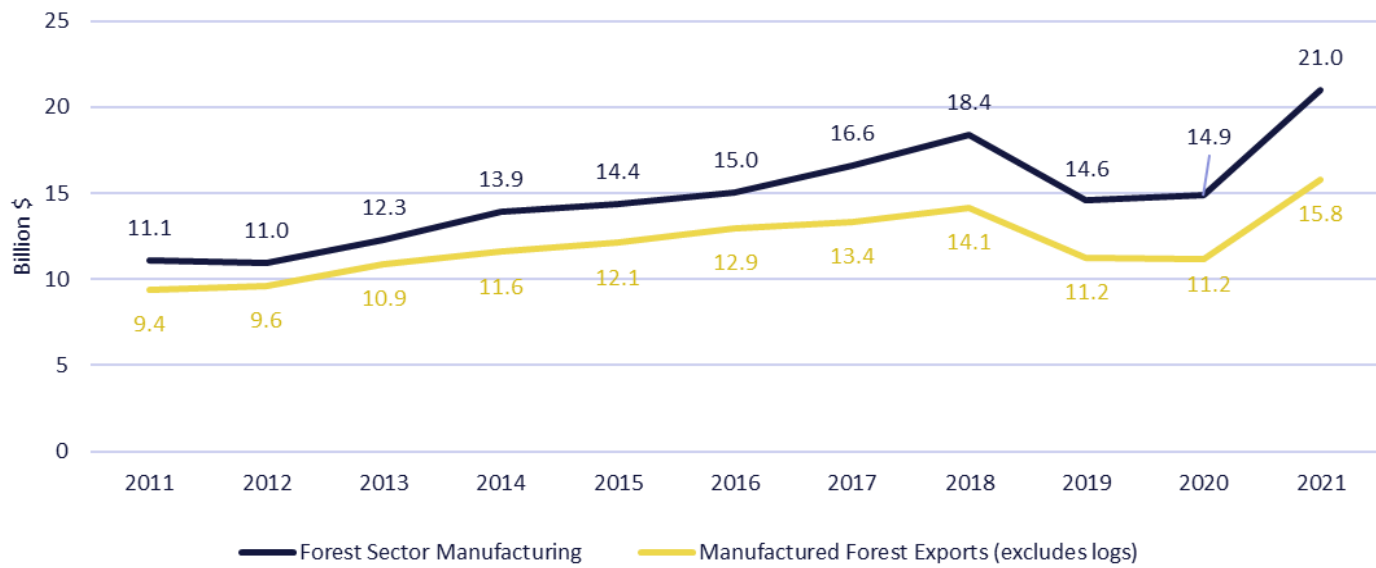
Figure 2: B.C. Forest Sector Manufacturing Sales



Source: Statistics Canada; Table 16-10-0048-01.

B.C.'s forest sector is export oriented, with most manufactured forest products being exported. In 2021, total exports of manufactured forest products were $15.8 billion, up 41% from 2020.

Figure 3: B.C. Manufactured Forest Product Sales and Forest Exports



Source: Statistics Canada; Table 16-10-0048-01, and B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Manufactured Wood Products

Total wood product manufacturing sales increased by 50%, from $10.8 billion in 2020 to $16.2 billion in 2021. This substantial growth was attributed to increased sales of sawmill products, veneer, plywood, and engineered wood products, as well as other wood products. Specifically, sawmill product sales[2] increased by 59%, from $5.9 billion in 2020 to $9.4 billion in 2021. Veneer, plywood, and engineered wood product sales increased by 69%, from $1.8 billion in 2020 to $3.1 billion in 2021. Other wood product sales[3] increased by 25%, from $2.1 billion in 2020 to $2.6 billion in 2021.

Of these total sales in 2021, sawmill product sales accounted for 58%, followed by veneer, plywood, and engineered wood product sales (19%), other wood products (16%), as well as shingle and shake and wood preservation (6%).

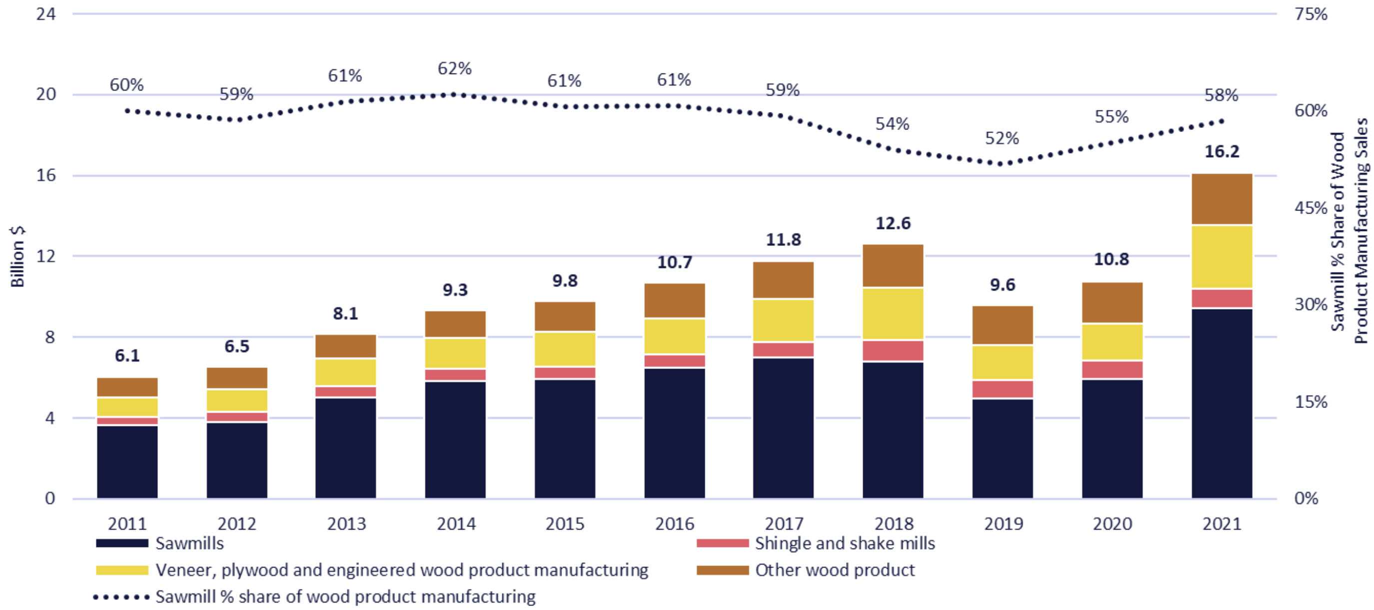
Table 2: B.C. Wood Product Manufacturing Sales

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sawmills (except shingle and shake mills)	3.6	3.8	5.0	5.8	5.9	6.5	7.0	6.8	5.0	5.9	9.4
Shingle and shake mills and wood preservation	0.4	0.5	0.6	0.6	0.6	0.7	0.8	1.0	0.9	0.9	1.0
Veneer, plywood & engineered wood product manufacturing	1.0	1.1	1.4	1.5	1.7	1.8	2.1	2.6	1.7	1.8	3.1
Other wood product manufacturing	1.0	1.1	1.2	1.4	1.5	1.8	1.9	2.2	2.0	2.1	2.6
Total	**6.1**	**6.5**	**8.1**	**9.3**	**9.8**	**10.7**	**11.8**	**12.6**	**9.6**	**10.8**	**16.2**

Source: Statistics Canada; Table 16-10-0048-01.

[2] Sawmill sales include chip and sawdust sales and exclude shingle and shake sales.
[3] Other wood products include millwork, container and pallet manufacturing and other activities. Other activities include products ranging from seats and bowls to tool handles and chopsticks.

Figure 4: B.C. Wood Product Manufacturing Sales

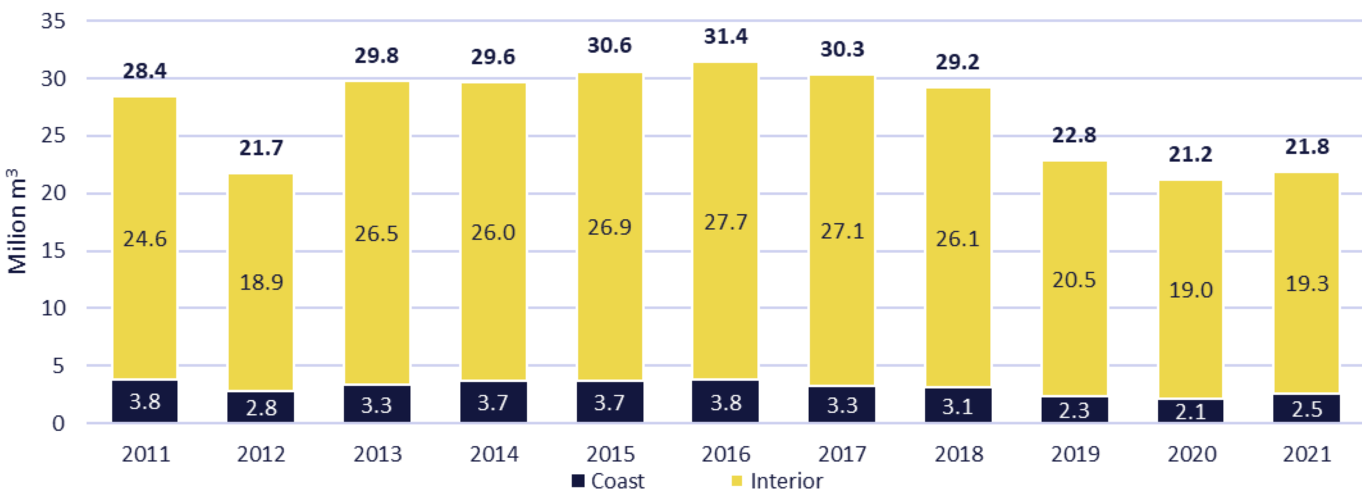


Source: Statistics Canada; Table 16-10-0048-01.

Softwood Lumber

Being the largest lumber producer in Canada, B.C. produced 21.8 million cubic metres of lumber in 2021, up 3% from 2020. Of this total, 88% of lumber production came from the Interior and 12% came from the Coast.[4] By species, 74% of softwood lumber production was spruce, pine, or fir (SPF), 14% was Douglas fir and Western larch, and 13% was hemlock, fir and Western redcedar, etc.

Figure 5: B.C. Softwood Lumber Production



Source: Statistics Canada; 2009-2013 from Table 16-10-0045-01 *and 2014 onwards from* Table 16-10-0017-01.

[4] Reported Interior volumes include production from Yukon, Northwest Territories & Nunavut, although the volume is negligible.

Non-Lumber Wood Products

Non-lumber industries include shake and shingle, wood preservation, veneer, plywood, engineered wood products, millwork, container and pallet manufacturing, and other activities.[5] A comparison of export and manufacturing sales suggests that most non-lumber goods are consumed domestically, while the majority (86% in 2021) of lumber is exported.

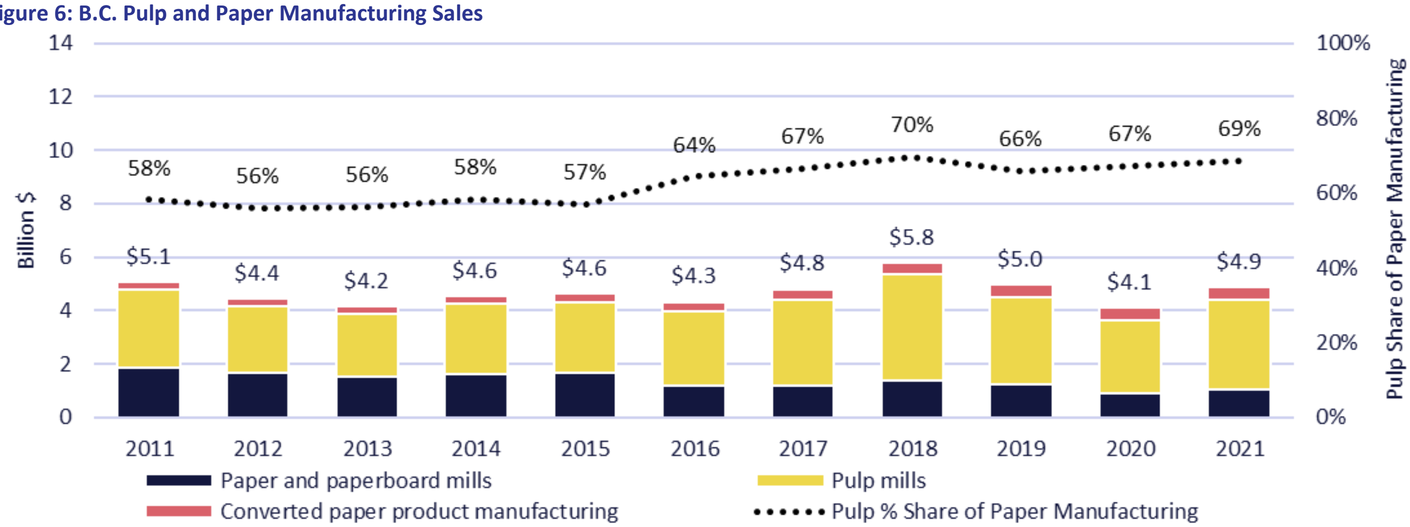
Among the various products, mass timber has begun to play an important role in recent years. Mass timber products are structural engineered wood products made from dimension lumber or wood fibre that is mechanically fastened or glued together in layers under high pressure. These products are considered comparable to steel and concrete in the construction of taller buildings. Examples of mass timber products[6] include Cross-Laminated Timber (CLT), Dowel-Laminated Timber (DLT), Glue-Laminated Timber (glulam), Nail-Laminated Timber (NLT), and Laminated Veneer Lumber (LVL).

B.C. is a leading Canadian province in the production of mass timber. As demand has grown, several companies in the province have invested in expanding their mass timber capacity. For instance, Structurlam, a B.C. glulam producer, built one of the first CLT plants in North America and has continued to add capacity over time. StructureCraft, a B.C. based company, is the first North American producer of DLT. Kalesnikoff, a specialty lumber producer in B.C. for over 80 years, has built a CLT/glulam plant at a capital cost of CA$35 million.

Pulp and Paper

Total pulp and paper manufacturing sales in B.C. in 2021 were $4.9 billion, of which pulp mills[7] accounted for 69% or $3.3 billion. Compared to 2020, total sales of pulp and paper products increased 18%, with pulp mills increasing 21%, paper and paperboard mills increasing 16%, and converted paper product manufacturing increasing 6%.

Figure 6: B.C. Pulp and Paper Manufacturing Sales



Source: Statistics Canada; [Table 16-10-0048-01](). *Converted paper includes products created from purchased paper and paperboard.*

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[5] Other activities include products ranging from seats and bowls to tool handles and chopsticks.
[6] Sources: Naturallywood website(https://www.naturallywood.com/resource/what-is-mass-timber/) and company websites
[7] Pulp mills are a subcategory of the paper manufacturing code in the North American Industry Classification System (NAICS).

Forest Sector Exports and Destination Markets

The B.C. forest sector is export oriented. In 2021, forest exports made up 30% of B.C.'s commodity export value. B.C. also accounted for 27% of the value of Canada's total forest product exports to the US, 70% of exports to China, and 83% of exports to Japan. With these three markets accounting for 89% of the total export value, B.C. exported forest products to an additional 108 countries.

Table 3: Forest Product Exports, by destination, from B.C. and Canada

Billion $	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
To US												
B.C.	4.13	3.8	4.3	5.0	5.5	6.1	7.1	6.9	6.7	5.4	6.5	10.0
Canada	18.02	17.3	17.1	19.4	21.7	24.0	25.9	26.1	27.0	24.4	26.5	36.6
B.C. % Share of Canada	*0.23*	*22%*	*25%*	*26%*	*26%*	*26%*	*28%*	*26%*	*25%*	*22%*	*24%*	*27%*
To China												
B.C.	2.20	3.3	3.1	3.7	3.8	3.7	3.4	3.9	4.1	3.4	2.8	3.1
Canada	3.09	4.2	4.2	4.7	4.8	5.0	4.9	5.5	6.1	5.2	4.2	4.3
B.C. % Share of Canada	*0.71*	*77%*	*74%*	*77%*	*78%*	*73%*	*70%*	*70%*	*68%*	*66%*	*67%*	*70%*
To Japan												
B.C.	1.14	1.2	1.1	1.3	1.3	1.2	1.2	1.3	1.5	1.2	0.8	1.5
Canada	1.38	1.4	1.3	1.6	1.5	1.4	1.4	1.5	1.8	1.4	1.1	1.8
B.C. % Share of Canada	*0.82*	*83%*	*84%*	*85%*	*84%*	*83%*	*85%*	*87%*	*82%*	*83%*	*78%*	*83%*

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Exports by Markets

In 2021, B.C. exported a total of $16.3 billion of forest products, up 42% from 2020. Market trends for major countries or regions include:

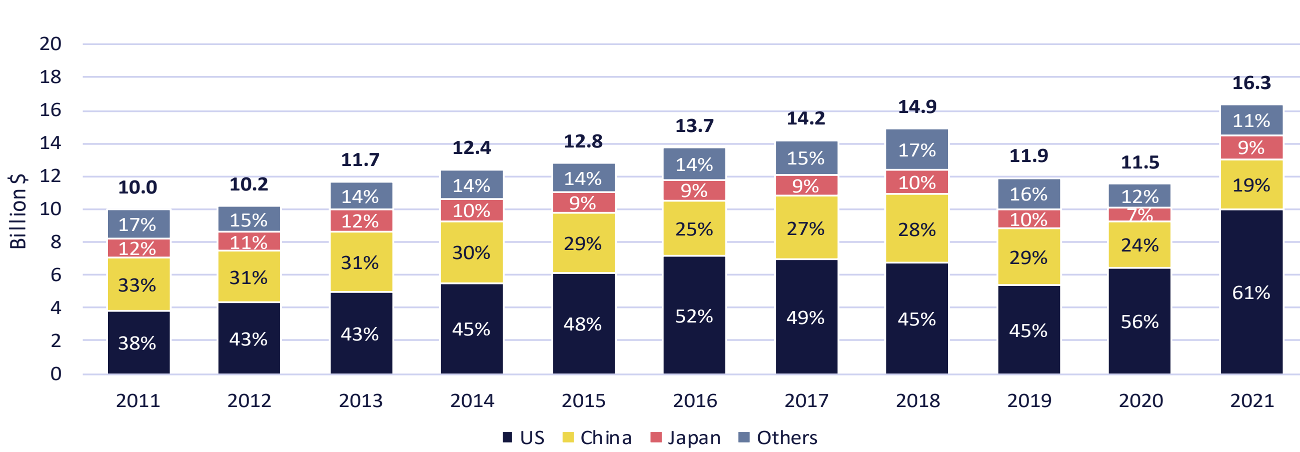
- The US was the largest market for B.C. forest product exports, accounting for 61% of the total forest product export value in 2021. The total export value to the US was $10 billion in 2021, an increase of 54% from 2020. This substantial growth in value was mainly driven by increases in softwood lumber exports (69% in value and 10% in volume).
- China was the second largest market, accounting for 19% of the total forest product export value in 2021. Total export value to China was $3.1 billion in 2021, an increase of 9% from 2020. This moderate increase in value was driven by improved pulp and paper sales.
- Japan was the third largest market, accounting for 9% of the total forest export value in 2021. The total export value to Japan was $1.5 billion in 2021, an increase of 80% from 2020. This significant increase in value is primarily due to rising demand and prices for forest products.
- Other export markets made up 11% of the total forest export value in 2021, with notable destinations being South Korea (1.9%), the United Kingdom (1.6%), and Indonesia (1.4%).

Table 4: B.C. Forest Product Export Value by Market

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
US	3.8	4.3	5.0	5.5	6.1	7.1	6.9	6.7	5.4	6.5	10.0
China	3.3	3.1	3.7	3.8	3.7	3.4	3.9	4.1	3.4	2.8	3.1
Japan	1.2	1.1	1.3	1.3	1.2	1.2	1.3	1.5	1.2	0.8	1.5
Others	1.7	1.6	1.7	1.8	1.8	1.9	2.1	2.5	1.9	1.4	1.8
Total	**10.0**	**10.2**	**11.7**	**12.4**	**12.8**	**13.7**	**14.2**	**14.9**	**11.9**	**11.5**	**16.3**

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Figure 7: B.C. Forest Product Export Value by Market

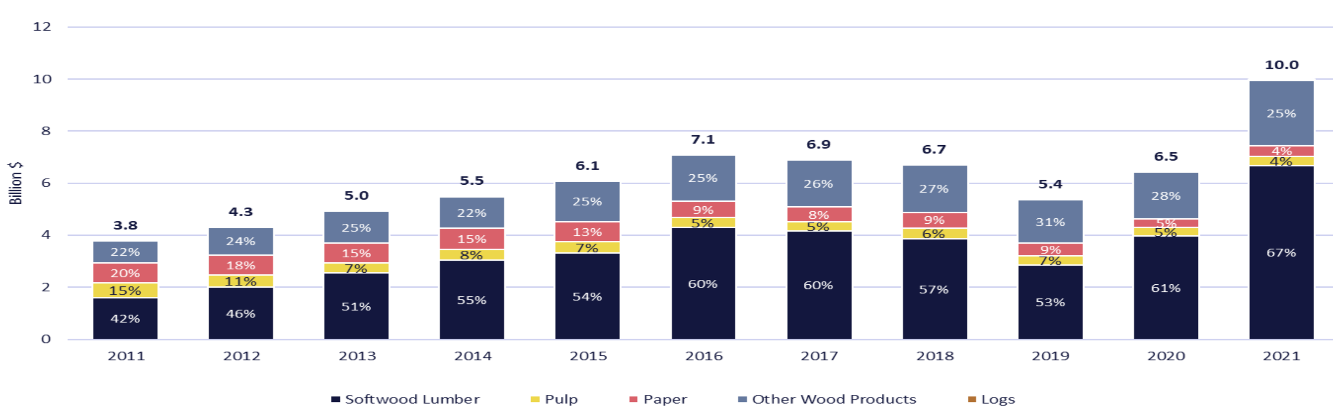


Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

United States

The US was B.C.'s largest market for forest products, with exports totaling $10 billion in 2021, an increase of 54% from 2020. The export value of softwood lumber (67% of forest product exports to the US) increased by 69%, from $4 billion in 2020 to $6.7 billion in 2021. The export value of other wood products[8] (25%) increased by 39% to $2.5 billion in 2021. The export value of pulp and paper (7%) increased by 33% to $0.8 billion in 2021. The export value of logs is minimal compared to other forest products.

Figure 8: B.C. Forest Product Exports to the US



Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

[8] Other wood products include OSB, veneer and plywood of Douglas fir, fabricated structural members, shakes, and shingles, etc.

Table 5: B.C. Forest Product Export Value to the US

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Softwood Lumber	1.6	2.0	2.6	3.0	3.3	4.3	4.2	3.9	2.9	4.0	6.7
Pulp	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4
Paper	0.8	0.8	0.8	0.8	0.8	0.6	0.6	0.6	0.5	0.3	0.4
Other Wood Products	0.9	1.0	1.2	1.2	1.6	1.8	1.8	1.8	1.7	1.8	2.5
Logs	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total	**3.8**	**4.3**	**5.0**	**5.5**	**6.1**	**7.1**	**6.9**	**6.7**	**5.4**	**6.5**	**10.0**
US % Share of B.C. Exports	*38%*	*43%*	*43%*	*45%*	*48%*	*52%*	*49%*	*45%*	*45%*	*56%*	*61%*

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

US housing starts increased to 1.6 million units in 2021, the highest level since 2007. The increase in US housing starts was driven by an interest in moving out of urban areas due to the pandemic and low mortgage rates. Single-family houses, which consume more softwood lumber than multi-family units, represented 70% of US housing starts.

Driven by a strong housing market, estimated US softwood lumber consumption peaked at 51.8 billion board feet in 2021. Canada accounted for nearly one-third of total consumption. B.C. alone contributed 12% of estimated US softwood lumber consumption.

Table 6: US Housing Starts, Single vs. Multi-Family Units

Thousands of units	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single	431	535	618	648	715	782	849	876	888	991	1127
Multi	178	245	307	355	397	392	354	374	402	389	474
Total	**609**	**781**	**925**	**1,003**	**1,112**	**1,174**	**1,203**	**1,250**	**1,290**	**1,380**	**1,601**
% Single-Family	*71%*	*69%*	*67%*	*65%*	*64%*	*67%*	*71%*	*70%*	*69%*	*72%*	*70%*

Source: US Census Bureau.

Table 7: Estimated US Softwood Lumber Consumption

Billion Bdft	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
US Lumber Consumption	34.2	36.5	39.5	42.0	44.4	47.4	47.4	48.3	48.4	51.1	51.8
Lumber Imports from B.C.	4.8	5.3	5.9	6.2	6.7	8.4	6.9	6.6	5.6	5.6	6.1

Source: Western Wood Products Association (WWPA)

Table 8: Supplier Share of Estimated US Softwood Lumber Consumption

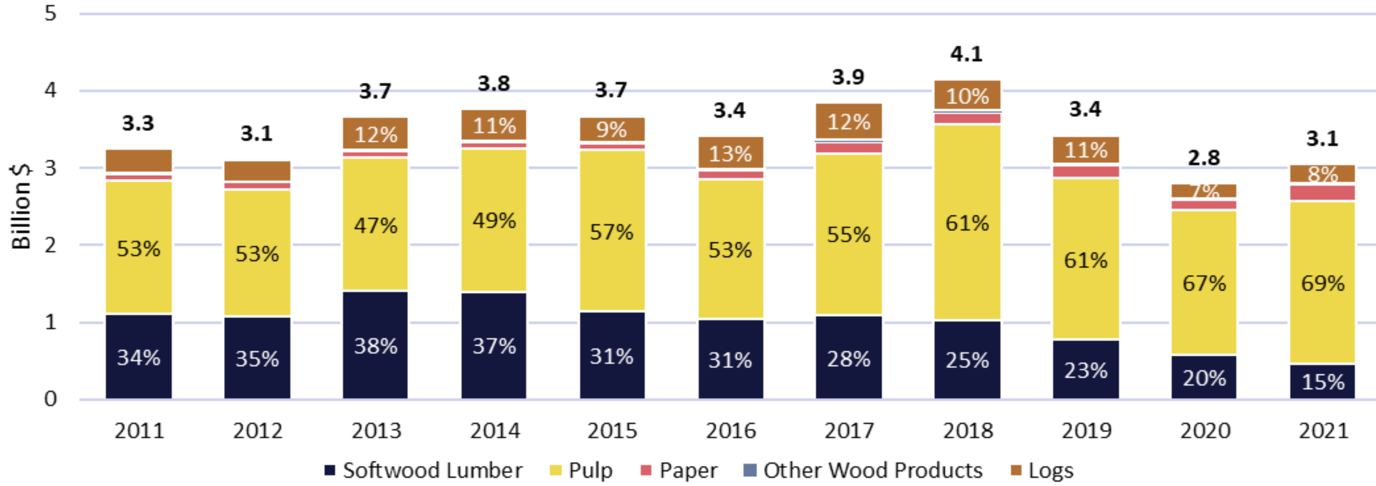
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
B.C.	14%	15%	15%	15%	15%	18%	15%	14%	12%	11%	12%
Rest of Canada	12%	12%	13%	14%	15%	14%	16%	15%	15%	15%	15%
Non-Canadian	1%	1%	1%	1%	2%	2%	2%	3%	3%	4%	4%
US	73%	73%	71%	70%	69%	66%	68%	69%	70%	70%	69%

Source: WWPA. The supply share from B.C. in 2016 was altered to match revised Statistics Canada data (may no longer match WWPA data).

China

China was B.C.'s second largest market for forest products. Total forest product exports were valued at $3.1 billion in 2021, an increase of 9% from 2020. Pulp and paper export value (76% of forest product exports to China) increased by 15% to $2.3 billion in 2021. Softwood lumber export value (15%) decreased by 18% to $0.47 billion in 2021. Log export value (8%) increased by 29% to $0.2 billion in 2021. Other wood products' export value (1%) decreased by 1% to $0.02 billion in 2021.

Figure 9: B.C. Forest Product Exports to China



Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Table 9: B.C. Forest Product Export Value to China

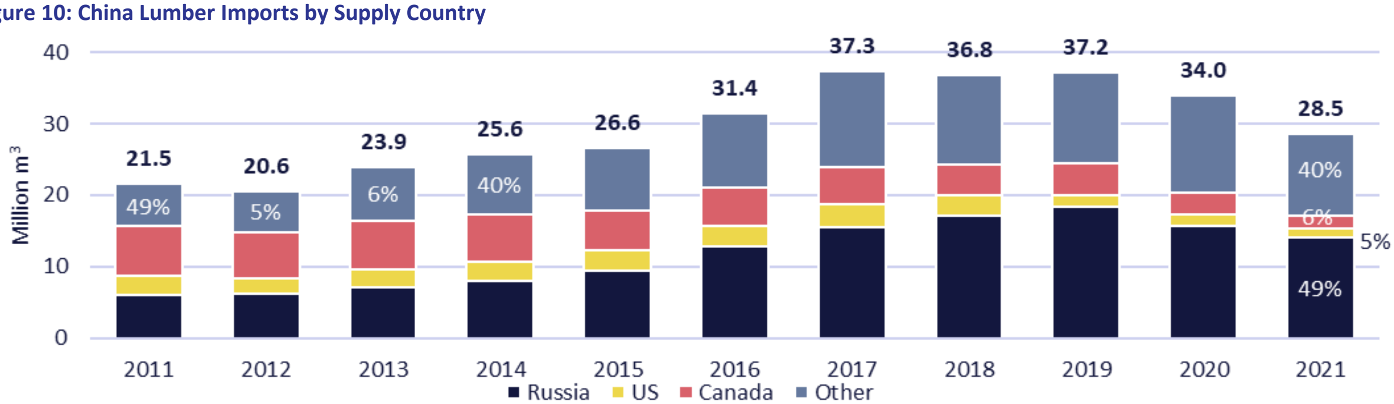
Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Softwood Lumber	1.1	1.1	1.4	1.4	1.1	1.0	1.1	1.0	0.8	0.6	0.5
Pulp	1.7	1.6	1.7	1.9	2.1	1.8	2.1	2.5	2.1	1.9	2.1
Paper	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.2
Other Wood Products	0.02	0.01	0.02	0.02	0.02	0.02	0.03	0.03	0.02	0.02	0.02
Logs	0.3	0.3	0.4	0.4	0.3	0.4	0.5	0.4	0.4	0.2	0.2
Total	**3.3**	**3.1**	**3.7**	**3.8**	**3.7**	**3.4**	**3.9**	**4.1**	**3.4**	**2.8**	**3.0**
China % Share of B.C. Exports	*33%*	*31%*	*31%*	*30%*	*29%*	*25%*	*27%*	*28%*	*29%*	*24%*	*19%*

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

China's lumber import volume decreased by 16%, from 34 million cubic metres in 2020 to 28.5 million cubic metres in 2021. This rapid decline was driven by weaker demand from both the construction and the wood processing sectors. Chinese companies also turned to alternative construction materials as the price of imported lumber rose sharply.

The top three suppliers of lumber to China in 2021 were Russia (49%), Canada (6%), and the US (5%). The market share of Russian lumber increased by 3% in 2021 compared to 2020, while Canada's share decreased by 3%. The market share of US lumber remained unchanged at 5% between 2020 and 2021.

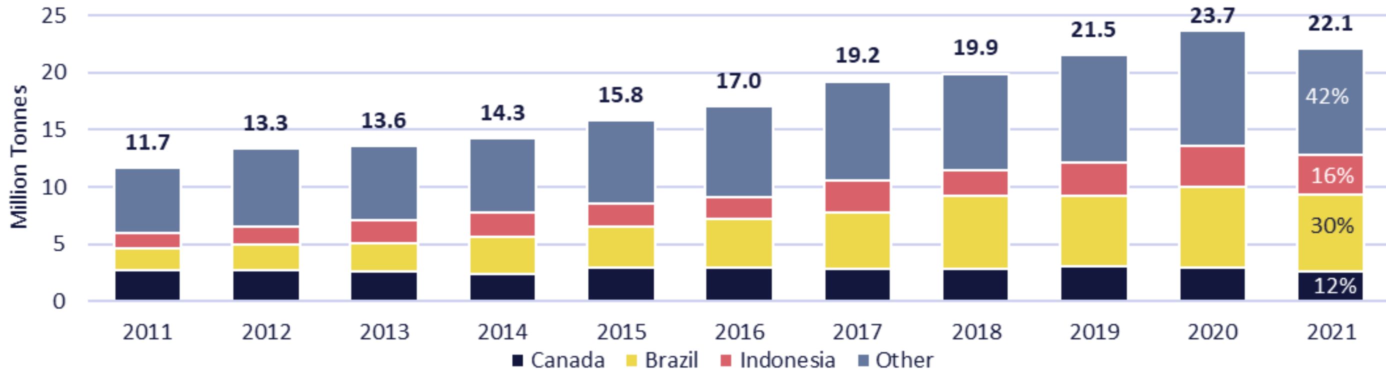
Figure 10: China Lumber Imports by Supply Country



Source: FEA China Bulletin. All species, including hardwoods.

China's Kraft pulp import volume decreased by 7%, from 23.7 million tonnes in 2020 to 22.1 million tonnes in 2021. This decline was driven by weaker paper demand in the country. The top three suppliers in 2021 were Brazil (30%), Indonesia (16%), and Canada (12%).

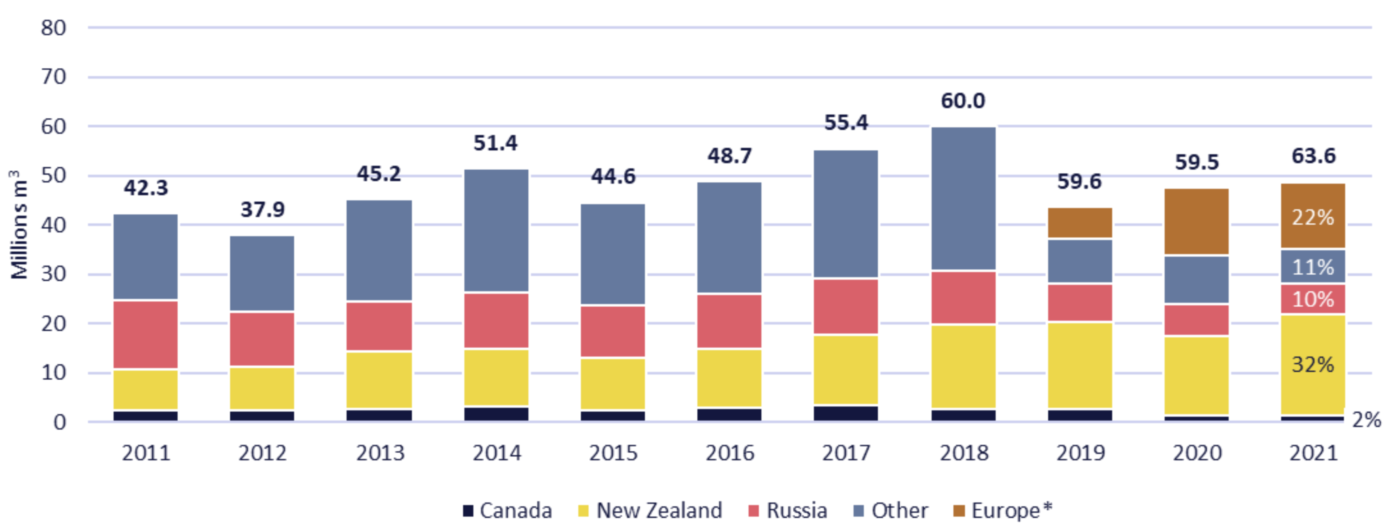
Figure 11: China Sulfate (Kraft) Wood Pulp Imports by Supply Country



Source: FEA China Bulletin. All species, including hardwoods.

China's log imports increased 7%, from 59.5 million cubic metres in 2020 to 63.6 million cubic metres in 2021. The top three suppliers were New Zealand (32%), Europe (22%), and Russia (10%). The market share of New Zealand logs increased by 5% in 2021 compared to 2020, benefiting from China's suspension of Australian log imports since October 2020. The market share of European logs has increased in recent years due to increased log supply from the spruce beetle outbreak. The market share of Russian logs decreased by 1% in 2021 compared to 2020 due to logistical challenges and Russia's log export ban in 2022. Canada's share was unchanged at 2% between 2020 and 2021.

Figure 12: China Log Imports by Supply Country

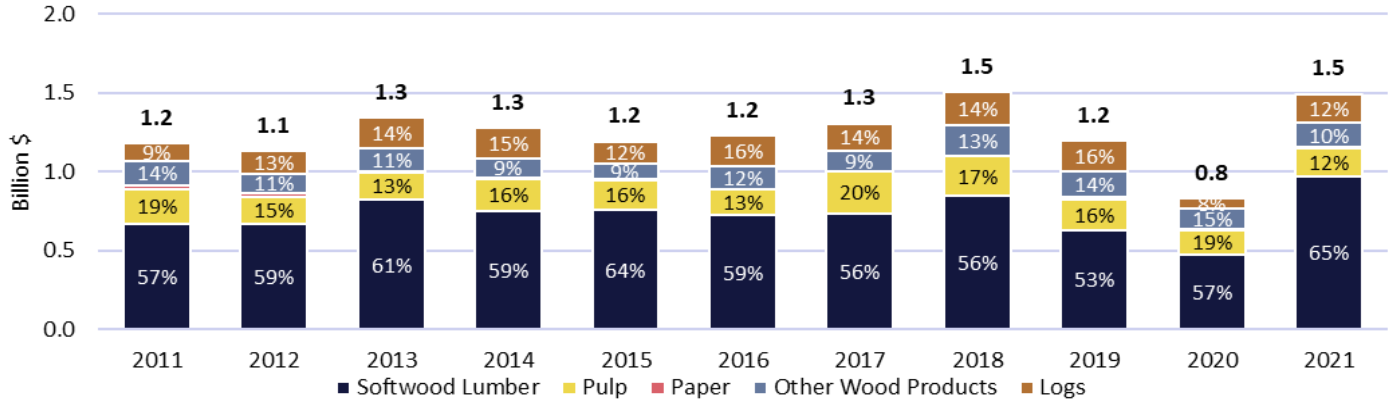


*Source: FEA China Bulletin. All species, including hardwoods. *Europe includes Germany and Czech Republic only.*

Japan

Japan was B.C.'s third largest market. In 2021, the total export value was $1.5 billion, an 80% increase from 2020. This significant increase was driven by strong domestic demand and rising forest product prices. The export value of softwood lumber (65% of forest product exports to Japan) more than doubled from $0.48 billion in 2020 to $0.98 billion in 2021. The export value of logs and other wood products (22%) increased by 75%, from $0.19 billion in 2020 to $0.34 billion in 2021.

Figure 13: B.C. Forest Product Exports to Japan



Source: [B.C. Stats](#) *extract from Statistics Canada data. Also available from Statistics Canada* [CIMTD](#)*. Historic data is subject to revision.*

Table 10: B.C. Forest Product Export Value to Japan

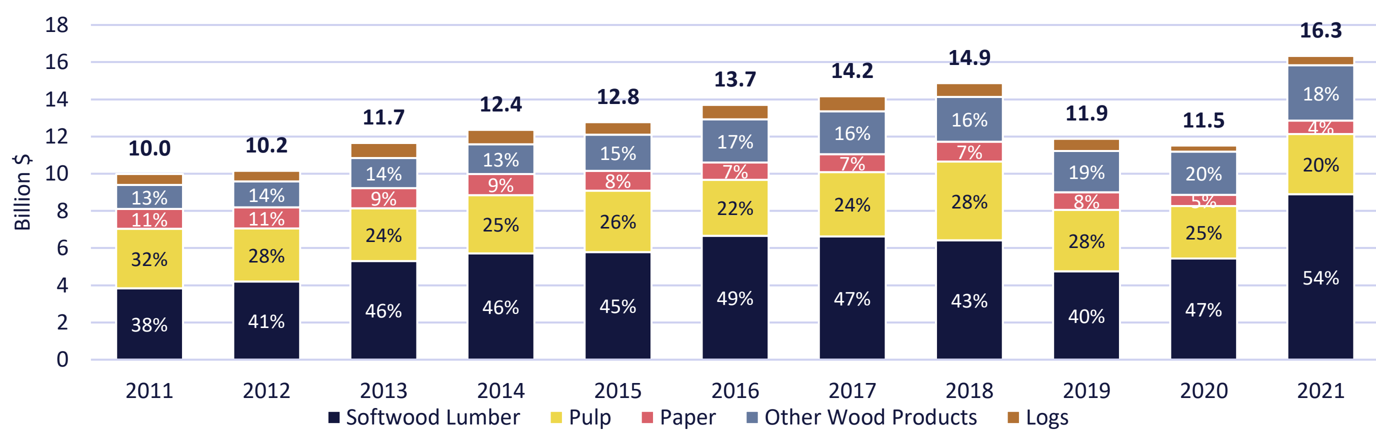
Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Softwood Lumber	0.67	0.67	0.83	0.75	0.76	0.73	0.74	0.84	0.63	0.48	0.98
Pulp	0.22	0.17	0.17	0.20	0.19	0.16	0.27	0.25	0.19	0.16	0.17
Paper	0.02	0.02	0.01	0.01	0.00	0.00	0.00	0.00	0.02	0.01	0.01
Other Wood Products	0.16	0.12	0.14	0.12	0.10	0.15	0.12	0.20	0.16	0.13	0.15
Logs	0.11	0.15	0.19	0.19	0.14	0.19	0.18	0.21	0.19	0.06	0.18
Total	**1.18**	**1.13**	**1.34**	**1.28**	**1.19**	**1.23**	**1.31**	**1.51**	**1.19**	**0.83**	**1.50**
Japan % Share of B.C. Exports	*12%*	*12%*	*11%*	*12%*	*10%*	*9%*	*9%*	*9%*	*10%*	*10%*	*7%*

Source: [B.C. Stats](#) *extract from Statistics Canada data. Also available from Statistics Canada* [CIMTD](#)*. Historic data is subject to revision.*

Export by Product Type

In 2021, B.C.'s forest product exports were valued at $16.3 billion, a 42% increase from 2020. Of this total, softwood lumber export value (54% of B.C. forest product export value) increased 64% to $8.9 billion, driven by high lumber prices. B.C. pulp and paper export value (24%) increased by 15%, from $3.4 billion in 2020 to about $4 billion in 2021. The export value of other wood products (18%) increased by 28%, from $2.3 billion in 2020 to $3 billion in 2021. Log export value (3%) increased by 58%, from $0.32 billion in 2020 to $0.5 billion in 2021.

Figure 14: B.C. Forest Product Export Value by Product Type



Source: [B.C. Stats](#) *extract from Statistics Canada data. Also available from Statistics Canada* [CIMTD](#)*. Historic data is subject to revision.*

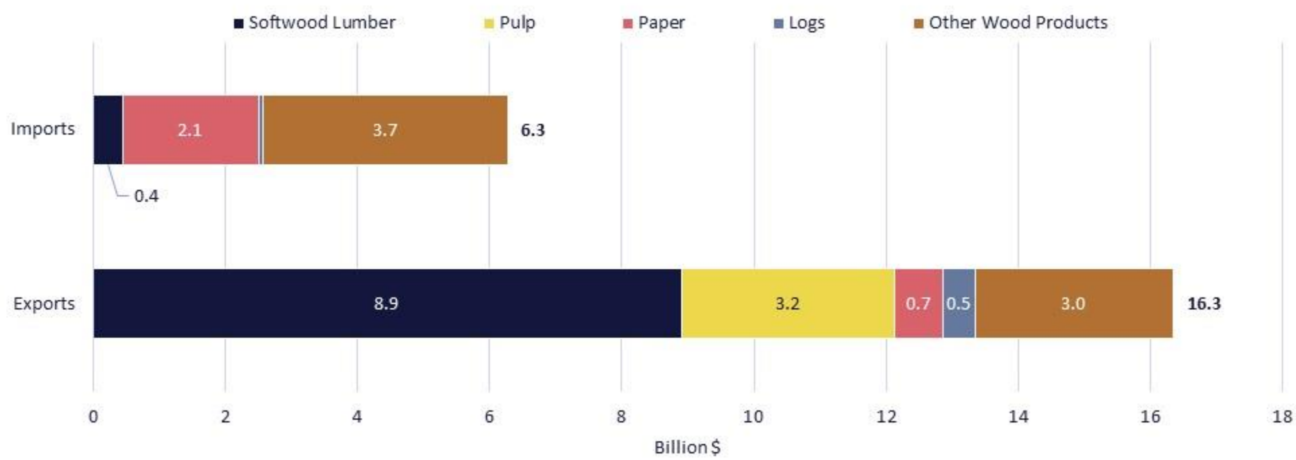
Table 11: B.C. Forest Product Export Value by Product Type

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Softwood Lumber	3.8	4.2	5.3	5.7	5.8	6.7	6.6	6.4	4.8	5.4	8.9
Pulp	3.2	2.9	2.8	3.1	3.3	3.0	3.5	4.2	3.3	2.8	3.2
Paper	1.1	1.1	1.1	1.1	1.1	0.9	1.0	1.1	0.9	0.6	0.7
Other Wood Products	1.3	1.4	1.6	1.6	1.9	2.3	2.3	2.4	2.2	2.3	3.0
Logs	0.6	0.6	0.8	0.8	0.7	0.8	0.8	0.7	0.7	0.3	0.5
Total	**10.0**	**10.2**	**11.7**	**12.4**	**12.8**	**13.7**	**14.2**	**14.9**	**11.9**	**11.5**	**16.3**

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

B.C. forest product imports were valued at $6.3 billion in 2021, an increase of 21% from 2020. This increase was driven by high freight rates and forest product prices. It is important to note that the final destinations of these imports may have been other provinces. Pulp and log imports are included in the total, but not given their own number label due to their low overall value.

Figure 15: Comparison of B.C. Forest Product Exports and Imports Values



Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Softwood Lumber

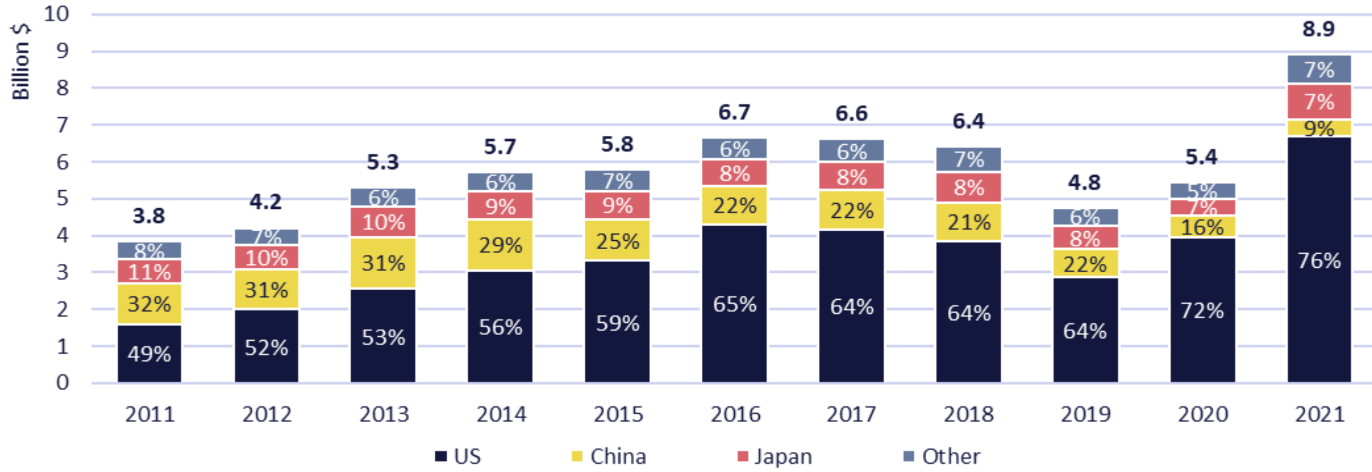
B.C. is the largest supplier of Canadian softwood lumber exports. In 2021, B.C. accounted for 66% of Canada's total softwood lumber export value, and 45% of Canada's softwood lumber export volume to the US.

Table 12: Softwood Lumber Exports: B.C. and Canada

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
B.C.	3.8	4.2	5.3	5.7	5.8	6.7	6.6	6.4	4.8	5.4	8.9
Rest of Canada	1.3	1.3	1.5	2.1	2.6	2.7	3.3	3.8	3.8	3.2	4.6
B.C. % Share of Canada	*75%*	*76%*	*78%*	*73%*	*69%*	*71%*	*67%*	*63%*	*56%*	*63%*	*66%*

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Figure 16: B.C. Softwood Lumber Export Value by Market



Source: B.C. Stats *extract from Statistics Canada data. Also available from Statistics Canada* CIMTD*. Historic data is subject to revision.*

While B.C. is diversifying its global markets, the US remains B.C.'s largest softwood lumber export market. B.C.'s softwood lumber exports to Japan reached one billion in 2021, surpassing China as the second largest export market for the first time since 2011. B.C.'s softwood lumber exports to China fell to their lowest level ($0.5 billion in 2021) since 2010, due to weak demand and high product prices.

Table 13: B.C. Softwood Lumber Export Value and Volume by Market

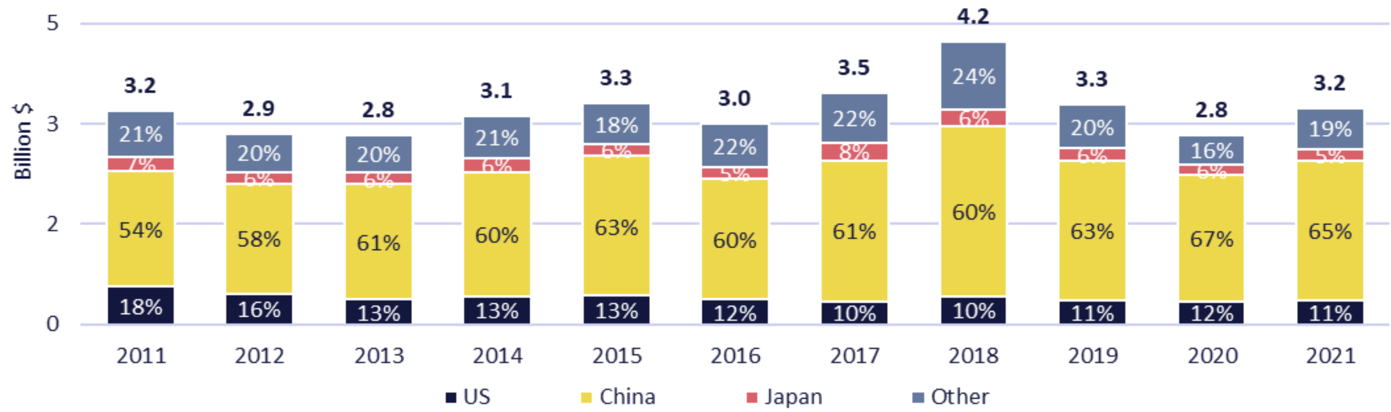
Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Value (billion $CA)	**$3.8**	**$4.2**	**$5.3**	**$5.7**	**$5.8**	**$6.7**	**$6.6**	**$6.4**	**$4.8**	**$5.4**	**$8.9**
US	$1.6	$2.0	$2.6	$3.0	$3.3	$4.3	$4.2	$3.9	$2.9	$4.0	$6.7
China	$1.1	$1.1	$1.4	$1.4	$1.1	$1.0	$1.1	$1.0	$0.8	$0.6	$0.5
Japan	$0.7	$0.7	$0.8	$0.8	$0.8	$0.7	$0.7	$0.8	$0.6	$0.5	$1.0
Others	$0.5	$0.4	$0.5	$0.5	$0.6	$0.6	$0.6	$0.7	$0.5	$0.4	$0.8
Volume (million m^3)	**22.8**	**24.2**	**25.9**	**25.8**	**26.2**	**27.7**	**25.3**	**23.9**	**20.1**	**18.3**	**18.8**
US	11.2	12.5	13.6	14.5	15.5	17.9	16.1	15.4	13.0	13.1	14.4
China	7.3	7.5	8.0	7.6	6.7	6.0	5.5	5.0	4.4	2.9	1.8
Japan	2.5	2.4	2.6	2.2	2.3	2.2	2.1	2.0	1.7	1.3	1.4
Others	1.8	1.8	1.7	1.6	1.7	1.6	1.6	1.6	1.2	1.0	1.3

Source: B.C. Stats *extract from Statistics Canada data. Also available from Statistics Canada* CIMTD*. Historic data is subject to revision.*

Pulp and Paper

B.C. was Canada's largest supplier of pulp exports with a total value of $3.2 billion, or 43% of Canada's total pulp export value. Of this total, China had a dominant share (65%) of B.C. pulp export value, followed by the US (11%) and Japan (5%). B.C. also exported $0.7 billion in paper products, for a total of $4.0 billion in pulp and paper products. By product type, $2.5 billion (or 63%) was attributed to the export of northern bleached softwood kraft (NBSK); $0.7 billion (or 18%) was paper exports; $0.4 billion (or 10%) was other pulp exports; and $0.3 billion (or 8%) was bleached chemical thermo-mechanical pulp (BCTMP) exports. Pulp export volume decreased by 8%, from 3.8 million tonnes in 2020 to 3.5 million tonnes in 2021, reflecting lower demand in China and other countries.

Figure 17: B.C. Pulp Export Value by Market



Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Table 14: B.C. Pulp and Paper Export Value by Product Type

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NBSK	2.5	2.1	2.1	2.4	2.6	2.4	2.8	3.5	2.6	2.2	2.5
BCTMP	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.4	0.3
Other Pulp	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4
Paper	1.1	1.1	1.1	1.1	1.1	0.9	1.0	1.1	0.9	0.6	0.7
Total	**4.3**	**4.0**	**3.9**	**4.3**	**4.4**	**3.9**	**4.4**	**5.3**	**4.2**	**3.4**	**4.0**

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Table 15: Canada Pulp Export Value – B.C. vs. Canada

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
B.C.	3.3	2.9	2.9	3.2	3.4	3.1	3.6	4.3	3.3	2.9	3.3
Rest of Canada	4.3	3.8	4.1	4.3	4.7	4.5	4.7	5.4	4.6	3.8	4.3
B.C. % Share of Canada	*43%*	*43%*	*41%*	*42%*	*42%*	*41%*	*43%*	*44%*	*42%*	*43%*	*43%*

Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Table 16: B.C. Pulp Export Value and Volume by Market

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Value (billion $CA)	**$3.2**	**$2.9**	**$2.8**	**$3.1**	**$3.3**	**$3.0**	**$3.5**	**$4.2**	**$3.3**	**$2.8**	**$3.2**
US	$0.6	$0.5	$0.4	$0.4	$0.4	$0.4	$0.3	$0.4	$0.4	$0.3	$0.4
China	$1.7	$1.6	$1.7	$1.9	$2.1	$1.8	$2.1	$2.5	$2.1	$1.9	$2.1
Japan	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2	$0.3	$0.3	$0.2	$0.2	$0.2
Others	$0.7	$0.6	$0.6	$0.6	$0.6	$0.7	$0.7	$1.0	$0.7	$0.4	$0.6
Volume (million tonnes)	**4.1**	**4.4**	**4.2**	**4.1**	**4.3**	**4.1**	**4.3**	**4.1**	**4.1**	**3.8**	**3.5**
US	0.7	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
China	2.2	2.7	2.7	2.6	2.8	2.6	2.7	2.4	2.7	2.6	2.3
Japan	0.3	0.2	0.2	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2
Others	0.9	0.9	0.8	0.8	0.8	0.9	0.9	1.0	0.8	0.6	0.6

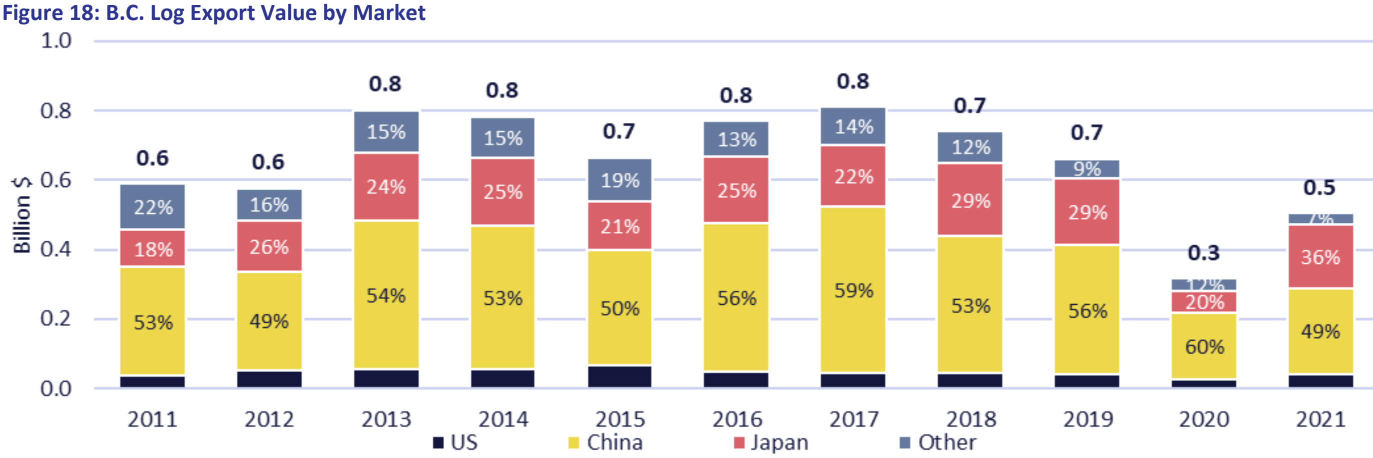
Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Logs

The value of log exports increased by 58%, from $0.32 billion in 2020 to $0.5 billion in 2021. In 2021, China was the largest destination, with a value of $0.25 billion (or 49% of the total value), up 32% from 2020. Japan was the second largest market with its value of $0.18 billion (or 36% of the total value), triple the value of the previous year. The US was the third largest market with its value of $0.04 billion (or 8% of the total value), up 33% from 2020.

In terms of volume, B.C.'s total log exports increased by 20%, to 3.3 million cubic metres in 2021. Of this total, China accounted for 51% of the volume in 2021, followed by Japan (31%), the US (12%), and other countries (6%). B.C.'s log export volume to China remained stable at 1.7 million cubic metres between 2020 and 2021. B.C.'s log export volume to Japan was one million cubic metres in 2021, doubling from 2020. B.C.'s log export volume to the US doubled from 0.2 million cubic metres in 2020 to 0.4 million cubic metres in 2021.

Figure 18: B.C. Log Export Value by Market



Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Table 17: B.C. Log Export Value and Volume by Market

Billion $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Value (billion $CA)	**0.59**	**0.58**	**0.80**	**0.78**	**0.67**	**0.77**	**0.81**	**0.74**	**0.66**	**0.32**	**0.50**
US	0.04	0.05	0.05	0.06	0.06	0.05	0.04	0.04	0.04	0.03	0.04
China	0.31	0.28	0.43	0.41	0.33	0.43	0.48	0.39	0.37	0.19	0.25
Japan	0.11	0.15	0.19	0.19	0.14	0.19	0.18	0.21	0.19	0.06	0.18
Others	0.13	0.09	0.12	0.12	0.13	0.10	0.11	0.09	0.06	0.04	0.03
Volume (million m^3)	**5.4**	**5.7**	**6.7**	**6.3**	**5.6**	**6.3**	**6.0**	**5.1**	**4.8**	**2.7**	**3.3**
US	0.4	0.7	0.6	0.5	0.6	0.4	0.4	0.3	0.4	0.2	0.4
China	2.9	2.9	3.6	3.4	2.9	3.7	3.7	3.0	3.0	1.7	1.7
Japan	1.0	1.3	1.6	1.5	1.1	1.4	1.3	1.3	1.1	0.5	1.0
Others	1.1	0.9	0.9	0.9	1.0	0.7	0.7	0.5	0.4	0.3	0.2

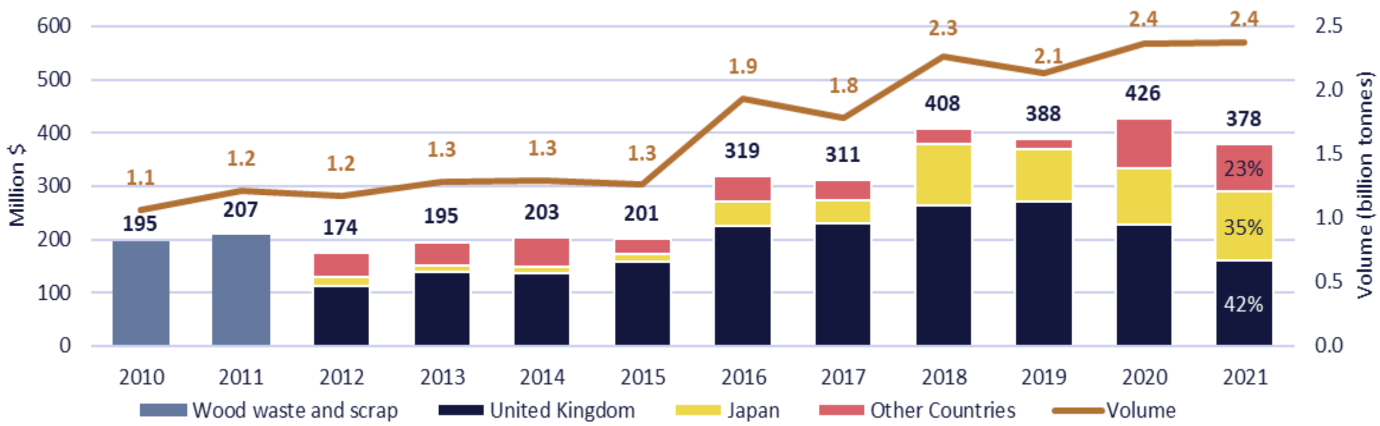
Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision.

Pellets, Wood Waste, and Scrap

B.C. is one of the world's leading suppliers of wood pellets in the world. Demand for pellets has been driven primarily by European demand for renewable fuels to replace fossil fuels in power boilers and space heating, and Japan has also become an important market. Feedstock for B.C. pellet mills comes from milling residuals[9], harvest residuals[10], and logs that were damaged by insects or disease, cracked, twisted or otherwise unsuitable for lumber production.

The export volume of pellets (and wood waste and scrap) doubled from 1.2 million tonnes (valued at $174 million) in 2012, to 2.4 million tonnes (valued at $378 million) in 2021. In 2021, the United Kingdom (42%) was the top destination by weight, followed by Japan (35%) and other countries (23%). Pellet export volume was stable at 2.4 million tonnes between 2020 and 2021, while the total export value decreased by 11% to $378 million in 2021 due to lower pellet prices.

Figure 19: B.C. Export Value of Pellets (and Wood Waste and Scrap before 2012) [11]



Source: B.C. Stats extract from Statistics Canada data. Also available from Statistics Canada CIMTD. Historic data is subject to revision. Pellets were included in "wood waste and scrap" prior to 2012.

Sector Indicators

There are several indicators that can be used to measure the economic state of the B.C. forest sector. This section examines several factors that influence and measure the performance of the B.C. forest sector.

Prices and Costs

The price of lumber increased sharply from an annual average of US $555 per thousand board feet in 2020 to an annual average of US $868 per thousand board feet in 2021. Average lumber prices increased in 2021 compared to 2020, but lumber prices fluctuated from month to month within the year. The price of SPF 2x4 lumber increased significantly from US$940 per thousand board feet in January to US$1,618 per thousand board feet in May. After this sharp increase, the price dropped dramatically to US$447 per thousand board feet in August and then rose again to US $803 per thousand board feet in December.

Meanwhile, prices for other wood products also increased dramatically in 2021. The price of oriented strand board (OSB) nearly doubled from an annual average of $563 per thousand square feet in 2020 to an annual average of $1,083 per thousand square feet in 2021. Plywood prices increased sharply from an annual average of $545 per thousand square feet in 2020 to $956 per thousand square feet in 2021.

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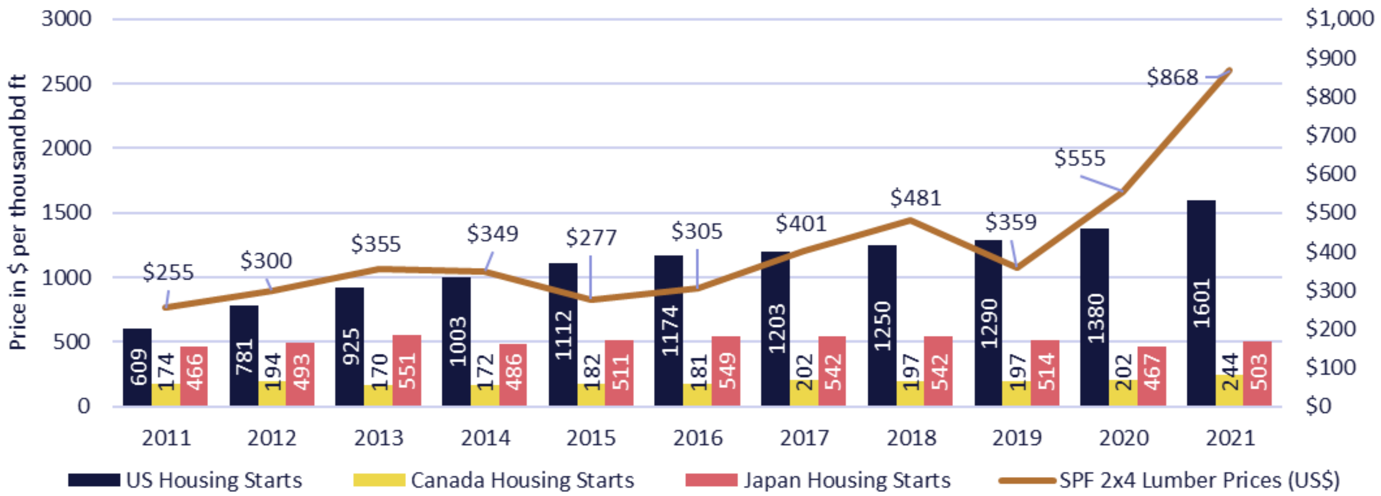
[9] Milling residuals include sawdust and shavings, residual chips and other fires such as mill yard waste.

[10] Harvest residuals include non-sawlog fibre removed from cut blocks following harvesting activities and transported directly to mills to make wood products.

[11] Prior to 2012, pellets were reported in the same category as wood waste and scrap in the export data.

Significant price increases for lumber and other wood products were driven by the supply-demand imbalance in North America. In 2021, the supply across North America was constrained in many ways by the pandemic, and in November there were floods in B.C. with widespread destruction of infrastructure. Meanwhile, increased new residential construction and repair and renovation activities in major markets boosted demand for lumber and other wood products. As shown in Figure 20, US housing starts increased to 1.6 million units in 2021, the highest level since 2007. Housing starts in Canada and Japan increased by 21% and 8%, respectively, over the same period, indicating a strong demand for lumber and other wood products in both countries.

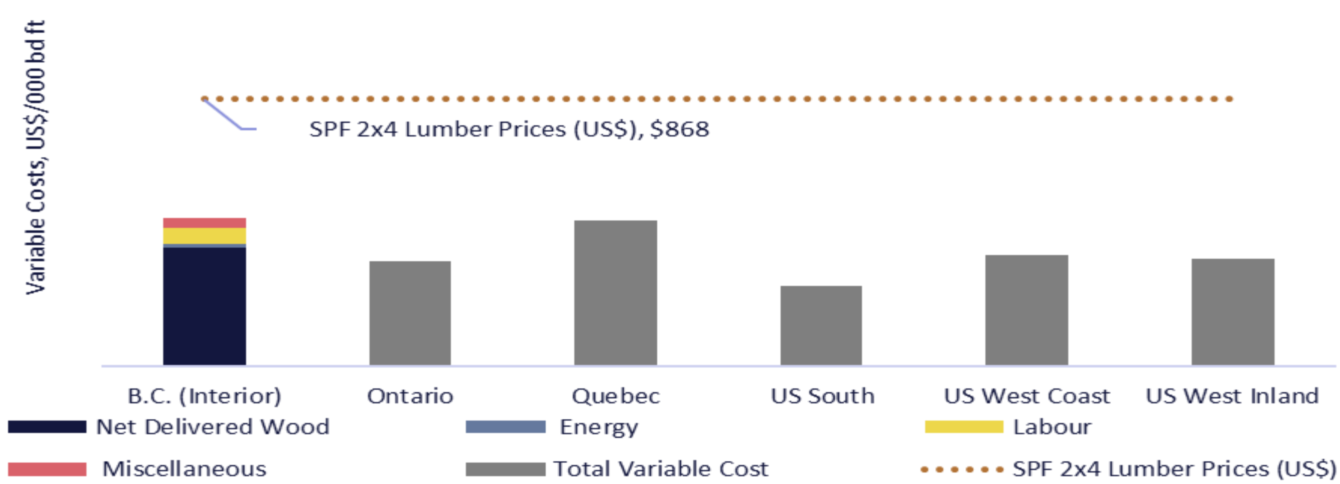
Figure 20: Average SPF 2#Btr 2x4 Lumber Prices and Housing Starts



Data sources: Fastmarkets Random Lengths *(SPF),* US Census Bureau*,* Statistics of Japan *and Statistics Canada* Table 34-10-0035-01.

Variable costs for North American lumber mills include net delivered wood costs, energy costs, labour costs, and other miscellaneous costs. In 2021, the variable costs ranged from US$260 to US$500 per thousand board feet. Among all selected jurisdictions, B.C. Interior softwood lumber mills had the highest variable costs due to an increase in net delivered wood costs. This increase was due to stumpage values reflecting historically high lumber prices. The US South had the lowest variable costs resulting from its low net delivered wood costs. Due to high lumber prices, all lumber producers in all selected jurisdictions received high profit margins in 2021.

Figure 21: Softwood Lumber Mills' Variable Costs (2021)



Data sources: FastMarkets Random Lengths *(SPF #2&Btr 2x4),* Forest Economic Advisor *(FEA, cost data)*

The average export price for NBSK pulp increased by 32%, from $765 per tonne in 2020 to $1,007 per tonne in 2021. The export price for bleached chemical thermo-mechanical pulp (BCTMP) increased by 1%, from $583 per tonne in 2020 to $587 per tonne in 2021. The latest available pulp output was from 2020 at 4.8 million tonnes.

Table 18: Export Pulp Prices and Pulp Output

Export Price to China, $/tonne	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NBSK	$766	$644	$699	$774	$813	$771	$824	$1,088	$845	$765	$1,007
BCTMP	$559	$526	$508	$552	$508	$502	$672	$766	$641	$583	$587
BC Pulp Output (million tonnes)	5.5	5.8	5.8	5.5	5.6	5.7	5.2	5.2	5.1	4.8	-

Source: B.C. Stats *extract from Statistics Canada data. Also available from Statistics Canada* CIMTD*. Historic data is subject to revision. Pulp output from the Ministry's annual* Major Timber Processing Facilities Survey.

Gross Domestic Product (GDP)

"GDP (in chained 2012 dollars)" or "real GDP" is a measure of GDP that eliminates year-over-year distortions caused by inflation. Real GDP of the forest sector shows how the sector's output increases or decreases from year to year. It is one of the primary indicators used to evaluate the size and health of the forest sector.

In 2021, the forest sector contributed $5.9 billion (in 2012 chained dollars) to the province's GDP, an increase of 4% from 2020. Real GDP increased by 10% in the wood products manufacturing subsector in 2021 compared to 2020, due to the increase in production. Real GDP increased by 9% in the paper manufacturing subsector over the same period, due to increased demand for certain paper products such as tissue and packaging products. Real GDP in the forestry and logging subsector declined by 3%, mostly due to forest fires and floods that caused a substantial decline in forest, logging, and support activities.

Table 19: B.C. Forest Sector GDP, in 2012 Chained Dollars

Billion 2012$	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Forestry, Logging and Support Activities	**2.39**	**2.42**	**2.56**	**2.56**	**2.58**	**2.40**	**2.46**	**2.69**	**2.28**	**2.38**	**2.31**
Forestry and logging	1.81	1.86	2.01	1.98	1.97	1.81	1.84	1.98	1.58	1.70	1.56
Support activities for forestry	0.57	0.56	0.55	0.58	0.61	0.59	0.62	0.71	0.70	0.68	0.75
Wood Products Manufacturing	**2.41**	**2.58**	**2.78**	**2.83**	**2.89**	**3.01**	**2.96**	**2.82**	**2.53**	**2.35**	**2.58**
Sawmills and wood preservation	1.49	1.55	1.67	1.61	1.57	1.70	1.57	1.45	1.22	1.08	1.11
Veneer, plywood and engineered wood product manufacturing	0.46	0.49	0.52	0.61	0.66	0.62	0.68	0.71	0.65	0.56	0.74
Other wood product manufacturing	0.46	0.54	0.60	0.61	0.66	0.69	0.72	0.66	0.67	0.71	0.72
Paper Manufacturing	**1.43**	**1.30**	**1.21**	**1.40**	**1.46**	**1.36**	**1.25**	**1.21**	**1.05**	**0.91**	**0.99**

Source: Statistics Canada; Table 36-10-0402-01.

Forest Sector Direct Employment

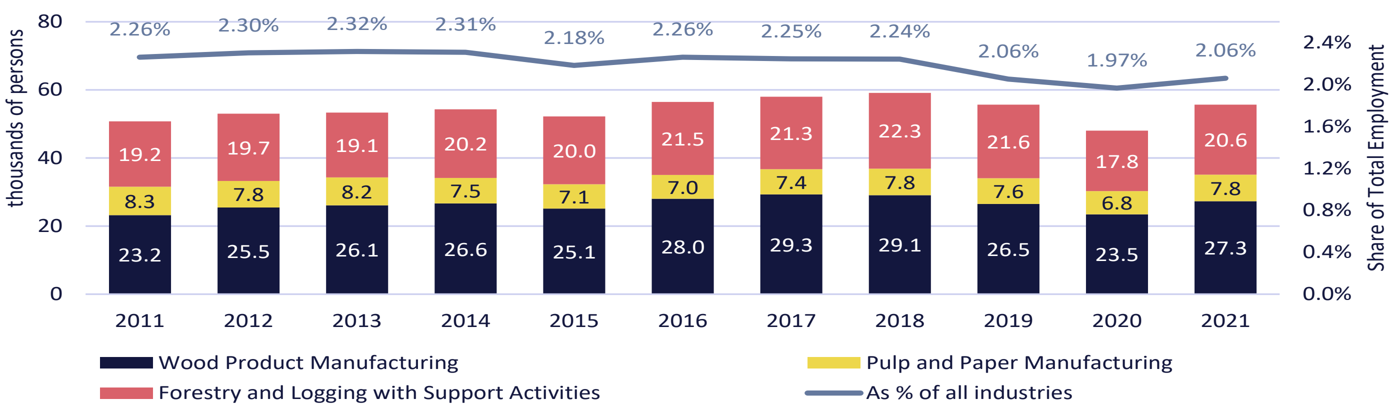
Among the different types of employment estimates, those based on the Labour Productivity Accounts (Macroeconomic Accounts) are considered to be the most robust data because they are developed based on multiple sources and include cross-sectoral verifications. The data presented here is consistent with the System of National Accounts (SNA).

According to the SNA, B.C.'s forest sector accounted for 2% of all industry employment. The sector employed 55,715 people in 2021, an increase of 16% from 48,050 in 2020.[12] All three subsectors experienced an increase in employment in 2021 compared to 2020, which is mostly attributed to the economic recovery from the pandemic. Specifically, employment in the forestry, logging, and support activities subsector increased by 16%, from 17,755 in 2020 to 20,620 in 2021. Employment in the wood product manufacturing subsector increased by 17%, from 23,455 in 2020 to 27,340 in 2021. Employment in the pulp and paper manufacturing subsector increased by 13%, from 6,840 in 2020 to 7,755 in 2021.

Figure 22: B.C. Forest Sector Direct Employment

Employees, Thousands	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Wood Product Manufacturing	23.2	25.5	26.1	26.6	25.1	28.0	29.3	29.1	26.5	23.5	27.3
Pulp and Paper Manufacturing	8.3	7.8	8.2	7.5	7.1	7.0	7.4	7.8	7.6	6.8	7.8
Forestry and Logging with Support Activities	19.2	19.7	19.1	20.2	20.0	21.5	21.3	22.3	21.6	17.8	20.6
Total	**50.8**	**53.0**	**53.4**	**54.3**	**52.2**	**56.5**	**58.0**	**59.2**	**55.6**	**48.1**	**55.7**

Source: Statistics Canada Table 36-10-0489-01, employment is consistent with the System of National Accounts (SNA).



Source: Statistics Canada Table 36-10-0489-01, employment is consistent with the SNA.
**Note: SNA includes government forest services such as fire fighting in forestry and logging with support activities.*

Another source of employment estimates is the Labour Force Survey (LFS). This data is often reported in the media and used by other organizations because it is the timeliest indicator and includes unemployment. It also includes some sub-provincial data. According to the LFS, the Coast accounted for 43% of direct employment in the B.C. forest sector in 2021, with the rest coming from the Interior.

Table 20: Forest Sector Employment Share by Coast and Interior

Employment, %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interior	50%	55%	52%	53%	50%	51%	51%	56%	56%	49%	57%
Coast	50%	45%	48%	47%	50%	49%	49%	44%	44%	51%	43%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

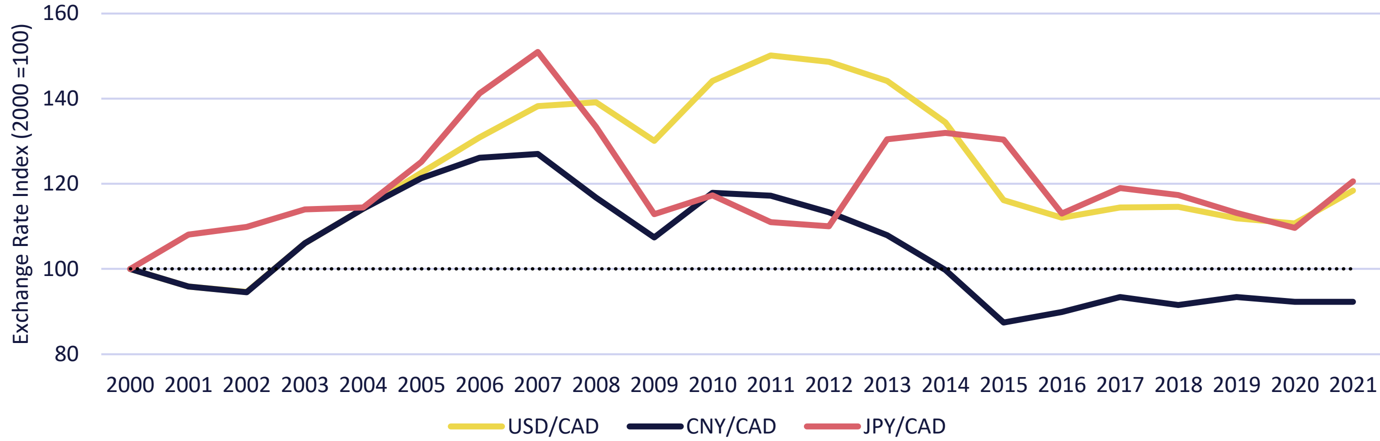
Source: Statistics Canada LFS data via B.C. Stats (Employment and Unemployment by Development Region).
Notes: Coast includes the Mainland/Southwest and Vancouver Island economic development regions. The remaining economic development regions were in the Interior.

[12] Statistics Canada adjusted up the 2020 employment estimate by about 5,165 persons at the time of writing this report. Statistics Canada indicated that the 2020 preliminary estimates have yet to undergo three revision cycles and the updates will better reflect the unprecedented impacts of the COVID-19 pandemic. For example, the 2020 survey responses were delayed, which impeded the SNA data collection process. Data adjustments were also more complicated since some employees were inactive during the pandemic but remained related to their employers while receiving wage support from the federal government.

Exchange Rates

The indexing of foreign exchange rates relative to the Canadian dollar shows the percentage change in exchange rates compared to 2000. Increases indicate an appreciation of the Canadian dollar, which makes Canadian exports less competitive. In 2021, the Canadian dollar appreciated against the US dollar and the Chinese yuan (CNY) and depreciated against the Japanese yen (JPY).

Figure 23: Indexed Foreign Exchange Rates Relative to $CAD

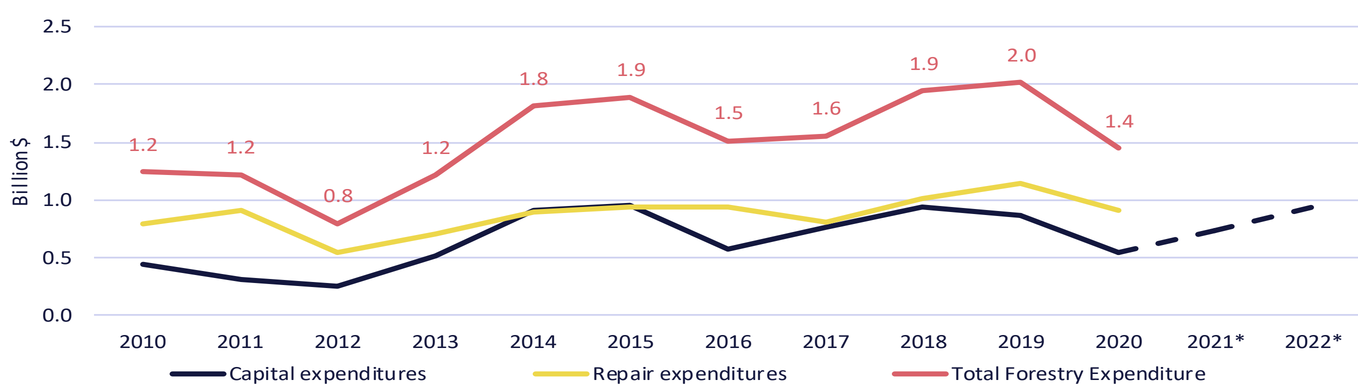


Source: 2000-2006, OANDA. 2007 to current, Bank of Canada.

Investments

B.C. companies continue to invest in the forest sector to increase their competitiveness in global markets. Pre-pandemic investment in the forest sector continued to increase from 2017 to 2019. Overall investment in the sector decreased by 30%, from $2 billion in 2019 to $1.4 billion in 2020 (latest available data). With the post-pandemic economic recovery, capital expenditures in the forest sector are expected to increase over the next two years.

Figure 24: B.C. Forest Sector Capital and Repair Expenditures



Source: Statistics Canada; Table 34-10-0035-01.
Notes: (*) indicates preliminary data, subject to changes – use the data with caution.

Forest sector investment includes capital expenditure in construction (e.g., buildings and land improvements), machinery and equipment, and repair expenditures. Among these expenditures, capital investment by industry indicates that preliminary investment intentions in 2021 were estimated at $727 million, an increase of 35% from 2020. This increase is largely attributed to the growth of capital expenditures for wood manufacturing facilities. The latest available data for repair expenditures in 2020 was $0.9 billion, down 22% from 2019.

Table 21: B.C Forest Sector Capital and Repair Expenditures by Industry

Expenditure, million $	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022*
Capital expenditures	**304**	**248**	**517**	**916**	**949**	**577**	**756**	**935**	**865**	**537**	**727**	**943**
Forestry and logging	91	101	144	212	198	220	232	296	310	248	304	297
Paper manufacturing	181	103	84	186	171	124	241	229	220	135	157	247
Wood product manufacturing	32	44	290	518	580	234	283	411	336	154	266	398
Repair expenditures	**914**	**551**	**700**	**895**	**941**	**940**	**802**	**1006**	**1151**	**909**		
Forestry and logging	87	148	238	302	174	141	0	256	270	260		
Paper manufacturing	419	305	195	315	412	355	357	385	446	325		
Wood product manufacturing	408	97	267	279	355	443	445	365	435	325		
Total	**1218**	**799**	**1217**	**1811**	**1890**	**1517**	**1559**	**1942**	**2016**	**1446**	**727**	**943**

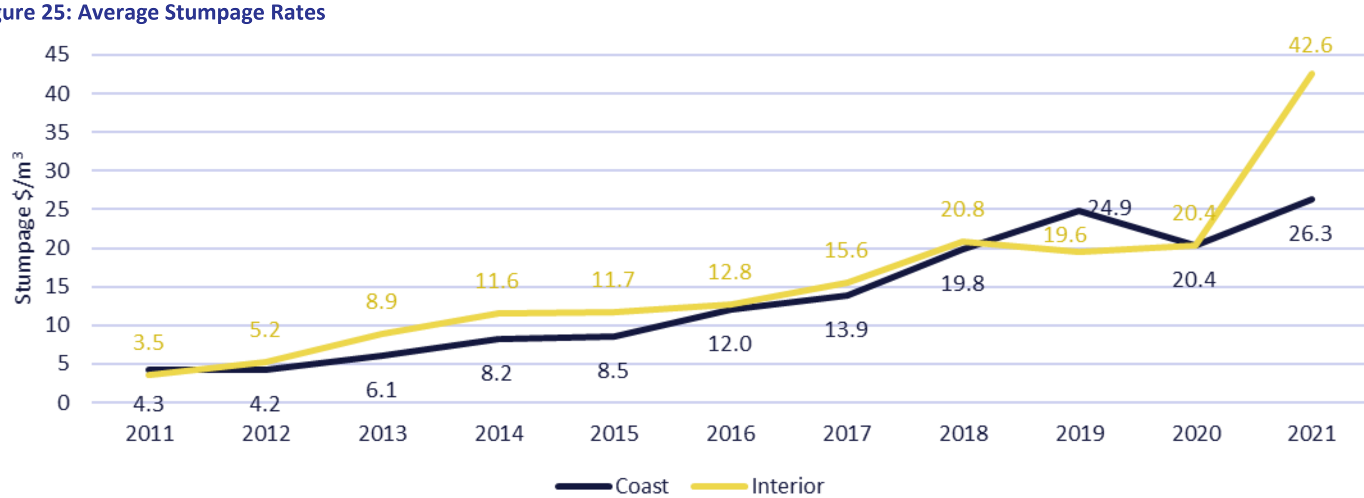
Source: Statistics Canada; Table 34-10-0035-01.

Notes: (*) indicates preliminary data, subject to changes. The data quality grade is often "Use with caution".

Government Revenues

Stumpage is a fee that businesses or individuals pay when they harvest timber from Crown land in B.C. Stumpage is payment for the use of a public natural resource and is not the same as a logging tax. Stumpage revenue is used to fund essential social services such as education and health care. It is sometimes shared with Indigenous communities under forest consultation and revenue sharing agreements. In 2021, the average stumpage rate[13] in the Interior increased by $22.2 per cubic metre and the average stumpage rate on the Coast increased by $5.9 per cubic metre in 2021 compared to 2020, due to high forest product prices and other factors.

Figure 25: Average Stumpage Rates

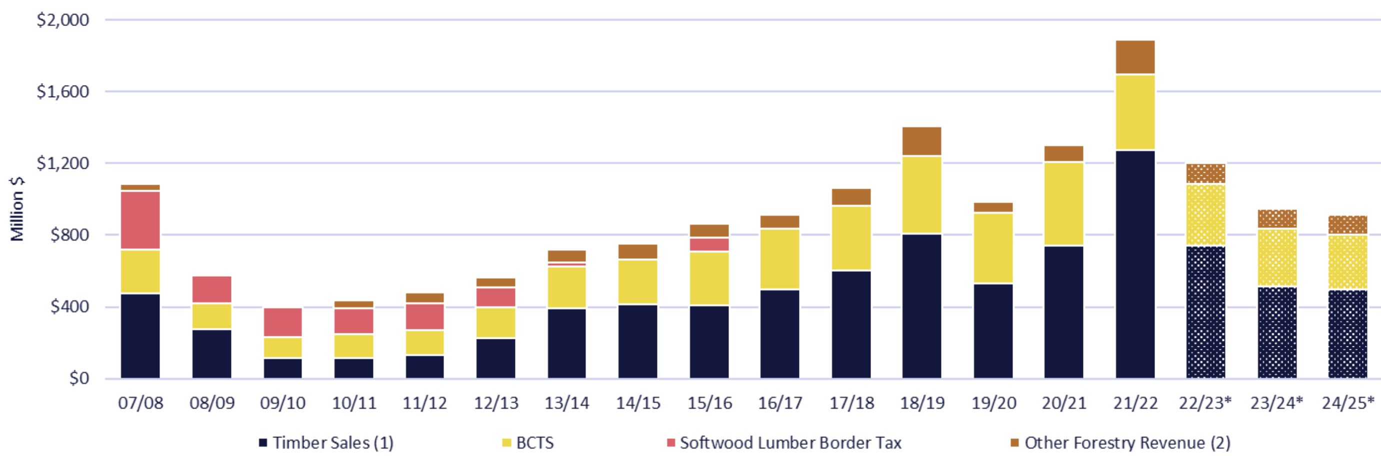


Source: B.C. HBS. Includes all logs, special forest products, species and grades billed excluding waste, rejects, and Christmas trees, data run on June 1, 2021. Includes Crown land harvests only.

Government forest revenue increased by 45%, from $1.3 billion in fiscal year 2020/21 to $1.89 billion in fiscal year 2021/2022. This revenue is projected to decline from 2022/23 to 2024/25 assuming both harvest level and lumber prices will decline.

[13] Interior and Coast stumpage rates include B.C. Timber Sales (BCTS) and exclude waste and rejected items.

Figure 26: B.C. Government Forest Sector Revenue, by Fiscal Year



Source: MOF. Corporate and personal income taxes are not included in these figures. These numbers are consistent with the B.C. Ministry of [Finance Budget and Fiscal Plan]*, Table A5, page 165. Forecasts are for 2022/23 to 2024/25.*

Notes:

**Forecasted total revenue*

1) Timber sales exclude B.C. Timber Sales (BCTS) sales.

2) Includes other Consolidated Reserve Fund (CRF) revenue, forest recoveries, and the logging tax.

3) The softwood lumber border tax ended in 2016/17.