

Contributing to a Better BC

BC Council of Forest Industries Economic Impact Study

Executive Summary

Published April 2024



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INDUSTRIES



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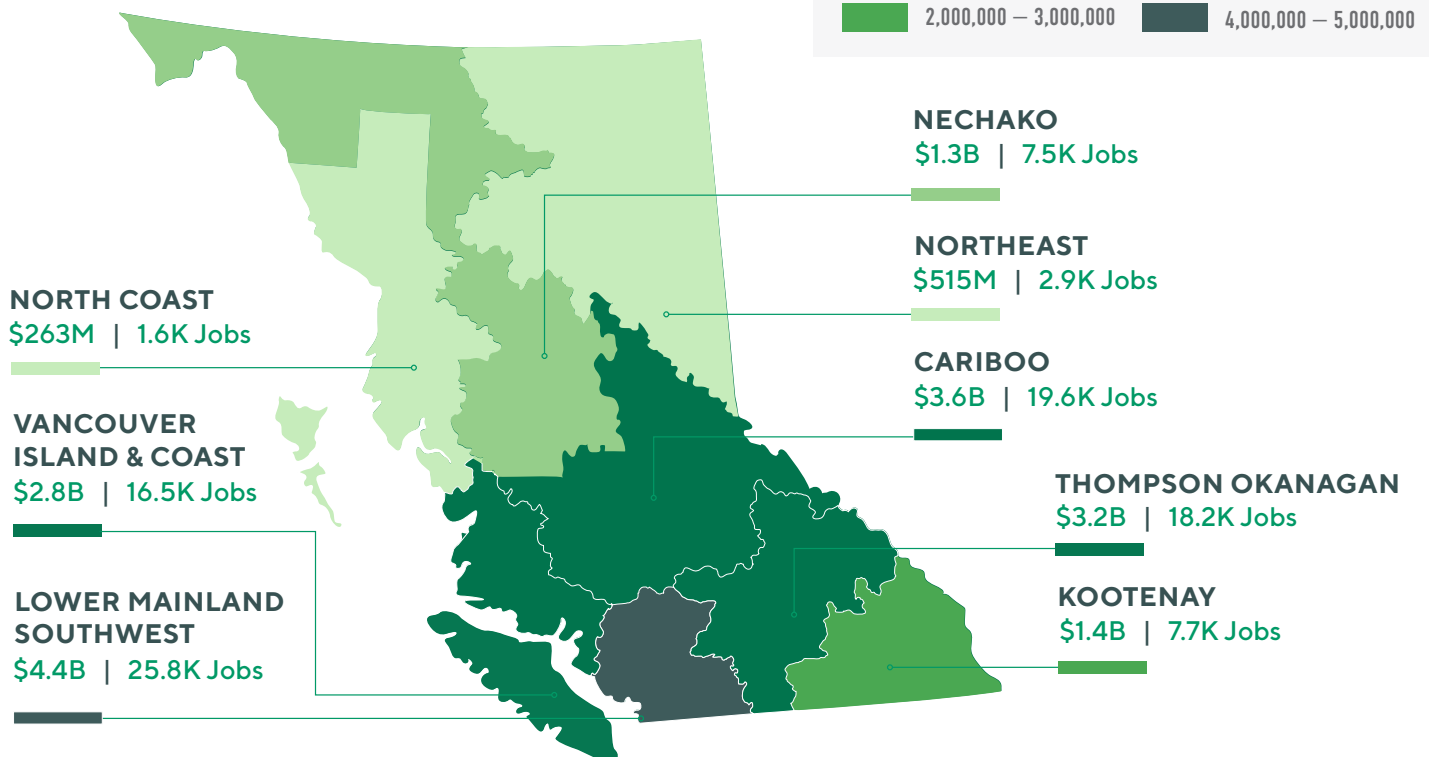
The Economic Impact of British Columbia's Forest Sector

In 2023, the BC Council of Forest Industries (COFI), which represents most lumber, pulp and paper, and manufactured wood producers from across the province, launched an economic impact study (the Study) to quantify the total contribution of BC's forest industry to the provincial economy.

Published in April 2024, the Study measured the economic impact of the forest industry's ongoing operations, employment and capital spending related to forestry and logging, wood product manufacturing, and pulp and paper manufacturing across the province. This information was also broken down across the eight economic regions. The lead author was Prof. Kurt Niquidet, Chief Economist at COFI, with data primarily sourced from Statistics Canada, a leading source for economic statistics. Due to the methodology required to verify data, the Study only covered data up to the end of 2022, while providing some key projections for 2023.

To ensure the accuracy and reliability of the Study, independent external validation was provided by BDO Canada LLP. They verified the methodology used by the Study and confirmed its main findings that the forest industry is an important part of the economy of BC, contributing to regional development and providing substantial economic benefits across the province. Forest sector operations support significant employment generation, value-added activity, labour income, and government revenue. A detailed breakdown by sub-sector, aggregated into three groups and economic metrics, offers numerous important insights into the forest sector's many contributions to the provincial economy. A copy of the full Technical Report can be found at cofi.org

Economic Regions: GDP & Jobs Supported





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FOREST INDUSTRY Economic Impact Study

Published April 2024 with data available up to December 2022

SPEND

\$15.8 billion

invested in BC
operations over 10
years (2013 – 2022)

ECONOMIC IMPACT



\$17.4 billion
to BC's GDP

100,000



good jobs for British Columbians from
direct, indirect and induced employment



\$9.1 billion
in wages, salaries &
benefits

\$6.6 billion



in government revenue to support
healthcare, education and more

KEY FACTS

BC Forest Industry Represents:

1 in 28
of all BC jobs



1 in 6
manufacturing jobs

25% of forestry jobs
are based in the
Lower Mainland

8% of total jobs in the Northeast

10% of total jobs in the Kootenays

22% of total jobs in the Cariboo

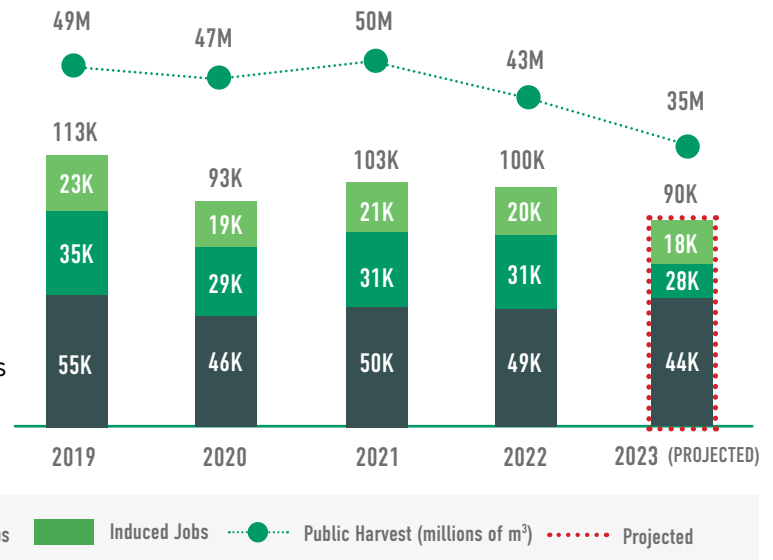
**4,800 Indigenous
people** directly
employed



Jobs and Harvest Levels are Highly Correlated

In the forest sector, total jobs and economic benefits depend on harvest levels. Since 2019, harvest levels in BC have declined owing to several factors, including changing land-use policies, natural disturbances such as wildfires and pests, and the escalating cost of operations, among other things.

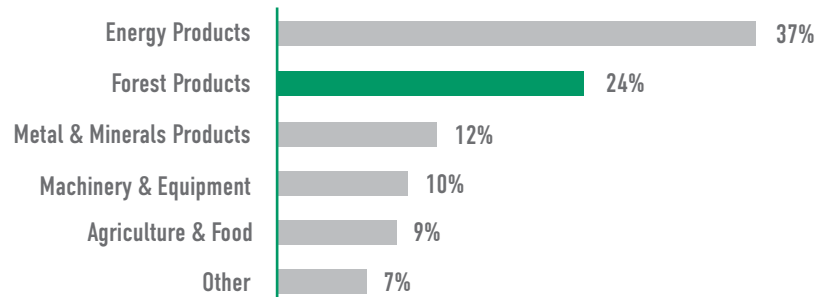
This reduction in harvest levels has had significant implications for the provincial economy. With another sizeable drop in harvest levels experienced in 2023, there have been additional negative impacts on all forestry-related economic metrics, most notably in jobs and government revenue.



The BC forest sector has significantly higher paying salaries, averaging over \$106K in compensation per year in 2022, compared to the average of \$73K in BC.

Forest Products Rank Second to Energy as BC's Leading Export

Exports are a major driver of economic benefits, bringing in revenue from abroad that strengthens the provincial economy. In 2022, forest products were BC's number two export, representing 24% of all merchandise exports by value. Global demand for forest products is projected to be strong in the years ahead due to growth in traditional markets and emerging forest products categories such as mass timber and innovations in the bioeconomy. With a highly integrated supply chain in the forest sector, these value-added segments depend on a healthy primary sector of sawmills and pulp mills.



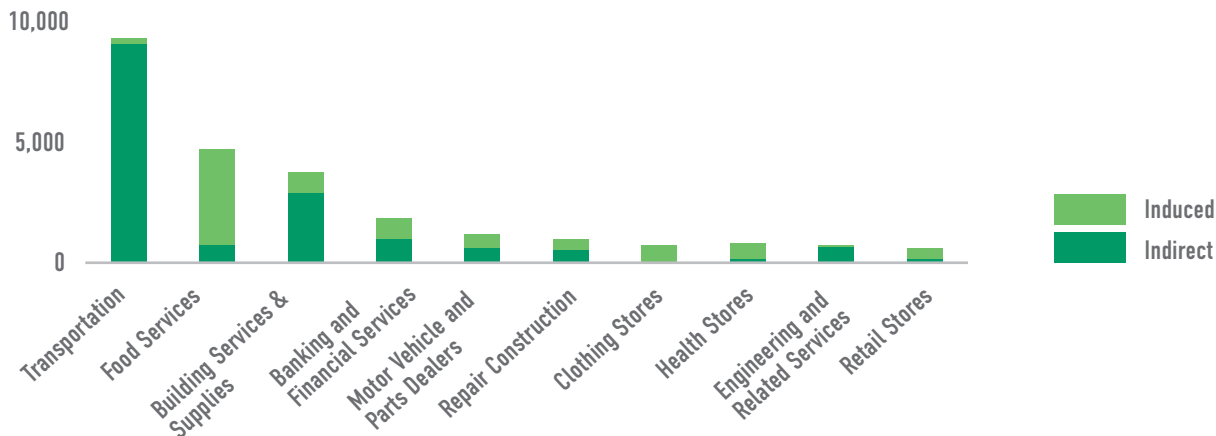
The forest industry also contributes to the economy through capital expenditures throughout the province. From 2013 to 2022, the forest sector invested approximately \$15.8 billion in combined capital and repair expenditures, including:

- \$7.1 billion for investments in construction, machinery, and equipment
- \$8.7 billion on repairs and maintenance, through local BC companies and suppliers

The BC Forest Industry is a Significant Supporter of Other Sectors

Most of the inputs, goods and services used by the forest industry are sourced locally, which creates spinoff effects by generating demand for other BC-based companies. Across BC, forest industry operations generate significant economic benefits for numerous sectors on which the forest industry and forestry workers rely, particularly transportation, food services, building services and supplies. In 2022, this indirect economic impact from 48.7K direct forestry jobs included an additional 51.1K indirect and induced jobs.

Of the indirect and induced jobs, the top 10 impacted sectors are as follows:



Revenues Collected by the Government from the Forest Sector in 2022:

The forest sector generates substantial revenue for government that helps fund public services such as health, education and infrastructure. This revenue is driven by fees such as:

- **Taxes on Products and Production**
- **Personal Income Tax**
- **Corporate Income Tax**
- **The BC Logging Tax**
- **Stumpage**
- **Annual Rent on long-term tenures**
- **Fee in Lieu**

Federal Government (millions)		\$2,292
Products and production taxes, corporate and personal income taxes		\$2,292
Provincial Government (millions)		\$3,969
Products and production taxes, corporate and personal income tax		\$2,086
Logging tax		\$403
Stumpage		\$1,440
Annual Rent		\$20
Fee in Lieu		\$20
Municipal Government (millions)		\$325
Products and production taxes		\$325
TOTAL (millions)		\$6,586





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