Competitiveness & Sustainability in the B.C. Forest Sector

A comparison across international forest jurisdictions

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BC COUNCIL OF FOREST INDUSTRIES

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Report summary

The B.C. forest sector plays a critical role in the province's economy and employment, including in 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 B.C.'s forest sector performance against ten international jurisdictions, including Sweden, Finland, Austria, the U.S., and Brazil. The analysis examines key quantifiable metrics—GDP contribution, employment, productivity, investment, and sustainability, alongside a global survey of industry leaders' perceptions of the conditions for success.

Findings indicate that B.C. has experienced the steepest decline in the OECD's definition of GDP among all jurisdictions, with an annual contraction of 3.6%, driven by both falling employment and productivity. Investment in modernization and innovation lags competitors, limiting efficiency gains and future growth potential. Export revenues have also declined faster than in peer regions. However, B.C. maintains a strong sustainability record, comparable to Sweden and Finland, though emissions intensity in pulp and paper remains higher than in top-performing jurisdictions.

The survey of global industry leaders further highlights competitive disadvantages for B.C. across key dimensions. Wood supply security, investment attractiveness, and tax system competitiveness ranked the lowest among all regions. Ratings of investment attractiveness were highly correlated with perceived security of wood supply. Perceptions of B.C.'s R&D ecosystem, sustainability narrative for attracting talent, and infrastructure quality were also below average. In contrast, Sweden, Finland, and Austria lead in investment and innovation, while Brazil and the U.S. South excel in wood supply security and competitiveness.

To reverse this downward trend, B.C. must address critical barriers:

- Enhance **wood supply security** by expanding designated working forests, accelerating First Nations land transfers, improving accountability and efficiency in permitting processes and moderating the pace of regulatory changes.
- Improve **investment attractiveness** through regulatory stability and a clear long-term vision for the sector.
- Improve **tax competitiveness** by reviewing industry tax structures and aligning with peer jurisdictions.
- Strengthen the **sustainability narrative** for recruiting talent by promoting the industry's environmental and economic contributions.
- Enhance the **R&D ecosystem** by increasing collaboration and funding to drive product development and improved productivity throughout the entire value chain from forest management to end products.

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

Context and objectives

The forest sector is important for the B.C. economy and job creation, generating over CAD 17 billion in gross domestic profit (GDP), CAD 6 billion in government revenue, and supporting about 100,000 jobs across the province[1] – including direct employment of over 4,800 indigenous peoples. The industry operates under a robust Provincial sustainable forest management regime and industry has instituted strong forest management practices. Today, 77% of B.C. forests have been independently certified to the highest international sustainability standards.

However, B.C.'s forest sector faces significant challenges. Wood supply has declined following the Mountain Pine Beetle epidemic, forest fires, and the development and implementation of new policy frameworks, regulations, and conservation measures. Forest industry output, exports, and employment have also declined, as facilities have closed or curtailed production, and leading players have diversified their operations in other jurisdictions.

The objective of this study is to compare the competitiveness of B.C.'s forest sector with other leading forest product-producing jurisdictions globally, identify critical gaps, and outline the opportunities to improve the conditions for future growth.

Methodology

This study was carried out from November 2024 to March 2025 by Glen O'Kelly of O'Kelly Acumen, in cooperation with Russ Taylor of Russ Taylor Global, and COFI.

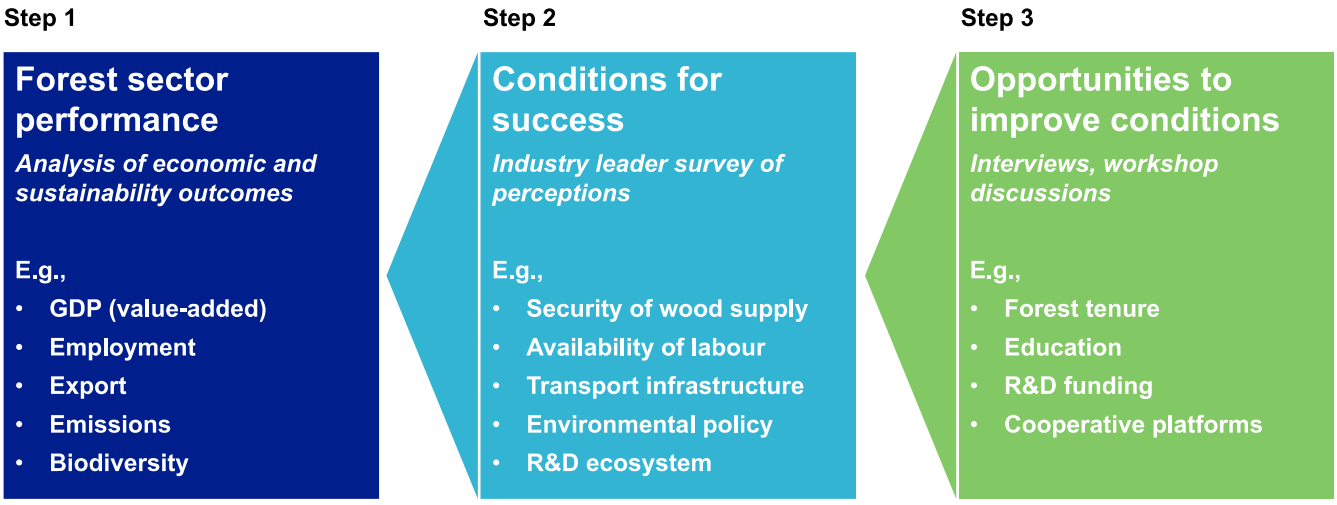
The approach involved three steps:

1. Benchmark **forest sector performance** in B.C. and peer jurisdictions, including economic outcomes (e.g., GDP, employment), investment (e.g., capital investment, R&D spend), and metrics of sustainability performance (e.g., biodiversity rankings, greenhouse gas emissions). This analysis was based on public data from sources such as the OECD, national statistics offices, UN Comtrade and the World Wildlife Fund.
2. Evaluate perceptions of the **conditions for success** for the forest sector in B.C. and peer jurisdictions, based on a survey of industry leaders and analysts globally. The survey assessed the jurisdictions across eight metrics, including wood supply security, skilled labour availability and cost, effectiveness of the R&D ecosystem, and international credibility of environmental policies.
3. Identify priority **opportunities to improve conditions** for the forest sector in B.C. to grow, thrive and achieve economic, social and environmental goals for the province. This exercise was carried out by the working group in discussion with key stakeholders.

[1] Economic-Impact-Report-2024-Exec-Summary-April-9.pdf

The project approach is represented in **Figure 1**. There are three related process steps; forest sector performance is influenced by the conditions for success, and the opportunities to improve conditions.

Figure 1: Study approach – Identifying priority actions to improve B.C.'s forest sector performance



Forest sector performance

Before considering the conditions for success of the forest sector in B.C., and priority steps to improve those conditions, we chose to first establish how the sector is performing relative to similar jurisdictions globally.

Performance metrics

The performance of the forest sector – including forestry, wood products manufacturing, and production of pulp and paper/paperboard – can be viewed in terms of economic outcomes, investment, and sustainability. The criteria we analysed are summarised in **Figure 2**.

Figure 2: Forest sector performance criteria

	Metric	Description	Units	Source
Economic outcomes	GDP growth	Annual growth in forest industry contribution to GDP (value added)	% p.a.[1] (real terms)	OECD, National statistics
	Employment growth	Growth in forest industry jobs	% p.a.	OECD, National statistics
	Productivity growth	Growth in forest industry productivity (Value-added per employee)	% p.a. (real terms)	OECD, National statistics
	Export growth	Growth in forest products export value	% p.a.	UN Comtrade
Growth catalysts	Capital investment	Gross fixed capital formation in forest industry, as share of output (revenue)	% of revenue	OECD, National statistics
	R&D spend	Research & development spend in forest industry, as share of output (revenue)	% of revenue	OECD, National statistics
Sustain-ability	Biodiversity	WWF risk ranking; average of pressure on biodiversity and socioeconomic factors	Risk ranking	WWF
	GHG emissions	Fossil CO_2 emissions (scope 1+2) in pulp and paper manufacture	tCO_2/tonne[2]	National statistics

1. Per annum
2. Metric tonnes of fossil carbon dioxide emissions per tonne of paper and paperboard production and market pulp export

In addition to B.C., the forest sector is also an important part of the economy in many other regions and countries globally. The jurisdictions we chose as benchmarks for B.C. were **Rest of Canada**[2], the **United States (US)**, **Sweden**, **Finland**, **Austria**, **New Zealand**, **Brazil** and **Chile**. These are producers and exporters of forest products, where the sector is central to the economy, and were chosen to provide a cross-section of North America, Europe, South America and Oceania.

We considered performance in the period 2013-2023, long enough to cover at least one industry cycle while also including only relatively recent performance.

[2] Canada excluding B.C.

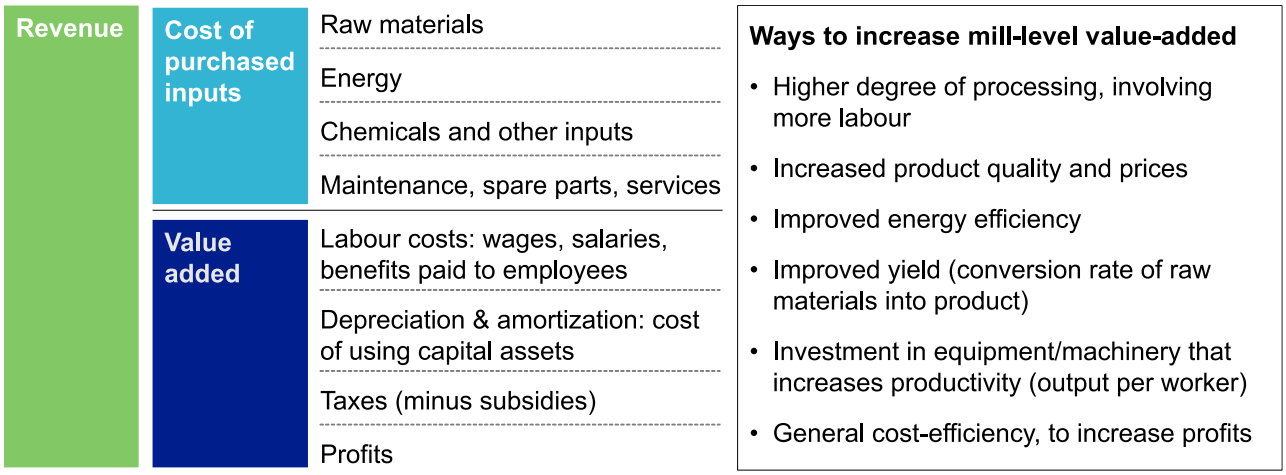
Definition Box: Value-Added

In this report, value-added is used in its economic definition, which measures the contribution of a sector to the economy. This concept is particularly relevant to understanding the forest industry's role in British Columbia.

Economic Definition of Value-Added

- Value-added = revenue – cost of purchased inputs
- Alternatively, value-added = labour costs + capital depreciation + taxes + profits

Value-added reflects the economic value a sector generates, including worker compensation, government tax revenue, and company profits.



In GDP calculations, the total value-added across all sectors represents the economy's overall output. Value-added in a sector can be seen as the number of workers in the sector (employment) multiplied by value added per worker (productivity).

How to Increase Value-Added in the Forest Sector

The forest industry's GDP contribution can grow in two main ways:

1. Increasing productivity – Raising value-added per worker by enhancing efficiency, innovation, or product value while minimizing input costs (e.g., raw materials, energy).
2. Increasing employment – Expanding the workforce, which often means harvesting more wood and producing a greater volume of forest products.

B.C.'s performance

The analysis (**Figure 3**) highlights that B.C.'s forest sector is struggling in most respects, except sustainability performance. GDP contribution has contracted by 3.6% per annum (p.a.) during the period, driven by a 1.3% p.a. decline in employment and a 2.3% p.a. decline in productivity (value-added per employee). This was the worst value-added performance among all jurisdictions studied;

while many suffered a decline in employment, or productivity, no others suffered the same "double hit" of lower employment and lower productivity.

Figure 3: Heatmap of forest sector performance in B.C. and peer jurisdictions 2013-2023

Scorecard of forest sector performance 2013-23[1]

Strong Average Weak

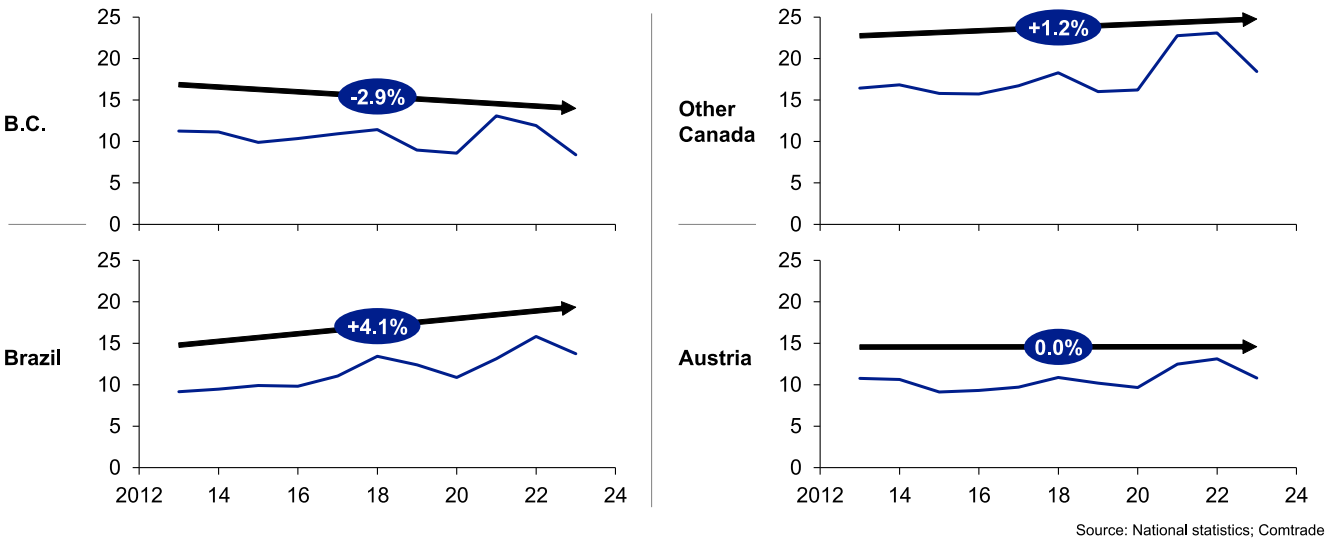
	Metric	BC	Other Canada	US	Swe-den	Finland	Austria	New Zealand	Chile	Brazil	Units
Economic outcomes	GDP growth	-3.6	0.3	0.6	0.5	-0.8	1.0	0.3	0.7	2.2	% p.a.[2] (real terms)
	Employment growth	-1.3	-0.2	-1.0	-0.3	-1.0	-0.6	-0.2	0.1	4.6	% p.a.
	Productivity growth	-2.3	0.6	1.4	0.9	0.1	1.6	0.5	0.6	-2.3	% 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
Sustain-ability	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

B.C.'s export revenues declined by 2.9% p.a. (**Figure 4**), which was worse than the average for the peer group (a decline of 0.2% p.a.). This mainly reflects a contraction of the forest industry due to lower wood supply. It is also due to weaker markets from 2022-2023 for softwood lumber, which is a very important export commodity for B.C.

Figure 4: Forest product exports from B.C. and peer jurisdictions

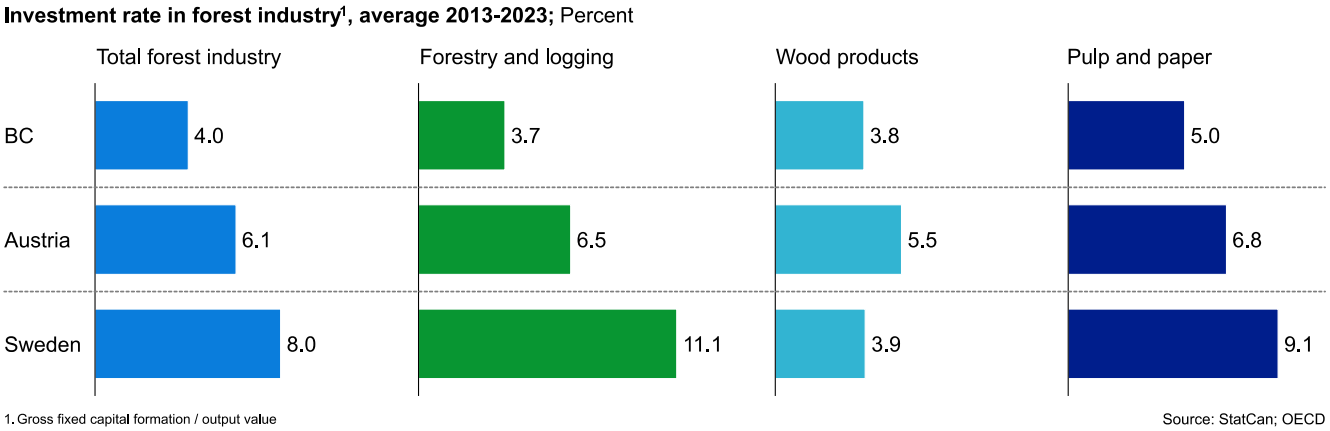
Value of forest products exports, 2013-2023; USD billion



Source: National statistics; Comtrade

Investment in the B.C. industry was also well below average (**Figure 5**), with capital investment at 4.0% of revenue (versus the peer group average of 5.8%) and R&D spending at 0.3% of revenue (versus the peer group average of 0.4%). This suggests that B.C.'s forest industry invests less than its peer jurisdictions in the modernization of equipment, expanding manufacturing capacity, new product development and process improvements throughout the value chain. It risks lagging competitors in cost efficiency, resource efficiency, and product value. The implication is that B.C.'s forest sector is less equipped to grow and remain competitive internationally.

Figure 5: Investment in the forest industry in B.C., Austria and Sweden



B.C. performs relatively well in sustainability. Its biodiversity risk ranking, an average of scores assessing pressure on biodiversity and socioeconomic factors, according to the World Wildlife Fund (WWF), is among the best of the peer group – comparable to Sweden, Finland and Austria.

The B.C.'s pulp and paper industry has an emissions intensity that is typical for North America, averaging 0.4 tCO2e per tonne of production between 2013 and 2023. While this is slightly higher than the peer group average (0.3), it remains well behind the best-performing regions (0.1). One challenge is that B.C.'s pulp and paper facilities are relatively old, especially compared to regions like Brazil and Chile, where capacity growth has been driven by investment in new mills. In recent years, there has also been less investment in energy efficiency and bioenergy use than seen in European countries (e.g., Sweden, Finland, Austria), which have higher energy costs and carbon taxes. Although B.C.'s industry was an early mover in decarbonization, making significant investments in the 1990s, many of the easier "low-hanging fruit" opportunities have already been exhausted.

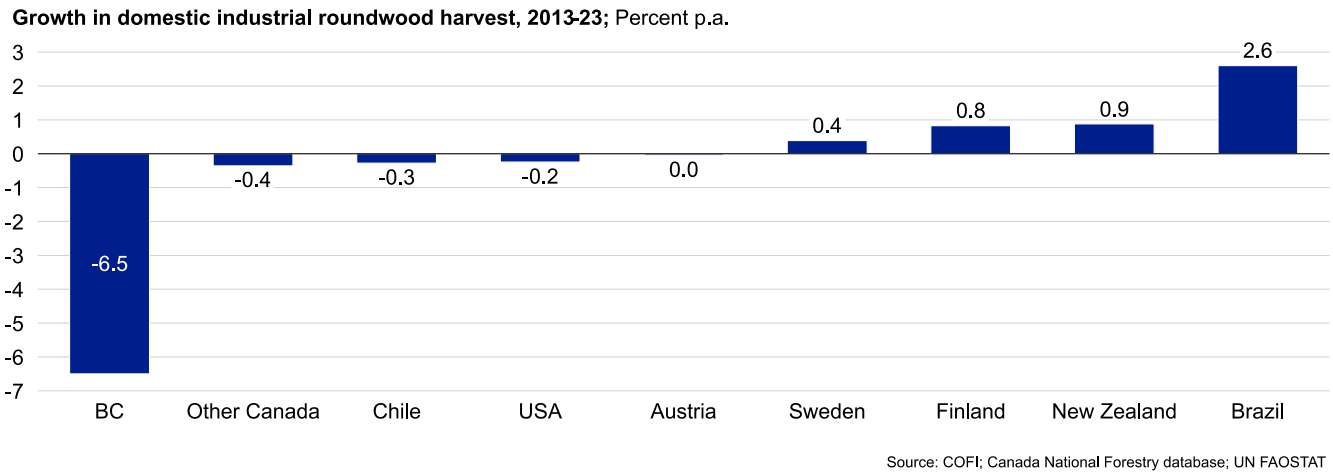
Overall, it seems that while economic outcomes are deteriorating, and industry investments are lagging peers, the B.C. industry can demonstrate strong performance in some areas of sustainability.

It is important to note the differences in B.C.'s forest industry on the Coast and Interior, due to climate, species mix, and industry structure. The Coast, with higher rainfall and faster tree growth, has traditionally focused on high-value species like Douglas-fir, Red Cedar, and Cypress, supporting a

diverse but aging infrastructure with many smaller sawmills. However, sharp Allowable Annual Cut (AAC) reductions, largely due to withdrawals from the harvestable land base, are forcing a shift toward marginally economical stands and production. The Interior has a drier climate with slower-growing, smaller trees. It has larger sawmills, more investment, and a focus on commodity lumber. The interior has also seen harvestable land base withdrawal coupled with losses from pine beetle outbreaks and wildfires, affecting long-term timber supply.

Throughout B.C., harvests have fallen at 6.5% p.a. in 2013-23, while it was flat or grew in most peer jurisdictions (**Figure 6**). 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.

Figure 6: Growth in industrial roundwood harvest



Performance of peer jurisdictions

The analysis of the forest sector performance also highlights peers who are performing better in areas where B.C. is struggling.

Brazil

Brazil demonstrated the strongest growth in both value-added (2.2% p.a.) and employment (4.6% p.a.) during the period. This was the result of huge investment in expanding forest industries, especially market pulp production capacity, which grew by 66% (from 16.4 to 27.3 million tonnes). It was enabled by growth in wood production, from newly established and highly productive forest plantations. Brazil enjoys good availability of suitable land, and the plantations (commonly clones of *Eucalyptus* species selected for growth rates, vigour, and wood properties) have among the highest productivity and lowest wood costs of any forest system globally. This is difficult to replicate in B.C.,

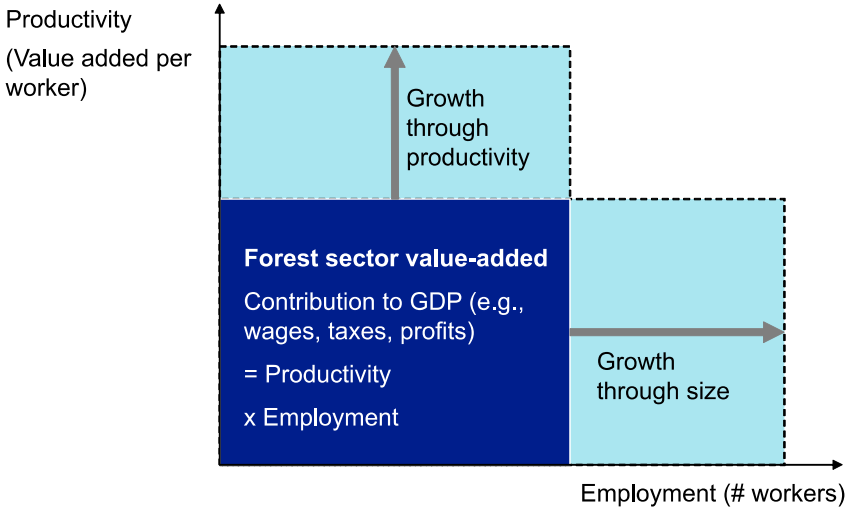
where the industry relies on natural forests[3] managed for a balance of production, ecological and social values. However, Brazil provides a lesson on the importance of wood supply in enabling forest industry growth.

Austria

Austria had the second-highest growth in value-added (1.0% p.a.) of the peer group. Unlike Brazil, this was not accompanied by increased employment (which fell by 0.6% p.a.) but through improved productivity. Austria was able to create more value from fewer workers, resulting in lower employment but improved competitiveness. Also, wood supply to Austria's industry did not grow between 2013 and 2023; supply from domestic forests remained at ~13 million m^3 and imports of logs and chips from neighbouring countries at ~8 million m^3 (peaking at 12 million m^3 in 2020)[4]. Value-added growth was achieved through investment in new and efficient sawmill capacity, increased production of value-added products such as cross-laminated timber (CLT), and a rapid shift away from products facing market headwinds (graphic papers) towards products with stronger outlook – mainly paperboard for packaging and dissolving pulp for textiles and specialty chemicals.

Any sector's contribution to GDP can be broken down into two parts (**Figure 7**): employment and value-added per worker. Growth in GDP (value-added) can therefore be growth through increased employment, which is linked to industry capacity and wood supply, and through higher value-added per worker, for example by producing higher-margin products, or reducing costs through improved yield or energy efficiency. The routes to growth are not mutually exclusive and can be interrelated.

Figure 7: Composition of forest sector GDP and two routes to growth



Routes to increase sector value-added (GDP):

1. **Growth through size:** increased employment, e.g. through increased wood supply, and volume of manufacturing
2. **Growth through productivity:** increased value-added per worker, e.g. higher-margin products, energy efficiency, yield, reduced costs.

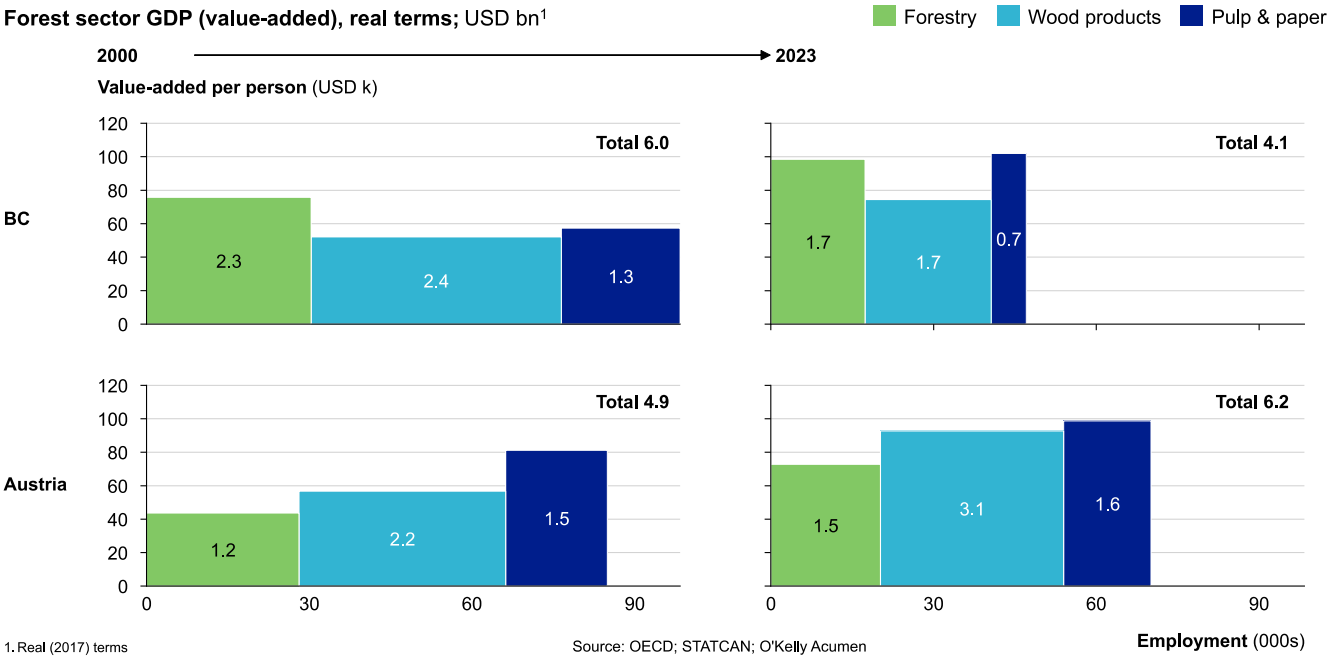
[3] Managed natural forests (UN FAO definition): Naturally regenerating forests where human interventions, such as selective logging or silvicultural practices, are applied to influence composition, structure, and productivity
[4] UN's FAOSTAT

Comparing the growth of forest sector GDP in Austria and B.C. since 2000 highlights the impact of reduced raw material supply on B.C.'s (**Figure 8**). While B.C.'s forest industry has increased value-added per worker (the height of the bars), overall sector GDP (the size of the bars) declined due to a sharp drop in employment (the width of the bars).

In 2000, B.C.'s forest sector GDP was larger than Austria's—$6.0 billion versus $4.9 billion (USD, real 2017 terms). B.C. had higher forest sector employment and a similar value-added per worker. However, by 2023, B.C.'s GDP had fallen to $4.1 billion, while Austria's had grown to $6.2 billion.

The main reason for B.C.'s decline was lower employment, which fell by more than half, driven by a 55% reduction in harvests. In contrast, Austria's employment declined much less, supported by a 15%[5] increase in wood supply. Both regions achieved similar gains in value-added per worker over the period.

Figure 8: Composition of forest sector GDP growth in B.C. and Austria, 2000-2023



Canada

The rest of Canada (excluding B.C.) experienced stronger value-added growth of 0.3% p.a. in 2013-2023, through higher productivity (+0.6% p.a.) and a smaller decline in employment (-0.2% p.a.). Export revenue also grew, by 1.2% p.a. This is particularly impressive, given that wood supply did not grow; harvest levels were stable at around 84 million m^3 in 2012-2022, with an 8% increase in Alberta/Saskatchewan and a 4% decline in Quebec /Ontario[6].

[5] Domestic harvests and net log imports (UN Economic Commission for Europe)
[6] Canada National Forestry database

The Prairie provinces were less affected than B.C. by the mountain pine beetle outbreak, helping to maintain and grow wood supply. The industry also benefited from lower provincial tax rates than B.C., and targeted investment incentives to support forest product manufacturing. Their industry is characterized by newer, more efficient facilities that produce a wider range of products, including lumber, pulp, and oriented strand board (OSB). Saskatchewan has set an ambitious goal to double the size of its forest industry by 2030, supported by significant recent investments.

The forest sector in Ontario and Quebec is more diversified than in B.C., where most export revenues come from lumber. Ontario and Quebec produce and export a wider range of products, including pulp, paper and packaging, engineered wood, and panels. The region is also closer to major demand centres, particularly in the northeastern United States. Additionally, Ontario offers a reduced corporate tax rate for manufacturing, while Quebec has implemented various incentives aimed at modernizing its forest sector.

United States

The US showed better-than-average growth in value-added and export, strong improvement in productivity, and one of the highest rates of capital investment (7.8% of revenue). While lumber capacity in the US has been relatively stable, there has been significant expansion in the US South, where sawlog costs are relatively low and stable, and there is potential to increase harvests. The production growth went mainly to the domestic market, to make up for lower supply from the rest of the US and Canada. This expansion involved several large-scale investments in greenfield sawmills, as well as many smaller investments in brownfield expansion of existing mills. These investments have helped improve industry productivity and competitiveness.

Recent policy in the US, especially tariffs on lumber imports from Canada and Europe, seek to drive investment in the US sawmill industry by making imported products more expensive to the consumer.

Sweden and Finland

Sweden and Finland showed relatively high levels of capital investment, R&D spending, and sustainability – three areas critical to ensuring the long-term competitiveness of the forest sector.

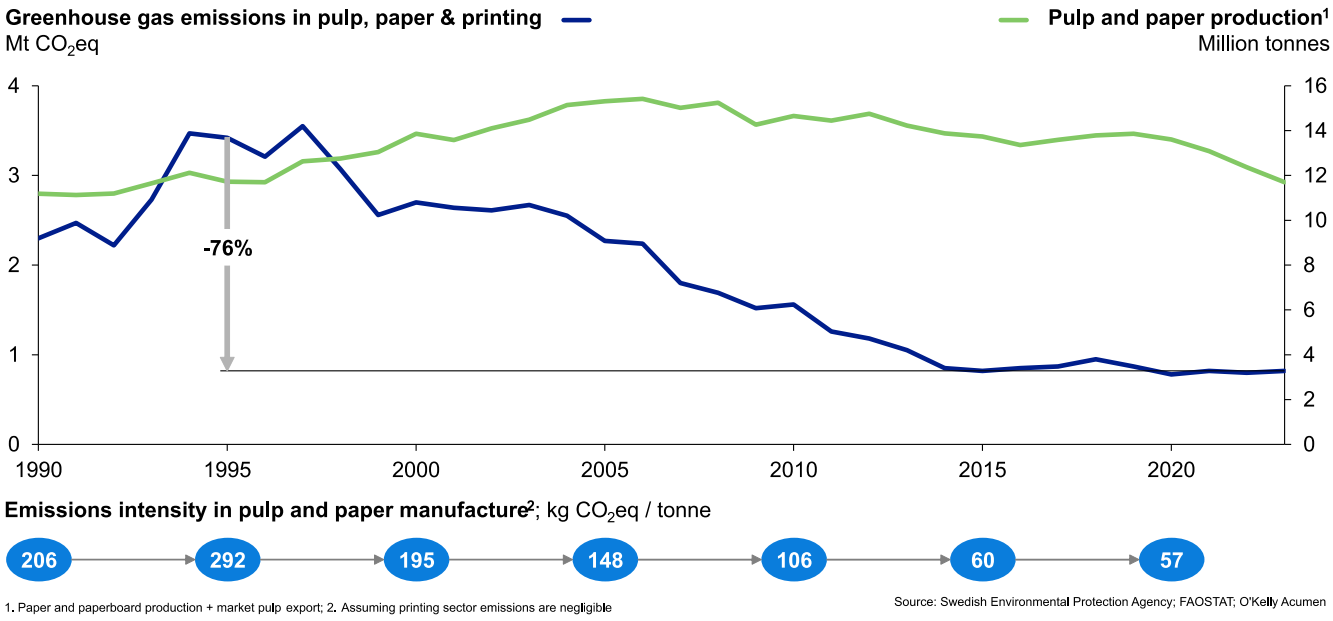
Sweden made the largest capital investments, at 8.0% of revenue. This did not lead to a significant jump in output; the volume of sawnwood production grew by 1% p.a. and pulp and paper fell by 2% p.a. in 2013-23, while the real value of forest sector output grew by 0.7% p.a. in 2013-22. Instead, investment was largely in efficiency improvements, to reduce production costs and environmental impact. Many investments were related to energy efficiency and automation. There were also several large-scale investments in manufacturing capacity (e.g. new saw and pulp lines), but these often replaced older and less efficient production units. Growth in total capacity was constrained by wood

supply (growing at 0.4% p.a.) but modernization of the manufacturing "fleet" of mills helped ensure future competitiveness. For example, Sweden's electricity intensity[7] fell by 26% in the wood sector, and fell by 23% in the pulp, paper and paperboard sector, between 2013 and 2023. The forest industries also contributed to decarbonizing of the broader economy, through the supply of district heating and green electricity based on biomass by-products.

Sweden and Finland had the highest R&D spending, at an average of 0.8% and 0.7% of revenue during 2013-2023, respectively. This helped enable both new product development and process improvement. One indicator of success is the number of new companies emerging with innovative products, including Pulpac (moulded pulp), TreeToTextile (cellulose fibres), Kotkamills' Aegle (plastic-free carton board), and Belolar (concrete ash-based substitutes). It is also evident in the continuous improvement of supply chain efficiency.

Finnish harvesting and log transport costs are falling steadily in real terms, by 1.5% and 1.2% per year respectively[8], and the pulp and paper industries in Sweden and Finland have the lowest GHG emissions intensity of the countries studied. Sweden reduced the GHG intensity of pulp and paper manufacturing by 76% since 1995 (**Figure 9**), partly due to improvements in energy efficiency, but also the carbon footprint of energy sources used.

Figure 9: Greenhouse gas emissions development in Sweden's pulp and paper industry



[7] External electricity purchases (MWh) per unit of production. Data from Eurostat, Faostat and Swedish Forests Industries
[8] EUR per cubic meter, 2012-2022. Data from Natural Resources Institute Finland

Conditions for success: Global leader survey

We surveyed global industry leaders and analysts, between December 2024 and March 2025, on their **perceptions** of the relative conditions for success of the forest sector in B.C. and peer jurisdictions. The selection of peer jurisdictions differed slightly from those in step 1 (forest sector performance), due to the ability to survey perceptions at a subnational level. Some jurisdictions were further divided into more specific regions: Canada Prairies (Alberta, Saskatchewan), Canada East (Quebec, Ontario), US Pacific Northwest (Washington, Oregon), and the US South.

The survey was sent to 165 individuals, of whom 66 (40%) responded. It required participants to first select the regions that they were familiar with and qualified to rate. They were then asked to rate those selected regions on eight dimensions related to the business climate for forest industries (**Figure 10**).

Figure 10: Global leader survey – Regional competitiveness factors and survey questions

Group	Factor	Survey question
Resources	Wood supply security	Rate region on **security of wood supply** (right quantities, qualities, and cost). Consider, where relevant, the impact of state forest ownership and the regulation of wood markets
	Transport infrastructure	Rate region on quality and reliability of **transport infrastructure**, including roads, rail and ports
Talent	Skilled labour	Rate region on the availability and cost of **skilled labour**
	Sustainability narrative	Rate region on their success in creating a compelling **sustainability narrative** to attract talent
Innovation	R&D ecosystem	Rate region on the effectiveness of their **R&D ecosystem** in supporting new product development and process improvement
Policy	Taxation system	Rate region on the competitiveness of their **taxation systems** (e.g., overall level, stability, simplicity)
	Environmental policies	Rate region on the international credibility of their **environmental policies**
Finance	Attractiveness for investment	Rate region on their overall **attractiveness for forest industry investments.**

Ratings were given on a scale from 1 to 5; poor, subpar, average, good, excellent. Participants could elect to identify themselves or remain anonymous.

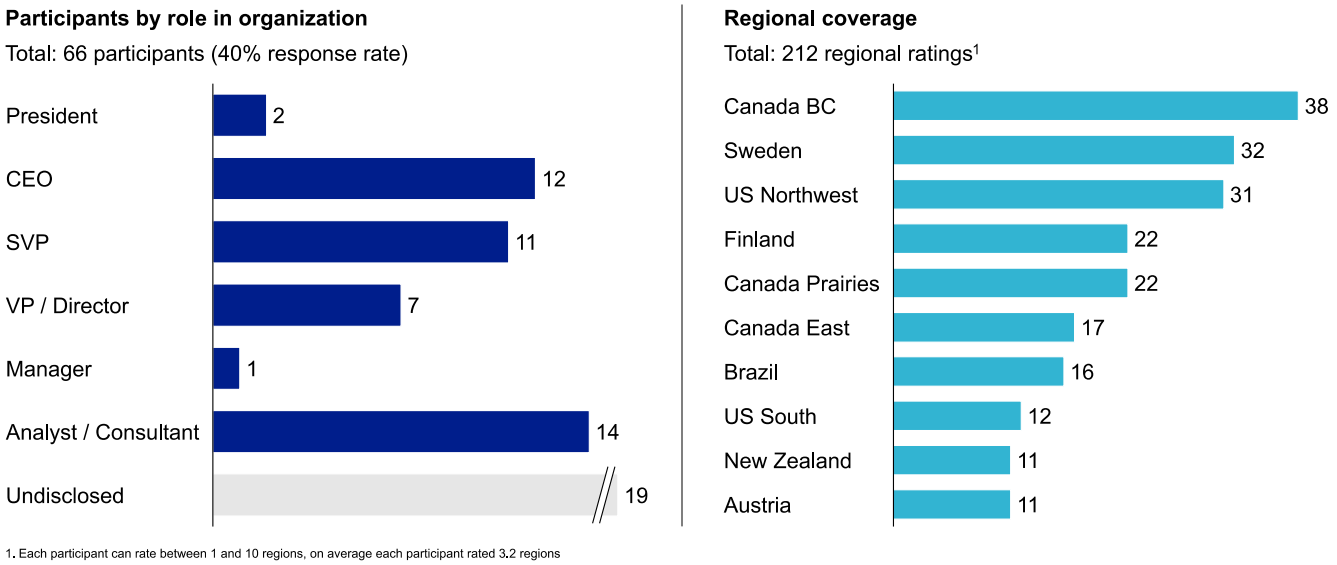
Participant demographics

The participants represented a variety of leadership roles, from President and CEO to SVP, VP and Manager, as well as leading industry analysts and consultants (**Figure 11**).

Target participants were selected to provide a cross-section of industrial experience, including forestry, wood products, pulp and paper. They needed to have broad geographical experience of one or more of the jurisdictions – participants had on average experience with 3.2 different jurisdictions,

allowing significant cross-calibration of regional conditions. On average 21 responses were provided per region, ranging from 11 (New Zealand, Austria) to 38 (B.C.).

Figure 11: Global leader survey – Participant demographics



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

B.C.'s survey ratings

B.C. was perceived as having worse conditions for industry success, in most areas, compared to the peer jurisdictions (**Figure 12**).

The worst-rated dimensions, with ratings between "poor" and "subpar", were **wood supply security**, **taxation system competitiveness**, and **attractiveness for investment** in the forest industry.

A further two dimensions had ratings that were below "average": **sustainability narrative for attracting talent**, and **R&D ecosystem effectiveness**.

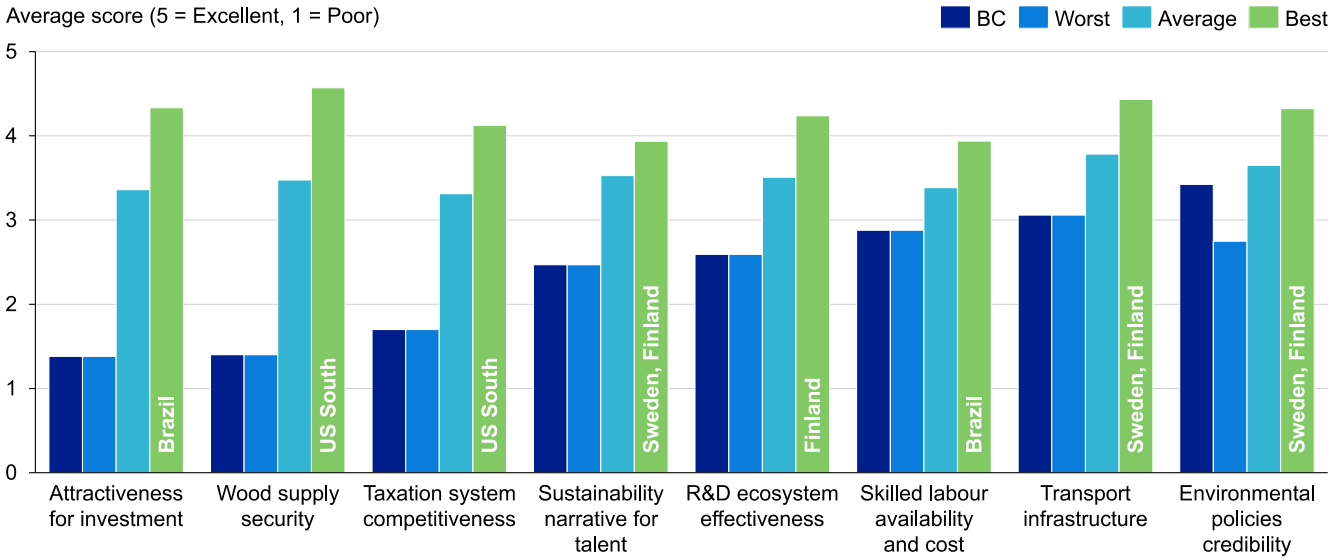
The three remaining dimensions received ratings of around "average" (while still low relative to ratings of the other jurisdictions included in the survey); **transport infrastructure**, **skilled labour availability and cost**, and **environmental policies' international credibility**.

B.C.'s overall rating, slightly above "subpar", was the lowest of all jurisdictions. All other jurisdictions received an overall rating between "average" and "good".

One possible explanation for the overall low scores for B.C. is that economic outcomes have weakened in recent years, especially in terms of employment, output, export, and productivity. This has led to frustration among industry leaders and widespread perceptions that conditions are unsatisfactory, especially in perceptions of wood supply security, taxation and investment attractiveness.

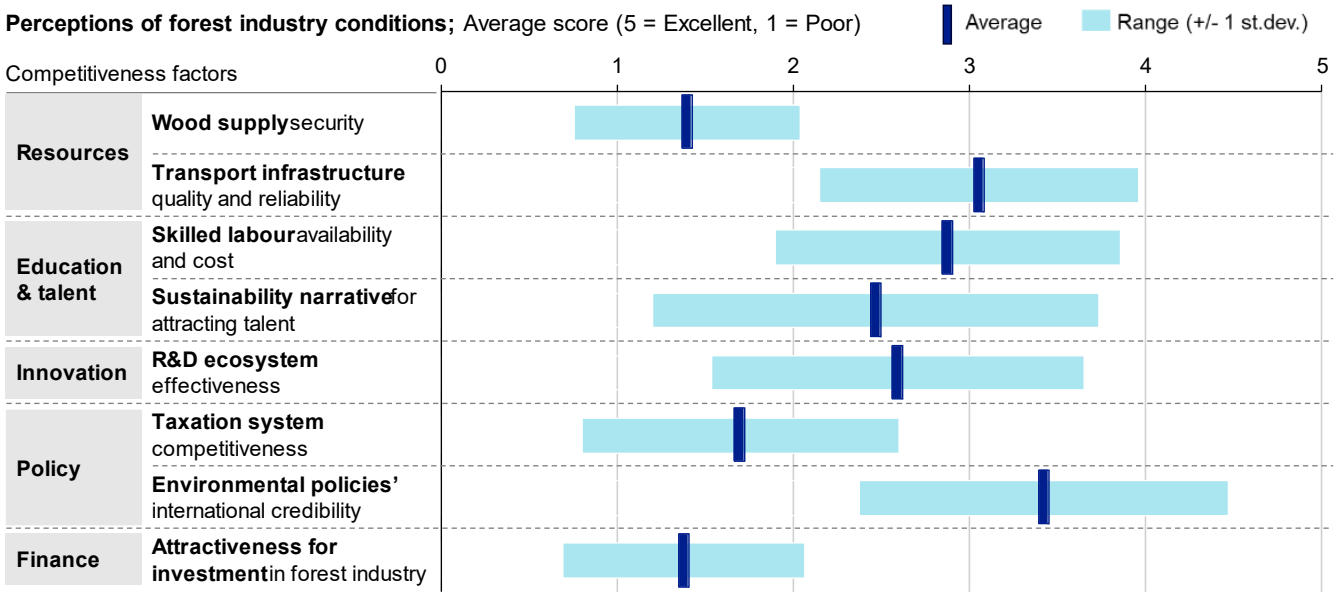
Some perceptions might be inaccurate or unfair. For example, while B.C. has a relatively high biodiversity risk rating, views on the credibility of environmental policies and the strength of the sustainability narrative for attracting talent remain weak. Other concerns appear more justified; B.C.'s R&D spend is low compared to its peers, and labour costs are relatively high.

Figure 12: Global leader survey – B.C. rating versus peer group



There was quite strong alignment among survey respondents on B.C.'s perceived conditions for success (**Figure 13**).

Figure 13: Global leader survey – B.C. ratings distribution among respondents



B.C. ratings versus peer jurisdictions

Details of all ratings by dimension and jurisdiction are presented in **Figure 14**, on a scale of 1 to 5, where 1 = Poor, 2 = Subpar, 3 = Average, 4 = Good, and 5 = Excellent.

Figure 14: Global leader survey – Results detail

Average score (5 = Excellent, 1 = Poor) — Strong — Average — Weak

	Dimension	BC	Canada Prairies	Canada East	US South	US Pac NW	Sweden	Finland	Austria	Brazil	NZ
Resources	**Wood supply** security	1.4	3.9	3.0	4.6	3.5	3.4	3.5	3.1	4.4	4.2
	Transport infrastructure quality and reliability	3.1	3.5	3.4	4.2	4.2	4.4	4.4	3.8	3.3	3.7
Education & talent	**Skilled labour** availability and cost	2.9	3.8	3.3	3.0	3.3	3.7	3.8	2.9	4.1	3.3
	Sustainability narrative for attracting talent	2.5	3.9	3.3	3.3	3.3	3.9	3.9	3.7	3.5	3.9
Innovation	**R&D ecosystem** effectiveness	2.6	3.6	3.0	3.2	3.2	4.1	4.2	3.7	3.8	3.6
Policy	**Taxation system** competitiveness	1.7	3.6	2.8	4.1	3.5	3.5	3.5	3.6	3.3	3.6
	Environmental policies' international credibility	3.4	3.8	3.5	3.1	3.4	4.3	4.3	3.9	2.7	4.0
Finance	**Attractiveness for investment** in forest industry	1.4	3.8	2.5	4.1	3.0	3.8	3.8	3.1	4.4	3.9

Worst-rated dimensions

- **Wood supply security**: B.C. had the lowest rating (1.4). The highest-rated jurisdiction was US South (4.6), followed by Brazil (4.4); two regions with a high degree of private forest ownership and predominantly plantation forestry systems. However, even jurisdictions with a large share of wood supply from public forests and predominantly managed natural forest systems, such Canada Prairies and US Pacific Northwest, were rated higher than B.C.
- **Attractiveness for investment**: B.C. had the lowest rating (1.4). The highest-rated jurisdiction was Brazil (4.4), followed by US South (4.1). Both scored highest on wood supply security and have wood prices that are both cost-competitive (low) and relatively stable.
- **Taxation system competitiveness**: B.C. had the lowest rating (1.7). The highest-rated region was US South (4.1), where corporate income tax rates are generally low, states frequently offer tax incentives, streamlined tax codes, predictable frameworks, and reduced administrative hurdles for compliance.

Other poorly rated dimensions

- **Sustainability narrative for attracting talent**: B.C. had the lowest rating (2.5), placed between "subpar" and "average". The highest-rated jurisdictions were Sweden and Finland (3.9), where

society has a relatively favourable view of the forest industry. Canada Prairies, New Zealand and Austria were also rated strongly.

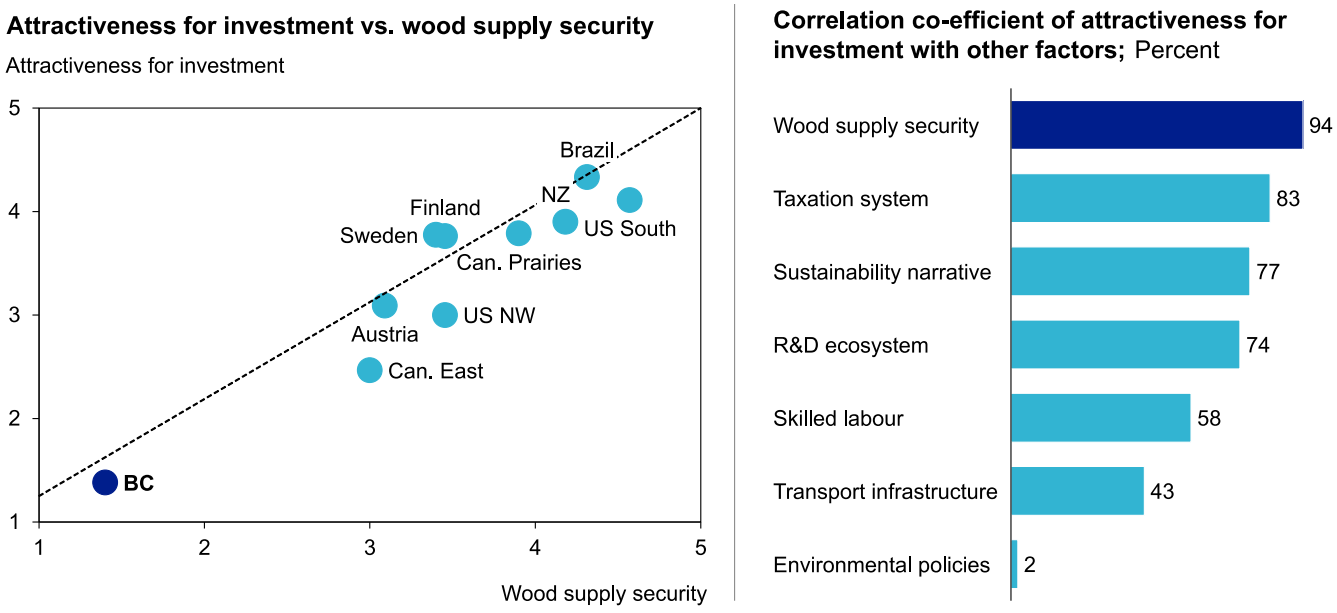
- **R&D ecosystem effectiveness**: B.C. had the lowest rating (2.6), placed between "subpar" and "average". The highest-rated jurisdictions were Finland (4.2) and Sweden (4.1). Austria and Brazil were also rated strongly. As noted earlier in the report, forest industries in Finland and Sweden spend the largest share of revenue on R&D, and have strong institutions funded jointly by industry and government.

Strongest-rated dimensions

- **Skilled labour availability and cost**: B.C. was rated lowest together with Austria, with a rating (2.9) of around "average". Brazil was rated highest (4.1), followed by Canada Prairies, Finland and Sweden. Brazil has the lowest average income levels of jurisdictions surveyed, and the other jurisdictions have relatively highly skilled labour forces.
- **Transport infrastructure quality and reliability**: B.C. was rated lowest but with a rating (3.1) of around "average". The highest-rated jurisdictions were Finland and Sweden (4.4). US South, US Pacific Northwest, Austria and New Zealand were also rated strongly.
- **Environmental policies' credibility**: B.C. was rated higher (3.4) than Brazil (2.7) and US South (3.1), and at the same level as the US Pacific Northwest, with a rating between "average" and "good". The highest-rated jurisdiction were Sweden and Finland (4.3). Austria, New Zealand, and Canada Prairies were also rated strongly.

Ratings for **attractiveness for investment** were highly correlated with perceived security of wood supply (**Figure 15**), higher than with any other factor. This suggests that B.C. will not be perceived as attractive for forest industry investments, while it is also perceived to have low wood supply security.

Figure 15: Correlation of perceived attractiveness for investment with wood supply security



Learnings for B.C.

The global leader survey provides important lessons for how to improve conditions for the forest sector's success in B.C. It highlights critical areas that must be addressed, including wood supply security, and competitiveness of the taxation system. It also identifies global jurisdictions that excel in these areas, from where B.C. can draw inspiration (**Figure 16**).

Figure 16: Survey learnings – B.C. strengths and opportunities

B.C. relative rating	Success factor	Highest-rated regions
Critical gap	Wood supply security	US South, Brazil
	Attractiveness for investment	Brazil, US South
	Taxation system competitiveness	US South
Competitive weakness	Sustainability narrative for attracting talent	Sweden, Finland, Prairies, NZ
	R&D ecosystem effectiveness	Finland, Sweden
Room to improve	Skilled labour availability and cost	Brazil, Finland, Canada Prairies
	Transport infrastructure quality and reliability	Sweden, Finland
	Environmental policies' credibility	Sweden, Finland

Opportunities to improve conditions for B.C.'s forest sector

Building on the findings from the first two components of the study, strategic actions to improve conditions for the forest sector in B.C. were identified, addressing each of the problem areas highlighted by the survey, in order of priority.

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.

Area	Challenges identified	Opportunity for B.C.
		Evergreen provisions: Shift to area-based tenures with evergreen provisions to incentivise long-term investments in silviculture and intensive forest management which increases value of the forest for future quality and yield. Focus on new tenures, including a requirement to harvest a minimum portion of the AAC.
		BCTS reform: The mandate of BC Timber Sales is to support the market pricing system and distribute 20% of the 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.
		Thinning: Reduce regulations and other barriers, such as timber pricing for thinnings, that are hindering the widespread adoption of thinning practices.
		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.
Attractiveness for investment	Concerns about wood supply, taxation and regulatory uncertainty make B.C. less attractive for investment	*Prioritize actions under **wood supply security and taxation system competitiveness**, as they are closely linked to the attractiveness of investment opportunities.*
		Regulatory certainty: Reduce layering of regulations, red tape and increased costs on manufacturing, while maintaining high environmental standards.

Area	Challenges identified	Opportunity for B.C.
Tax system competitive-ness	Concern about tax levels, stability, and simplicity	**Investigation:** Further investigation is required to understand specific concerns about the taxation system and its impact on competitiveness.
		Softwood lumber trade dispute: Work towards a long-term resolution of the dispute, to remove the duties and reach more stability in the trade relationship.
Sustainability narrative for talent	Sustainability of the forest industries is not well perceived by the public in B.C.	**Marketing to students:** Expand promotion of the modern forest sector—driven by AI, technology, and environmental innovation—to attract talent, and launch a province-wide forestry innovation challenge to engage post-secondary students.
		Early education: Enhance primary school education on the economic and low-carbon benefits of forestry while expanding outreach to urban communities, where awareness of the industry's environmental and economic role is often lower.
		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	**Joint funding approach**: Review the current state of R&D funding and develop a collaborative approach to identify key priorities for B.C., including establishing public-private partnerships to fund pilot projects focused on forest management and increasing yields from existing working forests.
		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 technical-oriented roles or other emerging sectors, ensuring they remain competitive in the job market.

Area	Challenges identified	Opportunity for B.C.
		University access: Continue to ensure low-cost access to university education for forest sector employment, while aligning programs to prepare graduates for B.C.'s local industry. Develop a pipeline of future workers by providing exposure in early school years, tying into student marketing and early education initiatives.
Transport infrastructure	Large distances from forest to mill to market, with limited rail options in interior	**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.
		Smart logistics: Implement smart logistics networks using Internet-of-Things (IoT)-enabled tracking and monitoring systems and predictive analytics to optimize timber transportation, with satellite internet solutions helping overcome connectivity issues in remote areas.
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, enhancing credibility with investors and buyers.
		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.

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 family-supporting 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 BC.