Sector Profile

Forestry and Forest Products

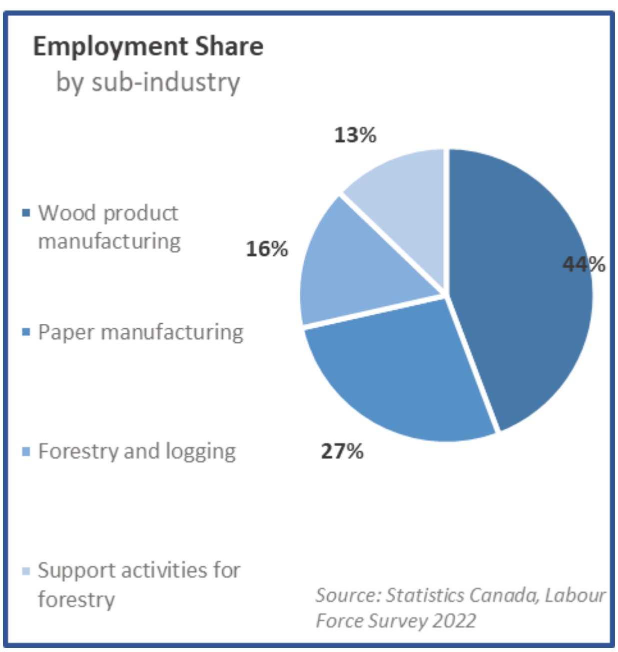
Atlantic Region

2023

HIGHLIGHTS

- Forestry and forest products manufacturing contributes roughly $1.8B in economic activity to the Atlantic region and supports nearly 17,000 jobs.
- Historically the workforce for this industry has been predominantly male, with nearly 90% of the 2022 employment share being men.
- While the sector has expanded significantly in recent years, employment has been trending downward as firms have found ways to raise labour productivity through the application of newer technologies.
- Overall employment growth for forestry and forest products over the forecasted period is expected to lag the average for all industries in the Atlantic Region during the forecasted period.

ABOUT THE INDUSTRY



Source: Statistics Canada, Labour Force Survey 2022

Composition and Importance of the Sector

The Forestry and forest products sector is comprised of forestry and logging, wood product manufacturing, and paper manufacturing, and all three are integrated to some degree. The region's most important products by value include softwood lumber, structural panels, engineered wood products and various grades of pulp and paper. Much of what isn't consumed domestically is shipped to the United States (US), primarily in the form of building materials and paper products.

Forestry and forest products manufacturing contributes roughly $1.8B in economic activity to the Atlantic region and supports nearly 17,000 jobs. Atlantic Canada's forests are especially valuable to several rural communities, where forest-related work can be a main source of income for many. The vast majority of these operations are concentrated in New Brunswick (NB).

Geographic Distribution of Employment

Nearly 80% of the Atlantic Region's revenue generated from forestry and forest products comes from NB. Similarly, the majority (61%) of the Region's jobs in this industry are located in NB. Nova Scotia (NS) held the second largest employment share of Atlantic Canada's forestry and forest products industry with 5,000 people employed in 2022. Newfoundland (NL) had 1,300 employed during this time, with only 400 in Prince Edward Island (PEI).

From a national perspective, the province of NB has the fifth most valuable forest and forest products industry in Canada in terms of Gross Domestic Product (GDP). Similarly, NB has the fifth highest number of people employed in this industry.

	Employed 2022	Industry Share (%)
Atlantic Canada	17,400	1.5%
Newfoundland and Labrador	1,300	0.6%
Prince Edward Island	400	0.5%
Nova Scotia	5,000	1.0%
New Brunswick	10,700	2.9%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce Characteristics

Historically the workforce for this industry has been predominantly male, with nearly 90% of the 2022 employment share being men. Young people aged 15-24 made up 11.9% of the workers employed in forestry and forest products, slightly below the average for young people employed across all industries (13.5%). Conversely, a slightly higher proportion of older workers , those aged 55+ (28.4%), could be found employed in the Region's forestry and forest products compared to the average across all industries (24.0%). The vast majority of people working in this industry hold permanent positions with companies rather than being self-employed, and fewer than 50% had post-secondary degrees or diplomas.

In recent years labour shortages have been common and employers (particularly in NB) may rely on temporary foreign workers (TFWs) to fill job vacancies. Seasonality (particularly in forestry and logging), negative perceptions about the industry, and low population numbers in the rural areas (where logging, silviculture and reforestation activities are mostly located) often make it difficult for employers to attract and retain workers.

Main Occupations

This industry's workforce is extremely diverse, in terms of the roles carried out and no occupation accounts for more than 9% of the total. The two most common non-managerial/supervisory roles are Logging machinery operators and Labourers in wood, pulp and paper processing.

Logging machinery operators are employed by logging companies and contractors and operate machinery like mechanical harvesters, tree processors, and loaders, which are used to process trees at logging sites.

Labourers in wood, pulp and paper processing carry out a variety of general labouring and routine wood processing activities. They also help pulp mill and papermaking machine operators.

Top 5 largest occupations	Employed 2022	% Share of Industry
Logging machinery operators	1,525	8.8%
Labourers in wood, pulp and paper processing	1,400	8.1%
Construction millwrights and industrial mechanics	1,075	6.2%
Sawmill machine operators	800	4.6%
Material handlers	700	4.0%

Source: ESDC/Service Canada

RECENT HISTORY

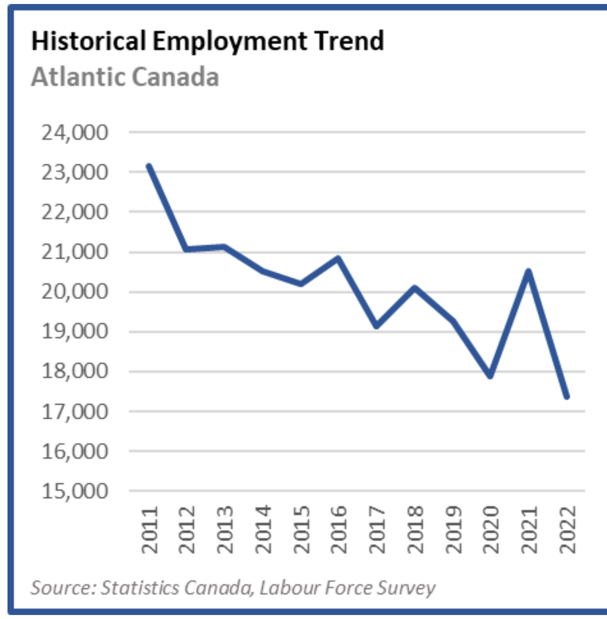
Forestry companies in Atlantic Canada cut a variety of trees of differing values from publicly and privately owned land every year. In NB, which accounts for the majority of Atlantic Canada's forestry production, private woodlots account for 30%[1] of the province's forests. The most lucrative types of trees include spruce, pine and fir that are large and straight enough to be cut into lumber.

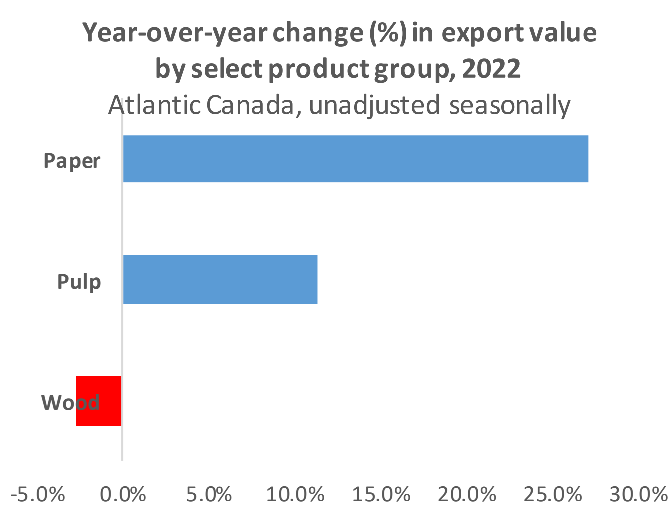
Boosted by strong global demand for lumber, the value of Atlantic Canadian wood product shipments has been trending up in recent years. This was initially due to a surge in the price of lumber products starting in 2020. Home renovations spiked significantly during the pandemic, followed by a surge in new home building.

Lumber prices hit all-time record highs of US$1,600 per thousand board feet in 2021, and near records of US$1,410 per thousand board feet in early 2022 before falling dramatically. After major flooding in BC caused supply constraints, which in turn, drove up lumber prices, the market began to stabilize in 2022. Indeed, by the summer of 2022, lumber prices declined by 62% on a year-over-year basis, as supply began to outweigh demand[2].

Forestry and forest products GDP was down by a year-over-year 1.7% in Atlantic Canada during 2022, which follows a 2.5% gain from the previous year. This fluctuation was largely driven by the value of exports for wood products. After a surge of 45% in the value of wood products exported in 2021, these exports were down by 2.6% on a year-over-year basis in 2022 as lumber prices declined.

Employment was also impacted by the market conditions for lumber in 2022. Following consecutive years of double-digit employment growth in 2020 and 2021 (11.8% and 14.1%, respectively), forestry and logging employment declined by nearly 8% in 2022. Overall, employment in the forest and forestry products industry was only down slightly from 2021 as employment declines in the paper and pulp sub-sector, as well as in forestry and logging, were mostly offset by growth in wood product manufacturing.





Source: Government of Canada, Trade Data Online.

1. New Brunswick Private Woodlot Silviculture Program 2023-24
2. https://regina.ctvnews.ca/here-s-what-an-analyst-says-consumers-should-know-about-canadian-lumber-prices-1.5982417

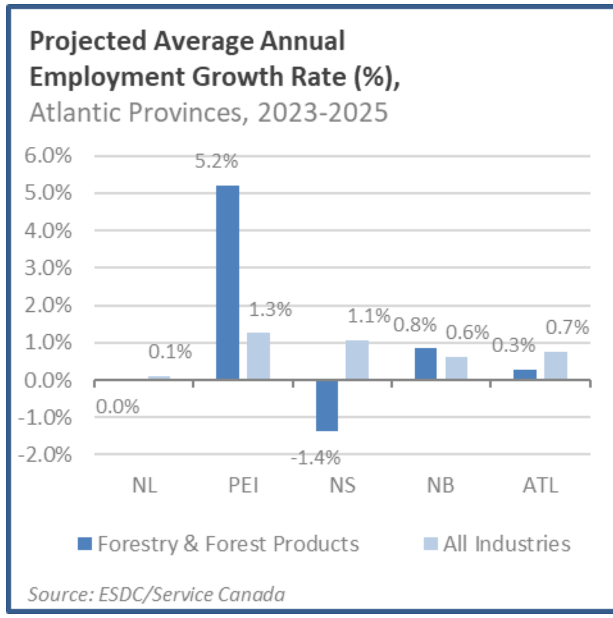
OUTLOOK

Lumber prices have been extremely volatile over the last several years. For example, in June 2023 prices had fallen by 74% from the peaks observed in May 2021. Inflationary pressures in the economy and high interest rates have slowed home development which tempered market demand for lumber. Nevertheless, prices began to spike again in the early second half of 2023 as wildfires in Western Canada caused concerns about limited supply. US housing demand is expected to be strong in 2024, which points to lumber prices remaining elevated over the near to medium term.

Softwood lumber tariffs and several other new agreements outlined in the Canada–United States–Mexico Agreement (CUSMA) remain in place, but the protectionist tone of CUSMA is expected to soften over the coming years. NB lumber producers appealed a US ruling on softwood lumber duties in August 2020, calling for an exemption to US lumber duties to be reinstated for the Maritime provinces. A recent ruling from a NAFTA dispute panel found that some aspects of the manner in which the US calculates duties on Canadian softwood lumber is inconsistent with the US laws. The US department of commerce has been given one year to review how it calculates these fees.

Looking forward, innovation and productivity gains will also continue to impact job growth and the nature of work. For example, a sawmill in Saint-Leonard, NB recently installed two robots on the tie line that are performing what was once considered a repetitive and labour heavy job.

Overall employment growth for forestry and forest products over the forecast period is expected to lag the average for all industries in the Atlantic Region.



While NB and PEI are projecting employment growth in this industry, growth is expected to be flat in NL, and decline in NS. PEI is the only Atlantic province where the Forestry and forest products industry has an average annual employment growth rate that drastically exceeds the average for all-industries during the 2023-25 period. One of the factors to positively impact PEI forestry includes the introduction of a lumber stamping program in 2022 which aimed to offer economic benefits for lumber producers on the island. Lumber stamping allows producers to stamp construction grade lumber as made-in PEI. The program is expected to result in new local jobs, as workers can become certified to complete this process by taking courses offered at Holland College campus in Summerside.

***Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

The analysis in this report was finalized as of November, 2023.

***Prepared by**: Labour Market Analysis Directorate, Service Canada – Atlantic Region*
***For further information**, you may contact us at:* ATL-LMI-IMT-GD@servicecanada.gc.ca

APPENDIX

Real GDP (2022) and Employment (2022) for Atlantic Canada

	Forestry and Forest Products			All Industries		
	Number	**Share of Total**	**AAGR***	**Number**	**Share of Total**	**AAGR***
Real GDP (M$)	$1,769.0	100.0%	2.0%	$109,227.1	100.0%	1.0%
Newfoundland and Labrador	$105.4	6.0%	-1.2%	$30,150.3	27.6%	0.1%
Prince Edward Island	$32.0	1.8%	0.7%	$6,542.6	6.0%	2.5%
Nova Scotia	$262.0	14.8%	-0.9%	$40,011.5	36.6%	1.5%
New Brunswick	$1,369.6	77.4%	3.1%	$32,522.7	29.8%	1.1%
Employment (000s)	17.4	100.0%	-1.9%	1175.2	100.0%	0.4%
Male	15.1	86.8%	-2.1%	596.0	50.7%	0.4%
Female	2.3	13.2%	-0.6%	579.2	49.3%	0.5%
15-24 years old	2.1	11.9%	1.7%	158.7	13.5%	0.4%
25-54 years old	10.4	59.7%	-3.3%	734.4	62.5%	-0.2%
55 years and older	4.9	28.4%	0.4%	282.1	24.0%	2.2%
Worked full-time	16.7	96.0%	-1.9%	990.6	84.3%	0.6%
Worked part-time	0.7	4.0%	-2.6%	184.6	15.7%	-0.4%
Self-employed	1.1	6.5%	-7.9%	123.2	10.5%	-1.0%
Employees	16.2	93.4%	-1.3%	1052.0	89.5%	0.6%
Permanent job	14.2	81.7%	-0.3%	884.4	75.3%	1.0%
Temporary job	2.1	11.9%	-6.2%	167.6	14.3%	-1.4%
Less than high school	2.5	14.6%	-4.9%	95.5	8.1%	-3.9%
High school graduate	5.2	30.0%	-3.4%	275.3	23.4%	-0.5%
Postsecondary cert. or diploma	7.6	43.9%	-0.4%	456.3	38.8%	0.3%
University degree	2.0	11.5%	2.5%	348.2	29.6%	3.3%
Newfoundland and Labrador	1.2	7.1%	-6.6%	232.5	19.8%	-0.3%
Prince Edward Island	0.4	2.5%	-3.8%	84.3	7.2%	1.5%
Nova Scotia	5.0	28.7%	-1.7%	484.9	41.3%	0.6%
New Brunswick	10.7	61.6%	-1.2%	373.5	31.8%	0.5%

Source: Statistics Canada, Labour Force Survey - Custom Table; Table 36-10-0402-01

**Average annual growth rate for last ten years of available data (GDP 2013-22 and Employment 2013-22)*