



Forest sector sees changing job scene

B.C.'s forest industry continues to undergo considerable change, which is quite evident in employment by sector. Growth in other wood products manufacturing and in veneer, plywood, and engineered product manufacturing is leading the transformation away from the more traditional sectors.

Jobs in sawmilling and pulp and paper manufacturing, while seeing a minor revival this year, are down about 25% since 1999 and by more than that since the early 1990s. Work in pulp manufacturing in particular is down by over 50% since 1991.

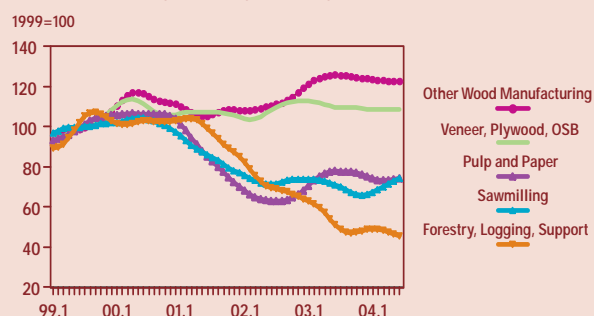
Expanded Oriented Strand Board (OSB) manufacturing is the reason for the job growth in the engineered product manufacturing sector. The recent announcement of a new OSB plant in Fort St. John is a testament to that growth and to its prospects. OSB prices are up this year, as they were last year.

Jobs in the "other wood products manufacturing" category have doubled since 1991, although growing at a lesser rate in recent years, as would be expected. These firms are typically engaged in producing windows, doors, cabinets, and the like. No doubt, B.C.'s active new housing construction market is giving this sector a boost.

Framing lumber prices are also up this year and are at profitable levels for producers, even with a higher exchange rate and the ongoing U.S. lumber duties. Sawmilling output is up this year, but employment hasn't risen as much, which indicates higher productivity levels have been achieved. In fact, lumber production is at an all-time high, even though employment is much lower. Looking ahead, stepped-up harvesting of pine-beetle-infested trees will be a growing factor.

Fall off in traditional sectors

Forest Industry Employment by Sector, B.C.



Source: Statistics Canada, CUCBC.

Latest: June 2004

A slowdown in North American housing construction next year is widely expected. This has negative implications for lumber prices, company profitability, and employment. On the plus side, U.S. lumber duties look to be much lower next year, following recent NAFTA rulings, and that will help offset some of the expected decline in lumber prices.

Employment in forestry and related manufacturing is expected to stabilize next year, ending a four-year decline seen in most sectors of the industry. Job losses of about 3% are forecast for 2004, leaving employment at about 63,500 persons, and a similar level, plus or minus 1,000, is likely next year. That compares to over 97,000 persons employed in the industry in 2000.

