



Competitiveness & Sustainability in the B.C. Forest Sector

A comparison across international forest jurisdictions



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Context & Objectives

The B.C. forest sector plays a critical role in the provincial economy, providing family-supporting jobs across urban, rural and Indigenous communities, while operating under a robust sustainable forest management regime. However, the sector is facing serious challenges, including declining wood supply, mill closures, and reduced investment, all contributing to lower output, exports, and employment.

This study compares the performance of B.C.'s forest sector against other leading forestry jurisdictions globally. It examines key quantifiable metrics alongside a global survey of industry leaders' perceptions of competitiveness and investment attractiveness.

Findings indicate that B.C.'s forest sector experienced the steepest decline in gross domestic product (GDP) among all jurisdictions. A decade of uncertainty in wood supply has led to declining harvest volumes in B.C., in stark contrast to competitor regions, resulting in reduced production, diminished export revenues, and broader economic challenges. This has cascading impacts on productivity and investments in modernization and innovation.

The study underscores the urgent need for strategic action to restore the competitiveness of B.C.'s forest sector while maintaining its sustainability leadership.

This study was prepared by O'Kelly Acumen for the BC Council of Forest Industries (COFI), and published April 2025.

Methodology

The study involved three components:

1. **Forest Sector Performance:** B.C.'s forest sector is benchmarked against global peers by analyzing economic performance, investment trends, and sustainability metrics using public data sources.
 - The selected jurisdictions include **Rest of Canada, the United States (US), Sweden, Finland, Austria, New Zealand, Brazil and Chile.**
2. **Conditions for Success:** A global survey captured industry leaders' perceptions of competitiveness in 10 different forestry regions across eight key factors, including wood supply security, investment attractiveness, taxation, and R&D effectiveness.
3. **Opportunities to Improve Conditions:** Strategic actions to strengthen B.C.'s forest sector and drive economic, social, and environmental growth are identified.

Step 1

Forest sector performance
Analysis of economic and sustainability outcomes

E.g.,

- Value added
- Employment
- Export
- Emissions
- Biodiversity

Step 2

Conditions for success
Industry leader survey of perceptions

E.g.,

- Security of wood supply
- Availability of labour
- Transport infrastructure
- Environmental policy
- R&D ecosystem

Step 3

Opportunities to improve conditions
Interviews, workshop discussions

E.g.,

- Forest tenure
- Education
- R&D funding
- Cooperative platforms

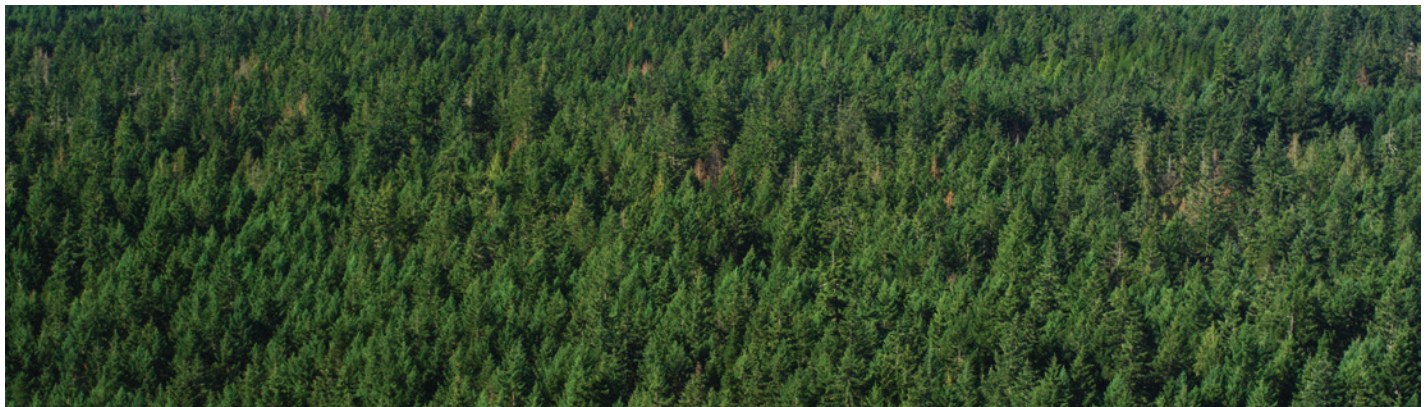


Photo Credit: Ainsworth Communications, courtesy of naturallywood.com

Analysis of Forest Sector Performance

B.C.'s Performance

The table below highlights the key performance metrics used to benchmark B.C.'s forest sector against global peers. The analysis focuses on three main areas—economic outcomes, investment, and sustainability—to assess competitiveness, identify trends, and highlight areas for improvement with data sourced from the Organization for Economic Cooperation and Development (OECD), national statistics offices, UN Comtrade and World Wildlife Fund.

Scorecard of forest sector performance 2013-23¹

■ Strong ■ Average ■ Weak

	Metric	B.C.	Other Canada	US	Sweden	Finland	Austria	New Zealand	Chile	Brazil	Units
Economic outcomes	GDP growth	-3.6	0.3	0.6	0.5	-0.8	1.0	0.3	0.7	2.2	% p.a. ² (real terms)
	Employment growth	-1.3	-0.2	-1.0	-0.3	-1.0	-0.6	-0.2	0.1	4.6	% p.a.
	Productivity growth	-2.3	0.6	1.4	0.9	0.1	1.6	0.5	0.6	-2.3	% p.a. (real terms)
	Export growth	-2.9	1.2	-0.3	-0.5	-1.3	0.0	-1.4	-0.3	4.1	% p.a.
Growth catalysts	Capital investment	4.0	3.6	7.8	8.0	5.2	6.1	3.2	6.0	8.5	% of revenue
	R&D spend	0.3	0.5	0.6	0.8	0.7	0.3	0.1	0.1	0.1	% of revenue
Sustainability	Biodiversity	2.5	3.6	2.1	2.3	2.3	3.1	3.2	3.5		Risk ranking (low to high) ⁴
	P&P ³ GHG emissions	0.4	0.4	0.3	0.1	0.2	0.3	0.3	0.3	0.3	tCO ₂ /tonne

1. Investment scores are average of all years available in period 2013-2023; Biodiversity ratings are for 2023. 2. Per annum. 3. Pulp and paper mills only. 4. A lower value means lower risk to biodiversity



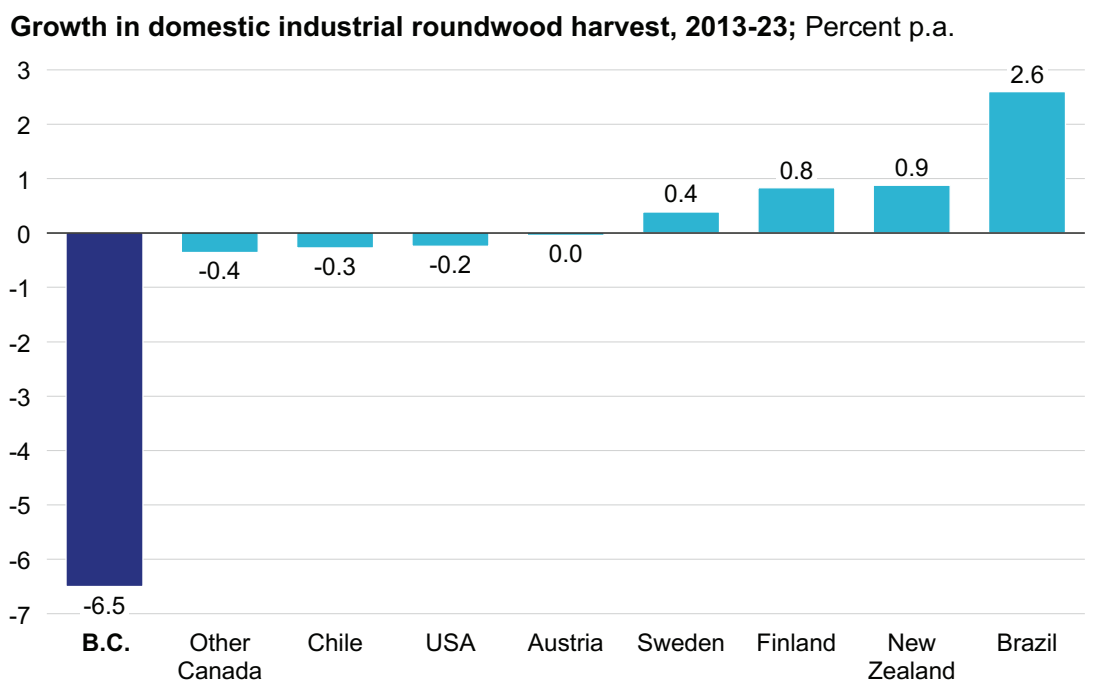
Photo Credit: Nik West, courtesy of naturallywood.com

Learnings for B.C.:

- **Economic Outcomes:** The Forest Sector in B.C. Faces Steep Economic Decline
 - Forestry in B.C. has the sharpest GDP contraction (-3.6% per annum) among all regions.
 - Employment (-1.3% p.a.) and productivity (-2.3% p.a.) are both declining, a “double hit” not seen in other jurisdictions.
 - Export revenues are also falling faster (-2.9% p.a.) than in peer regions.
- **Growth Catalysts:** Investment and R&D Spending Lag Behind
 - Capital investment (4.0% of revenue) is well below the leaders like Sweden (8.0%).
 - R&D spending (0.3% of revenue) is lower than some global peers, limiting innovation and future growth potential.
- **Sustainability:** B.C.’s Performance in Biodiversity Protection is Strong
 - B.C. has a lower risk to biodiversity, comparable to high-performing regions.

Insight: B.C.’s Declining Harvest

Throughout B.C., harvests fell at a rate of 6.5% per year from 2013-23, while it was flat or grew in most peer jurisdictions. The decline in the supply of raw materials to B.C.’s forest industry helps explain many of the economic outcomes observed during this period. Lower production of forest products led to lower sector GDP, employment and export combined with uncertainty about future wood supply. This also resulted in lower rates of capital investment and R&D compared to many peer regions.

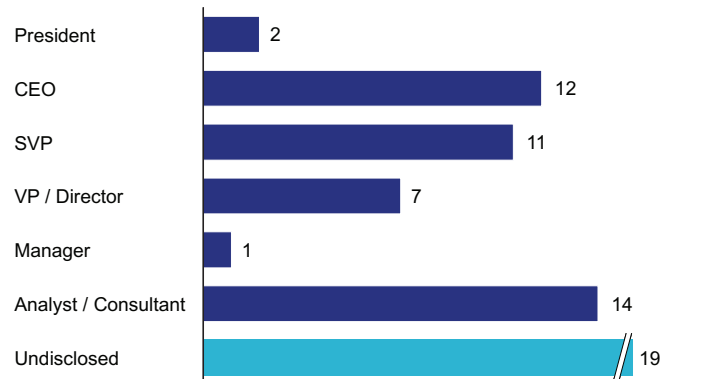


SOURCE: Canada National Forestry database (Canada); UN FAOSTAT (others)

Global Leader Survey: Conditions for Success

A global survey assessed the perceptions of industry leaders on forest sector competitiveness in 10 different forestry regions across eight key factors, including wood supply security, investment attractiveness, taxation, and R&D effectiveness. The performance of different jurisdictions was ranked 1 to 5 (with 5 being the best). Conducted between December 2024 and March 2025, the survey was sent to 165 industry leaders, yielding 66 responses (40%). Respondents rated only regions they were familiar with, ensuring informed comparisons between B.C. and the other forestry jurisdictions.

Participants by role in organization Total: 66 participants (40% response rate)

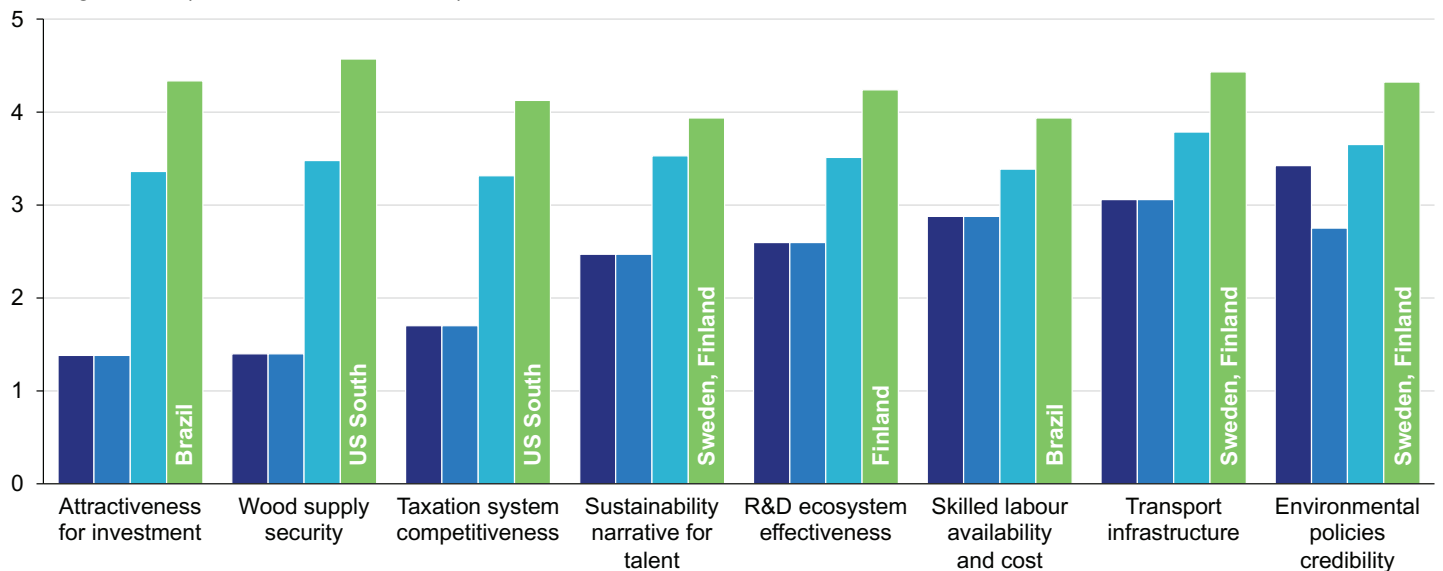


1. Each participant can rate between 1 and 10 regions, on average each participant rated 3.2 regions

Source: Global industry leader survey

Perceptions of forest industry conditions – B.C. vs. other jurisdictions

Average score (5 = Excellent, 1 = Poor)



Source: Global industry leader survey

Perceptions of B.C.:

● Perception of B.C. Ranks the Lowest in Critical Areas

- The low rating of wood supply security in B.C. highlights major concerns about resource availability.
- Investment attractiveness and tax competitiveness are also bottom-tier, signaling a need for policy reforms.

● Average Ratings in Innovation & Labour Resources

- B.C.'s R&D ecosystem is perceived to be underdeveloped compared to leading regions.
- Skilled labour availability & cost suggest perceived challenges in workforce availability.

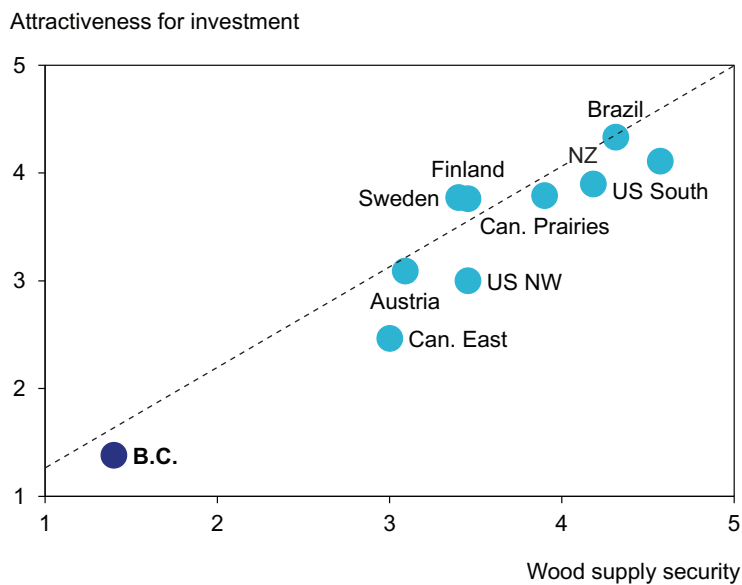
● B.C. has robust environmental policies, but there is room to improve how B.C. is perceived.

- Perceptions on B.C.'s environmental policies may have negative biases stemming from public criticisms of the forest sector.

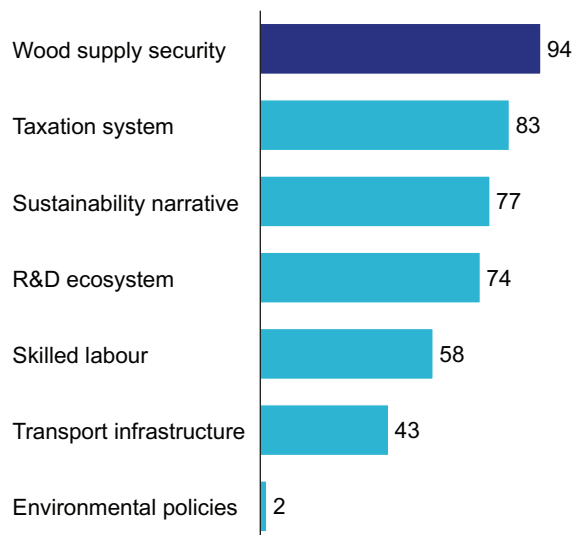
Insight: Strong Correlation Between Wood Supply Security & Investment Attractiveness

Ratings for investment attractiveness were highly correlated with perceived wood supply security, more than any other factor. This suggests that as long as B.C. is seen as having low wood supply security, it will struggle to attract forest industry investment. Addressing uncertainty in the land base and wood supply is crucial to improving investor confidence and ensuring the sector's long-term viability. Action is needed to create stability and support future growth.

Attractiveness for investment vs. wood supply security



Correlation co-efficient of attractiveness for investment with other factors; Percent



Source: Global industry leader survey.
Canada East (Ontario and Quebec) and Canada Prairies (Alberta and Saskatchewan)

Learnings for B.C.

Building on the findings from the first two components of the study, strategic actions to strengthen B.C.'s forest sector and drive economic, social, and environmental growth were identified. Key findings are highlighted here, with the full analysis available in the technical report.

Area	Challenges identified	Opportunity for B.C.
Wood supply security	Public ownership of forests, shifting policy frameworks and complex layered regulations constrain access to the resource and create uncertainty.	Working forests: More designated "working forest" that recognizes conservation measures implemented through sustainable forest management to increase certainty around wood supply availability and allow operators to plan.
		First Nations transfer: Accelerate the transfer of forest land to First Nations, increasing their participation and aligning with the Government's current goal of 20% to improve land-tenure certainty for remaining licenses and tenures. Ensure that areas transferred to First Nations continue to be part of the working forest.
		BCTS reform: The mandate of BC Timber Sales is to support the market pricing system and distribute 20% of the Allowable Annual Cut (AAC). Any reforms must focus on helping BCTS meet its mandate and ensure wood supply meets target harvest levels.
		First Nations revenue sharing: Introduce an equitable and transparent framework for forestry revenue sharing, to ensure the benefits of forestry operations are meaningfully shared. Reduce or eliminate duplication in the collection of resource rents paid by forest tenure holders to First Nations.
		Permitting process: Streamline approvals by creating a single-window system for forest industry permits (e.g., cutting, road use, environmental approvals) and expedite Forest Landscape Planning to simplify lower-level permit approvals. Implement transparent performance metrics and indicators for accountability. Provide clear guidance to address extensive permit development prior to submission enabling conditions for approvals.
		Regulatory pace: Slow the pace of policy and regulatory changes to allow industry, First Nations and communities to implement changes on the ground and advance projects already in development, to provide greater stability and predictability for forest management and manufacturing.

Area	Challenges identified	Opportunity for B.C.
Sustainability narrative for talent	Sustainability of the forest industries is not well perceived by the public.	Government communications: Ensure consistent, positive messaging on B.C.'s sustainable forestry by promoting low-carbon wood products domestically and internationally and positioning the sector as a climate-positive career choice.
R&D ecosystem effectiveness	Relatively low R&D investment, collaboration, and adoption of innovations.	Collaboration: Strengthen linkages between universities, government and industry, fostering collaboration over competition with clear divisions of responsibilities. Enhance existing R&D platforms, amplify ongoing initiatives, and explore ways to establish regional or functional clusters to drive tangible results.
Skilled labour availability and cost	High quality of vocational and university education but declining enrolments.	Technical training: Expand the enrolment capacity of technical training institutions to accommodate growing demand for skilled workers in evolving industries. Additionally, establish targeted retraining and upskilling programs for forestry workers to support their transition into more technology-oriented roles or other emerging sectors.
Transport infrastructure	Large distances from forest to mill to market, with limited rail options.	Rail: Upgrade and expand the rail network in B.C.'s interior to improve access to wood, as projects are often underfunded due to lack of rail links, such as in the Fort Nelson area.
Environmental policies' credibility	Perception that environmental policy is less credible internationally than other jurisdictions, and is not always well-grounded in science.	Science-based policies: Ensure policies are grounded in science with clearly defined goals and achievable targets. Create a platform for sustainable forest management that enhances credibility with investors, buyers and the public.
		Carbon tax: Ensure B.C.'s carbon pricing policies balance global competitiveness with decarbonization efforts.
		Bioenergy transition: Develop policies to stimulate growth in the bioenergy sector, focusing on demand-side expansion such as biomass use in district heating and industrial heat/power.



Photo Credit: Candace Kenyon, courtesy of naturallywood.com





Conclusion

Economic indicators and business leader perceptions make it clear: B.C.'s forest sector is falling behind its international peers in competitiveness. Wood supply security is closely linked to investment attractiveness, underscoring the urgent need for forest policies and transparent performance metrics that support long-term industry growth. With strong sustainability credentials, B.C. has an opportunity to reverse this trend. Stabilizing and expanding the sector is essential for driving economic development, protecting jobs, maintaining forest ecosystem health, and sustaining communities across the province. Decisive action is needed to secure the future of an industry that is foundational to B.C.

Written by:



Prepared for:

