

Western Forest Economists 2024

May 2024



BC COUNCIL
OF FOREST
INDUSTRIES

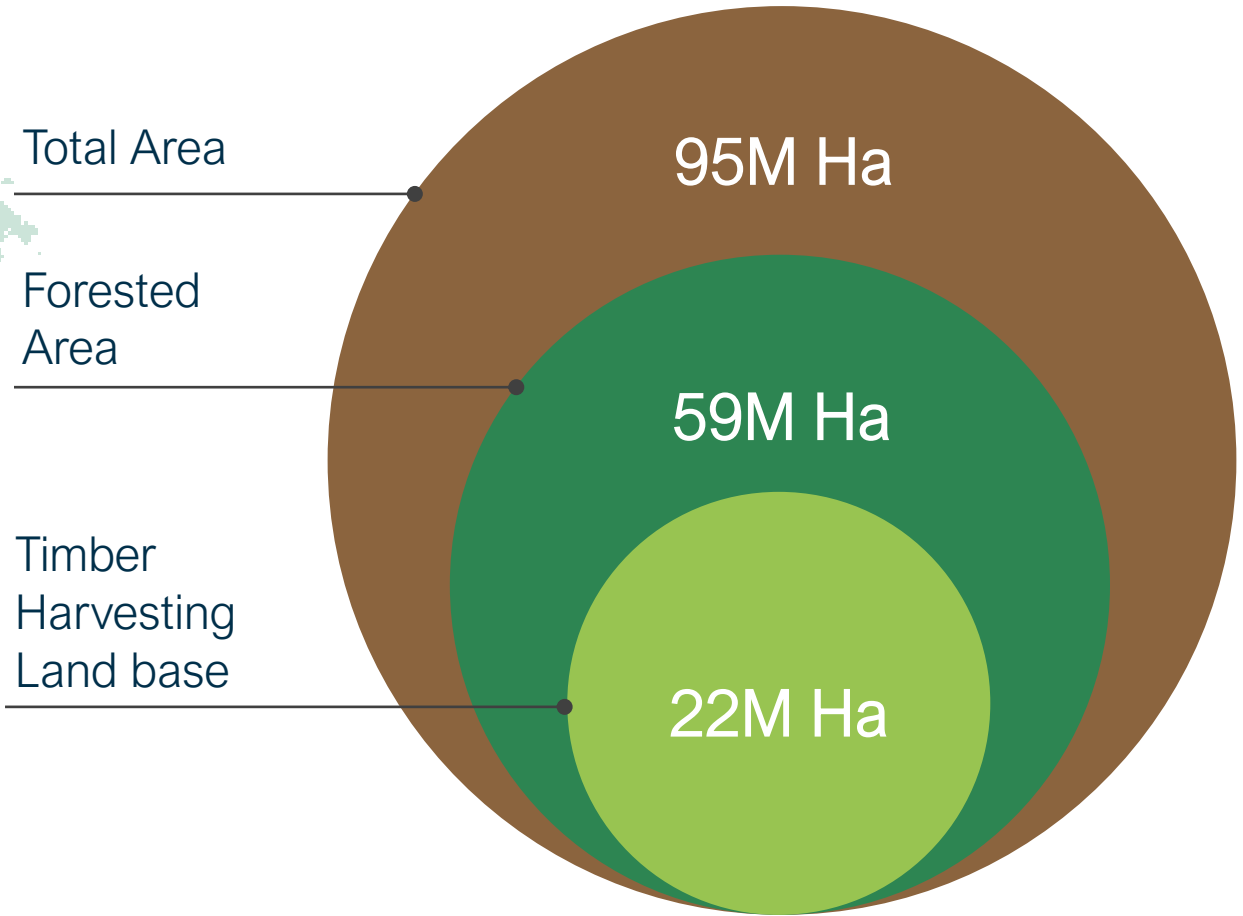
FORESTRY FOR THE PLANET.
FOREST PRODUCTS FOR THE WORLD.

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Regional Round Up

Background

Population: 5,399,118 (January 1, 2023)





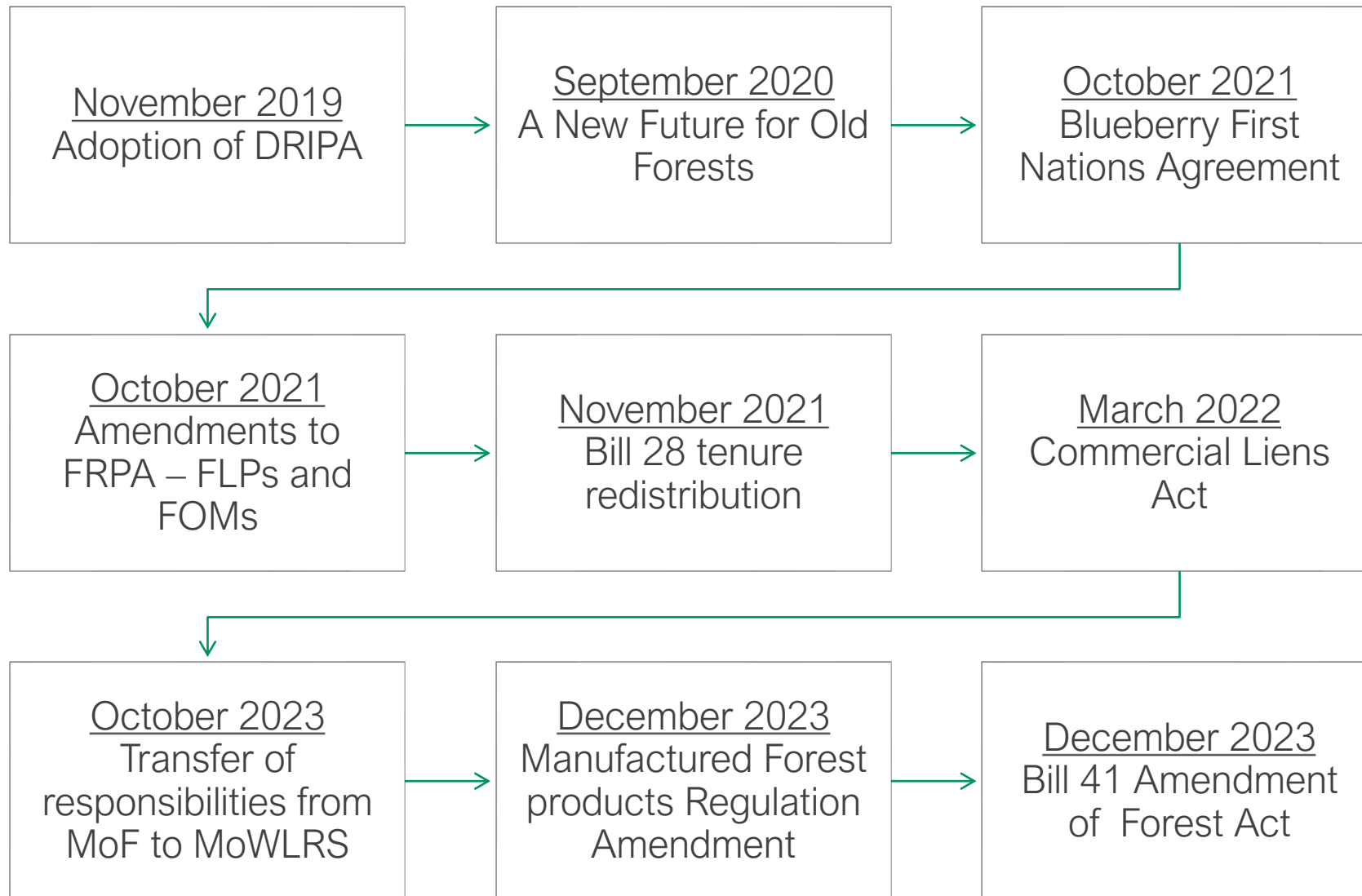
**A CHANGING FOREST
RESOURCE BASE:
Natural Disturbances &
Challenges**

Broad Policy Transition

- DRIPA Implementation & Indigenous Forest Revenue Sharing
- Modernizing Land Use & Forest Landscape Planning
- Old Growth Protection and Management (Strategic Review & Action Plan)
- Framework on Biodiversity & Ecosystem Health
- Value Added Manufacturing & Innovation
- CleanBC & Net-Zero



Recent Forest Policy Changes



Recent Forest Policy Changes

Other Regulatory Changes include amendments to:

Wildfire Act

Great Bear Rainforest (Management Act)

Forest Revenue Audit Regulation

Forest Accounts Receivable Interest Regulation

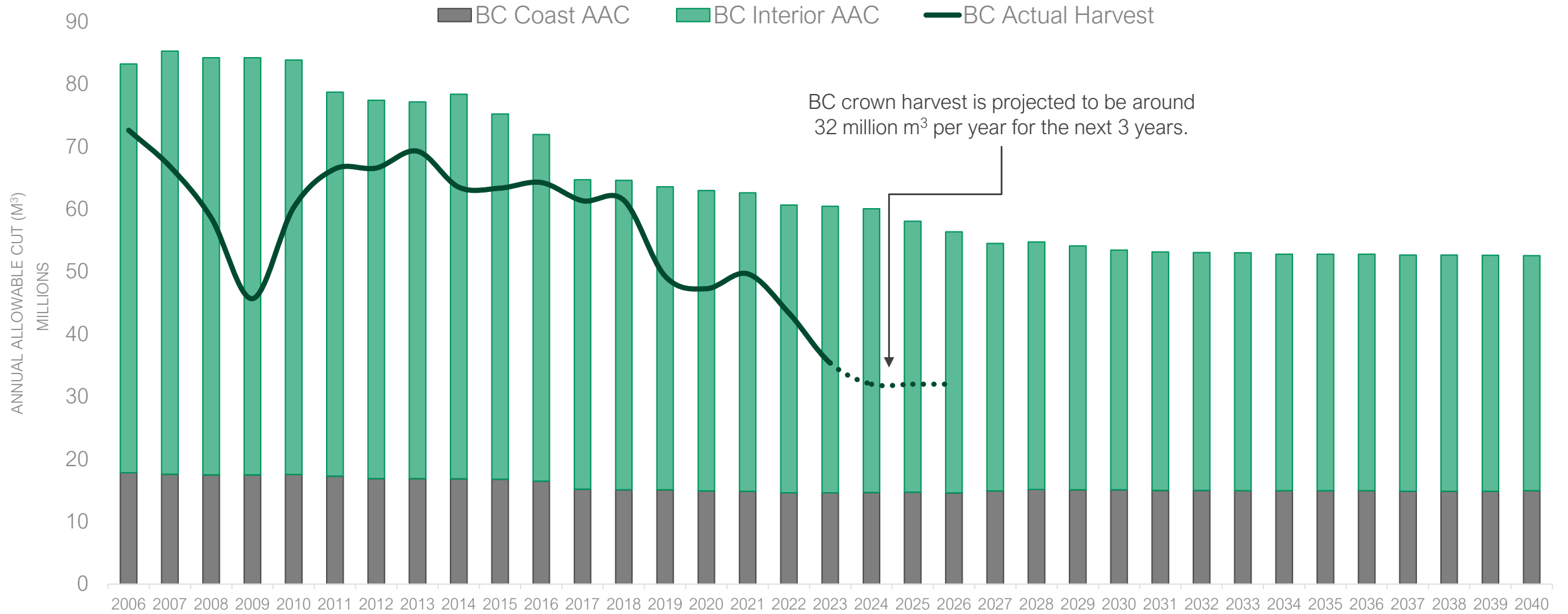
Timber Harvesting Contract and Subcontract:
Regulation amended June 2021

Changes to BCTS Cat 2- new value-added sales
category

Supply Constraints

AAC and Harvest continues to decline, with harvest projected to decline to 32M.

Millions of Cubic Meters (M³)

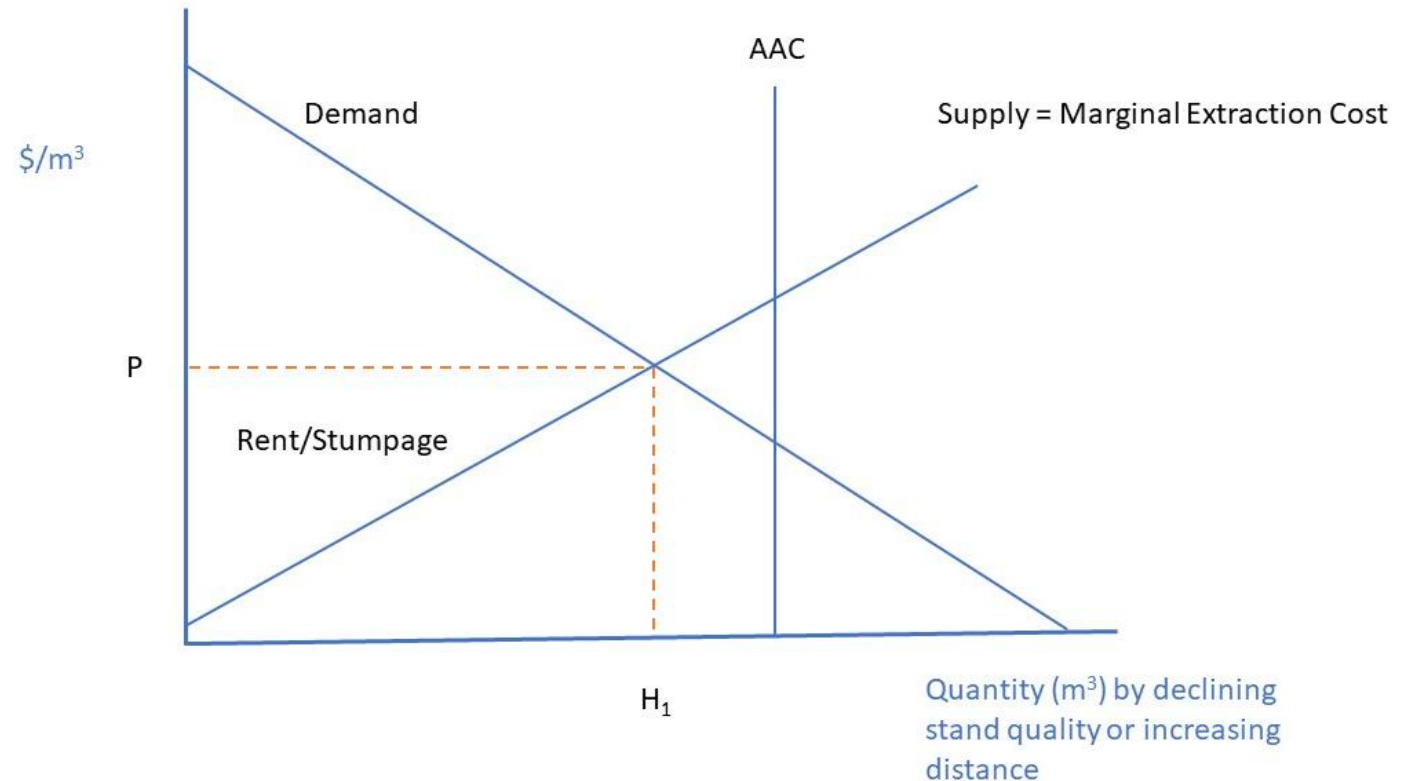


Source: MoF Forest Inventory and analysis branch, Harvest Billing System

Limitations of Traditional Timber Supply Analysis (AAC)

- Primarily biophysically based
- Lacking economics
 - Cost of supply (e.g., distance to market, terrain etc.)
 - Derived demand for timber (end-product prices, manufacturing capacity etc.)

Harvest Economics – Supply and Demand for Logs



BC Cost Structure Uncompetitive - Highest in North America

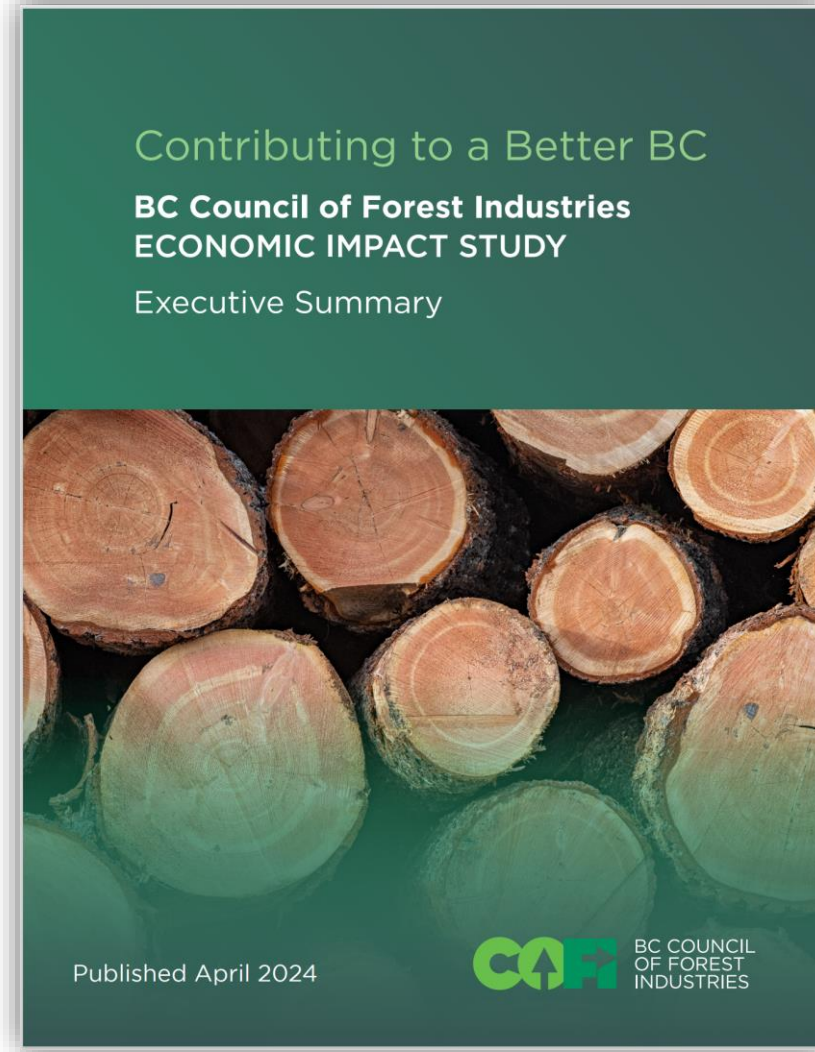
Softwood Lumber Average Variable Cost - [USD/Thousand Board Feet]



Source: Forest Economic Advisors (Feb 2024)

Economic Impact Study 2024

Forestry's Impact on British Columbia



Forestry's Impact on BC - 2022



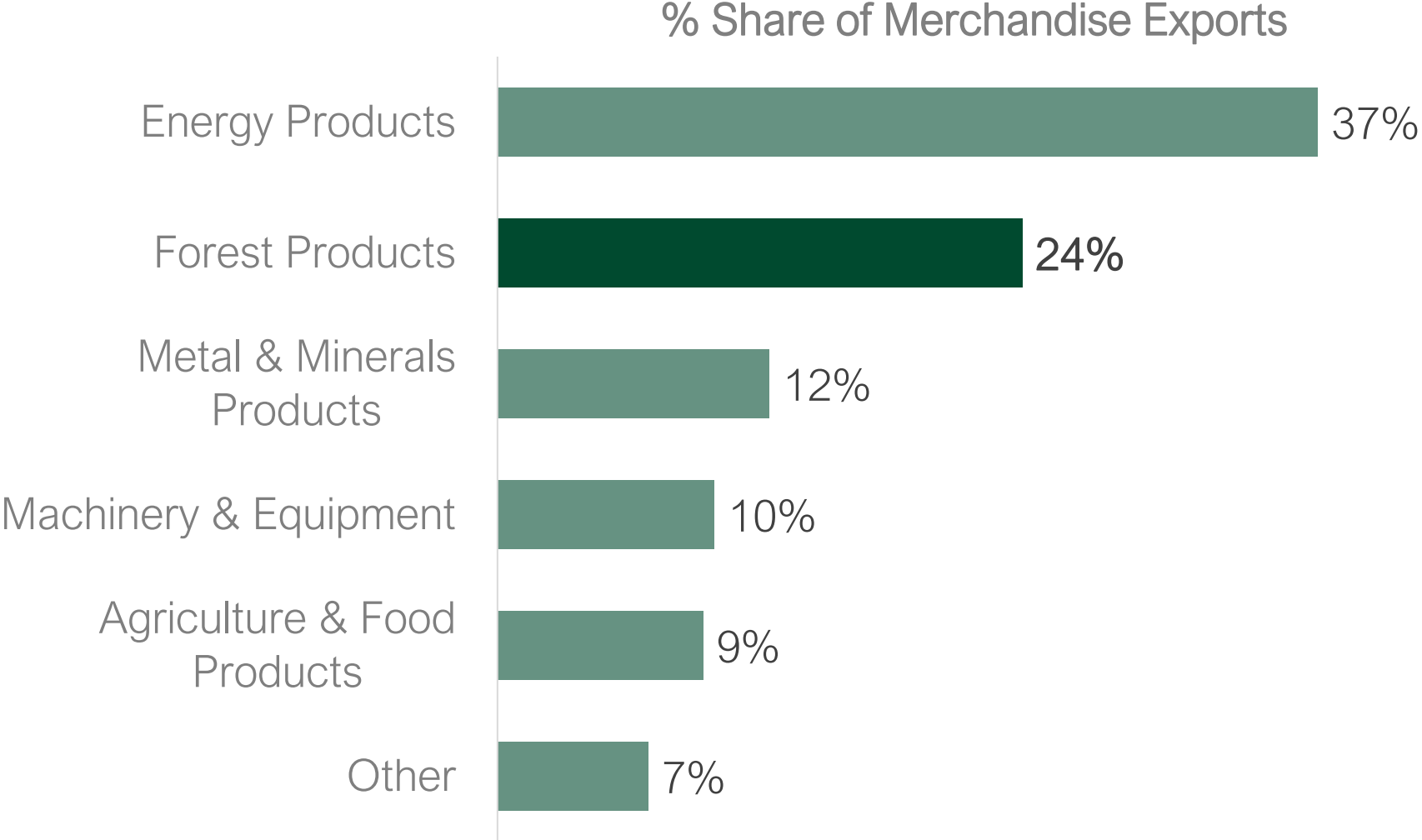
\$17.4B

100,000

\$15.8B

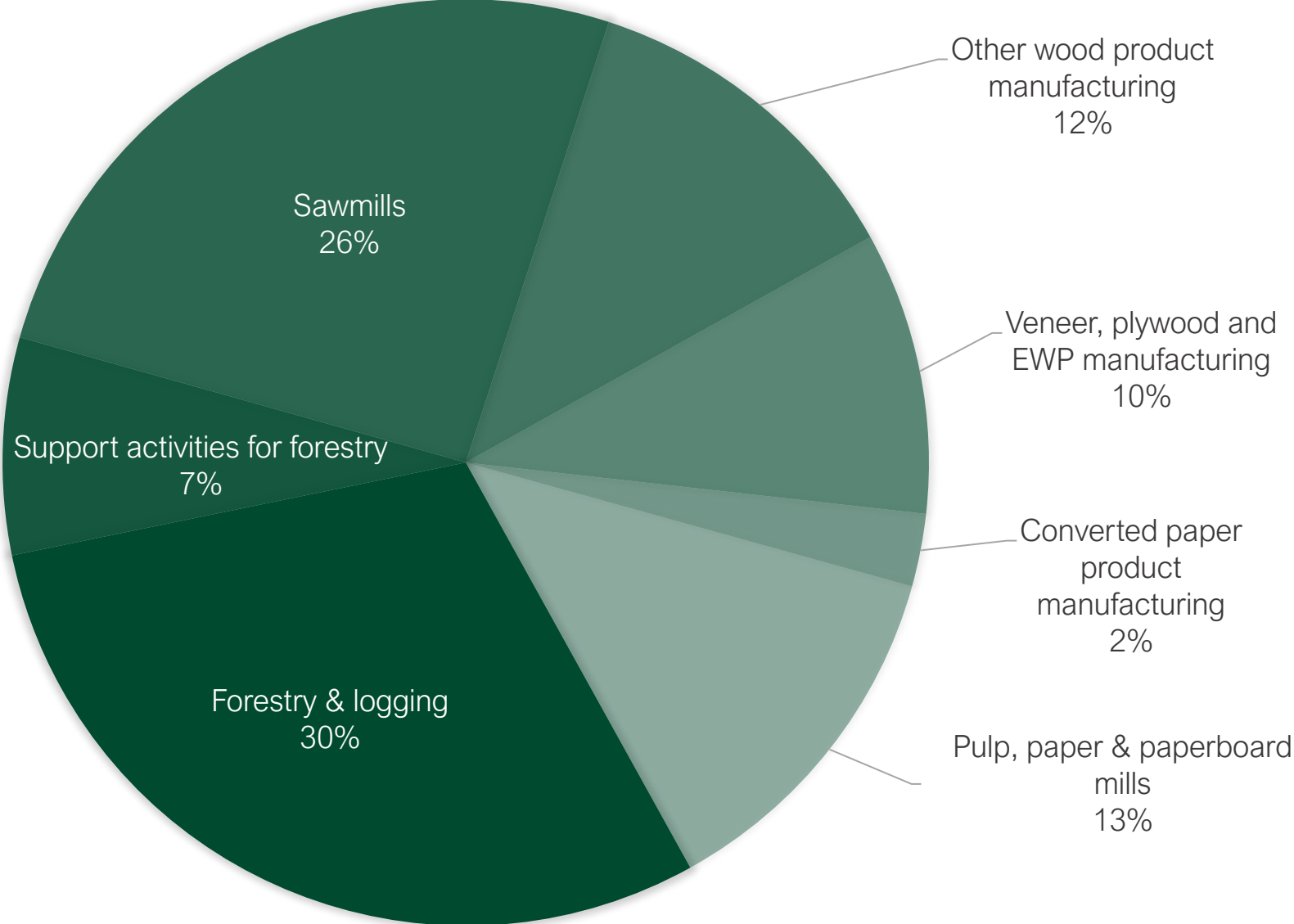
\$6.6B

Forest products are BC's second-largest export category



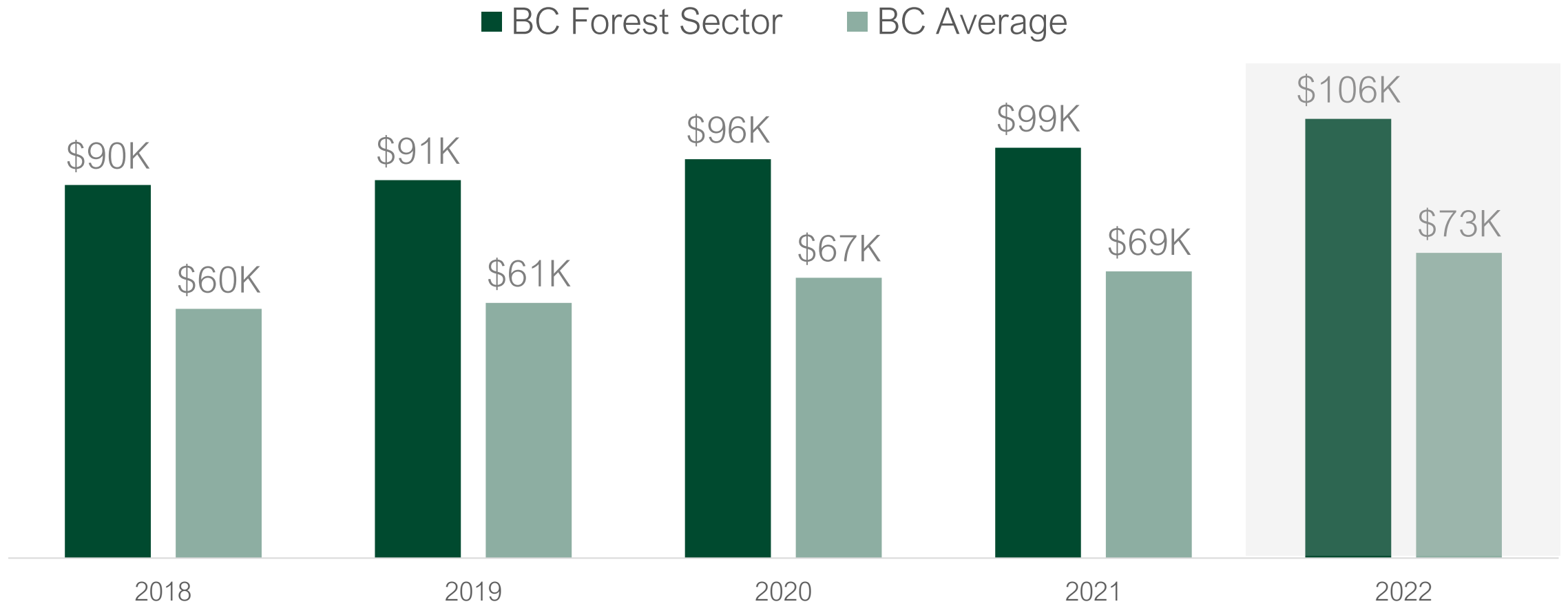
Source: BC Stats

Value added occurs at each stage along the supply chain



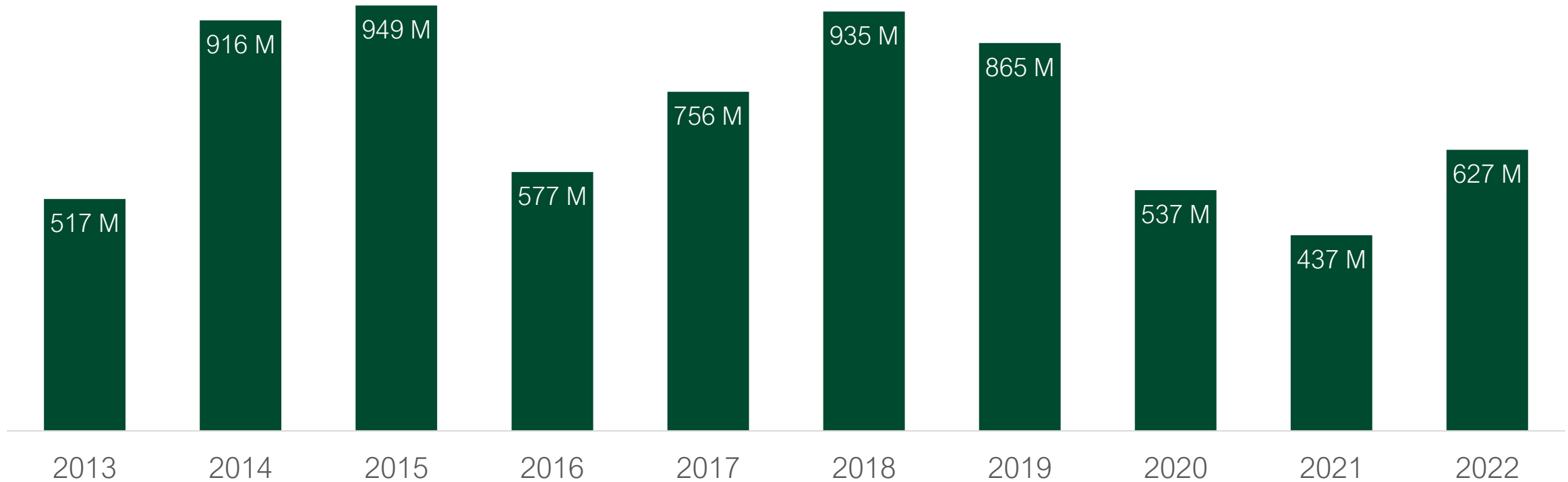
Source StatsCan Table 36-10-0480-01

The forest sector supports good living standards



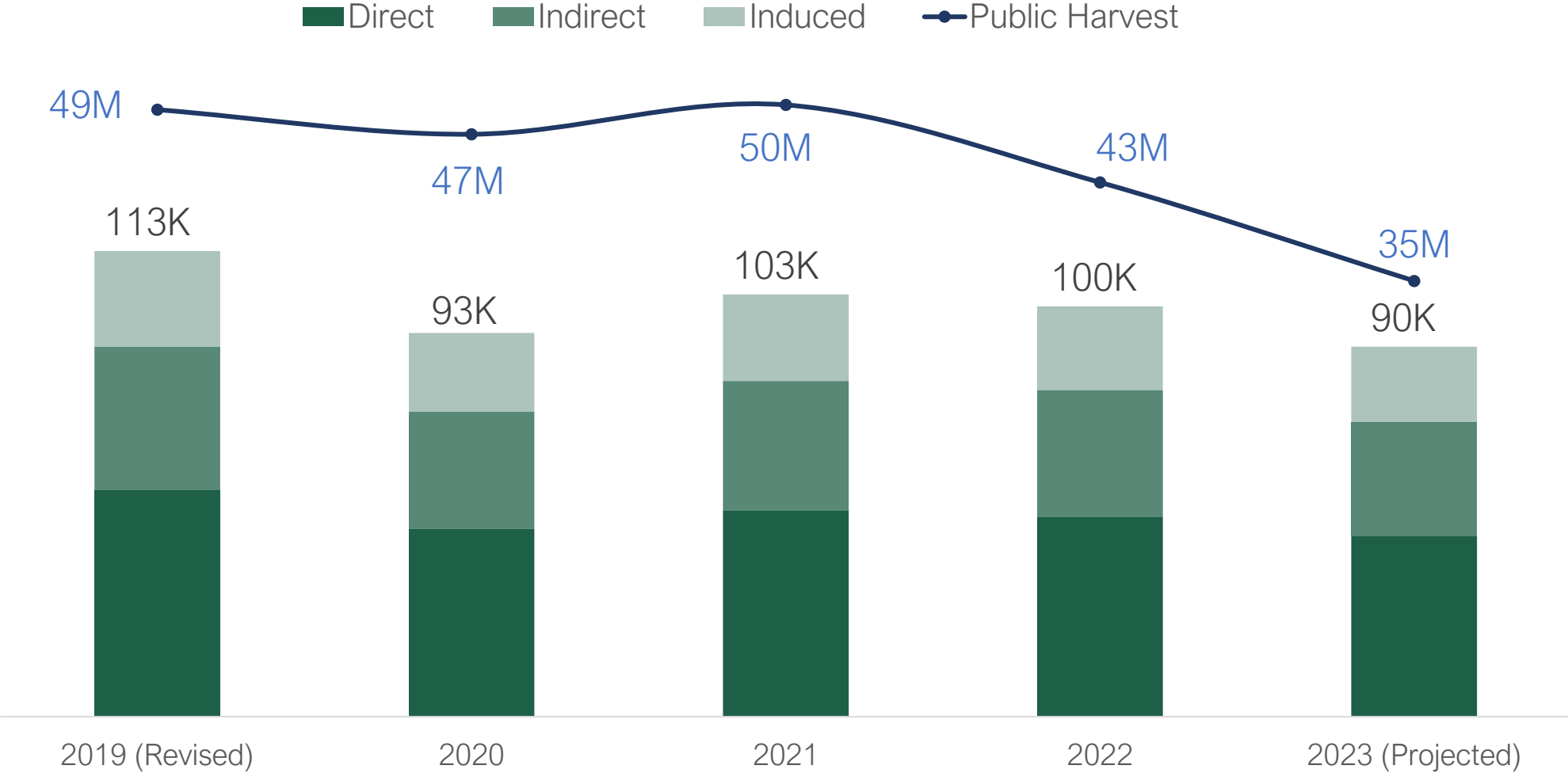
Source: Statistics Canada Table 36-10-0480-01

\$7.1B of capital expenditures spent across BC from 2013-2022



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

Jobs & Harvest Levels are Highly Correlated



Source: Harvest Billing System

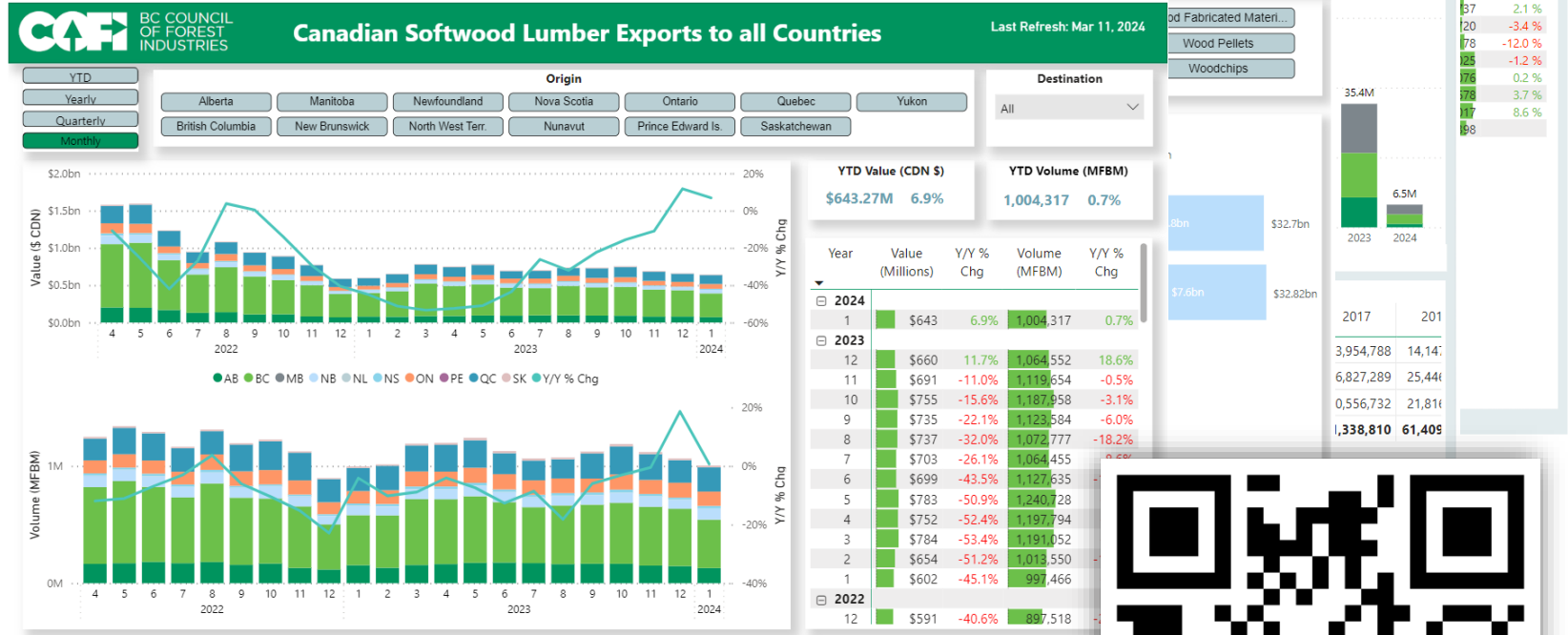
Takeaways

Economic Overview:

- Forestry contributed \$17B+ to BC's economy & \$6B+ in government revenues in 2022
- Job Levels are tied to Harvest Levels

Current Situation:

- Policies and natural disturbances are influencing the fiber supply dynamics.



Data Source: Statistics Canada. Note: This report is compiled without audit from data received from Statistics Canada. COFI is not responsible nor liable for any errors or omissions in this report. Not for reproduction or redistribution.

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