Analysis of the economics of forestry products in Nova Scotia from 1990 to 2015.

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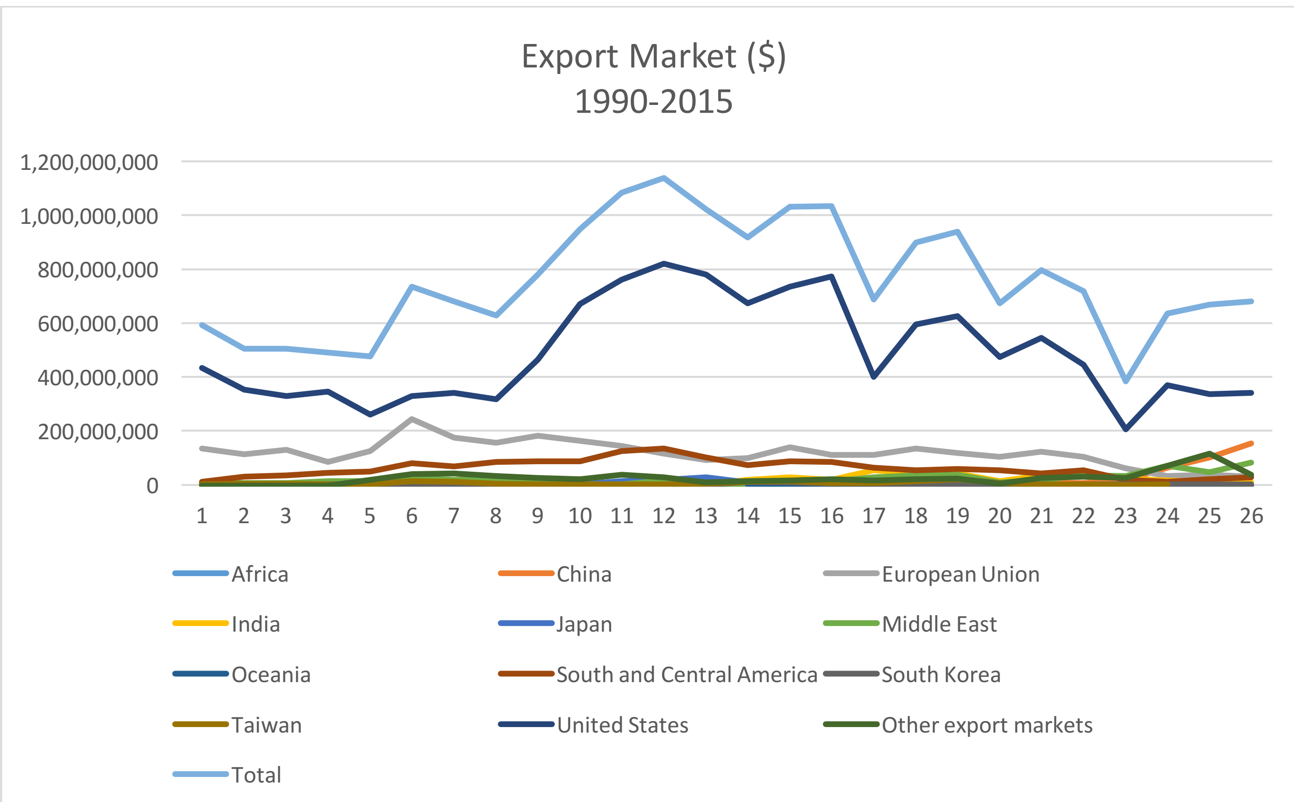
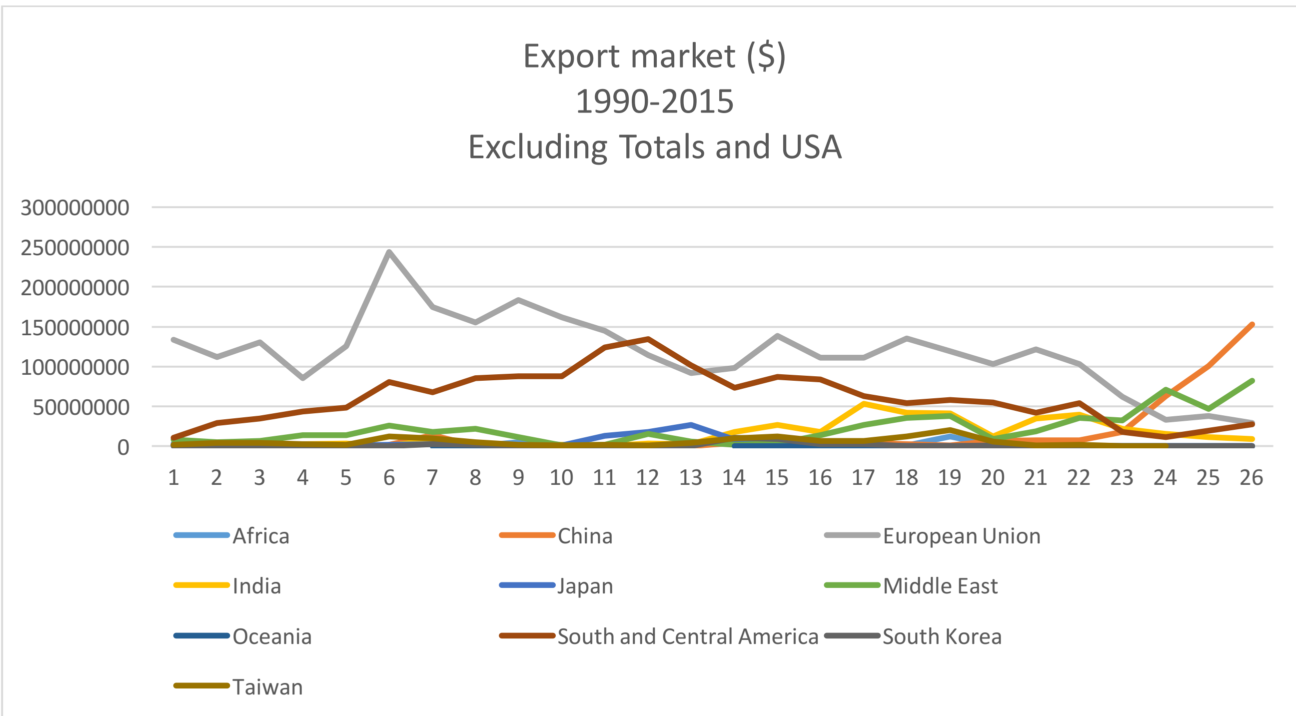
This analysis presents data on trade (International and domestic) of forest products from 1990 to 2015 as reported by Stats Canada (https://cfs.nrcan.gc.ca/statsprofile/trade/ns).

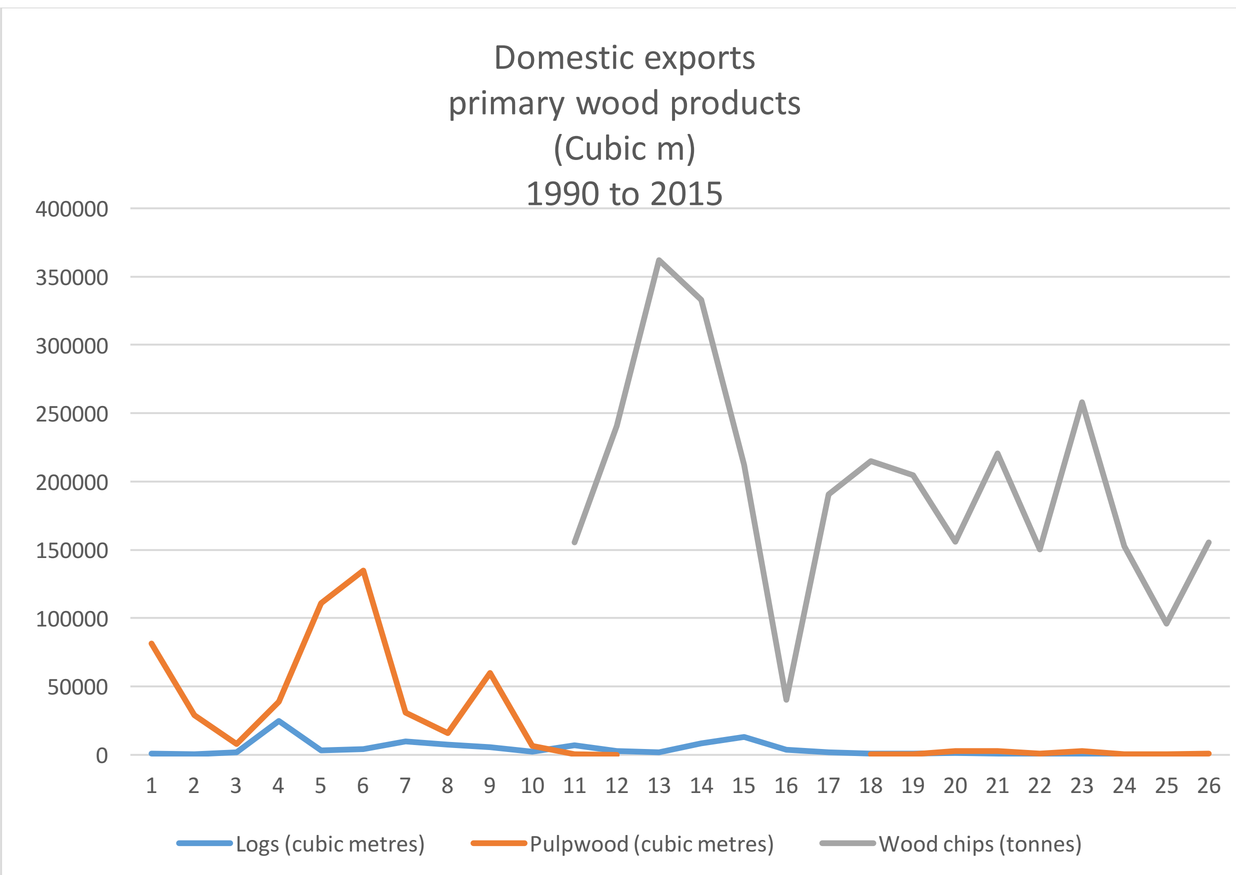
Data on international exports shows that export to the USA drives the overall trend. There was an increase in trade with the USA in the early 2000's which has subsequently seen a steady decline back to levels consistent with those in the early 90's.



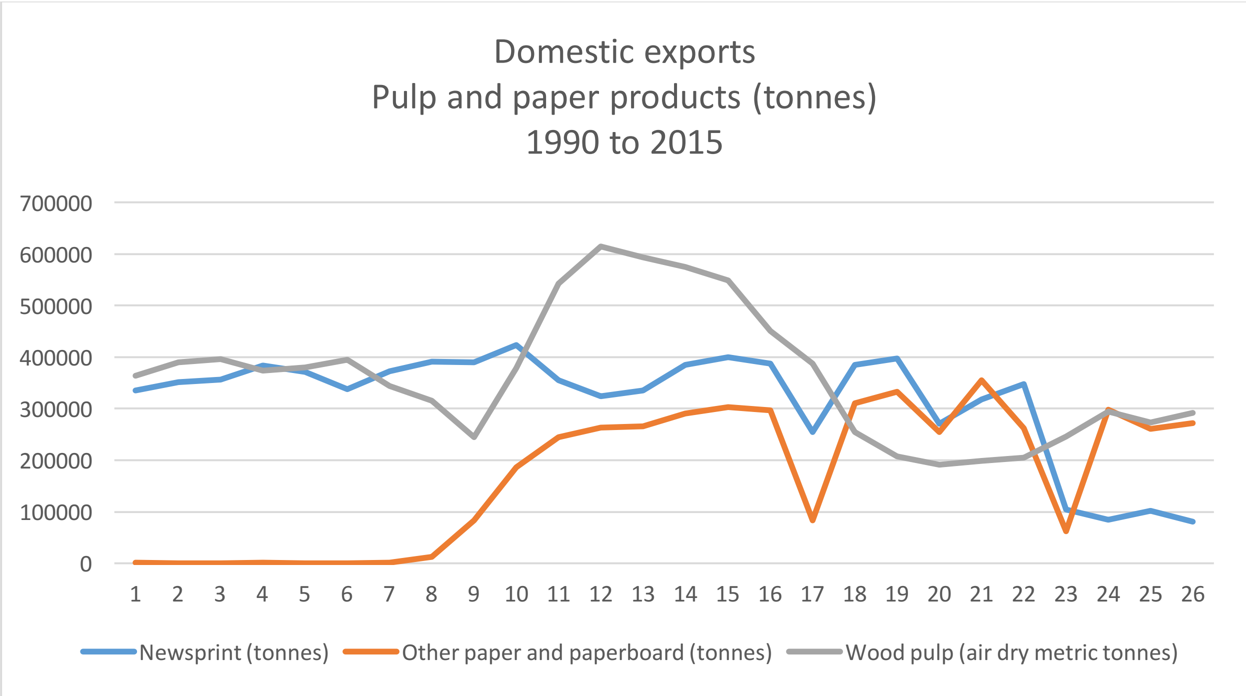
When you exclude the total and USA trade values export to the EU and South America are high but have both declined over time. Export to China and the Middle East appear to be on the increase.



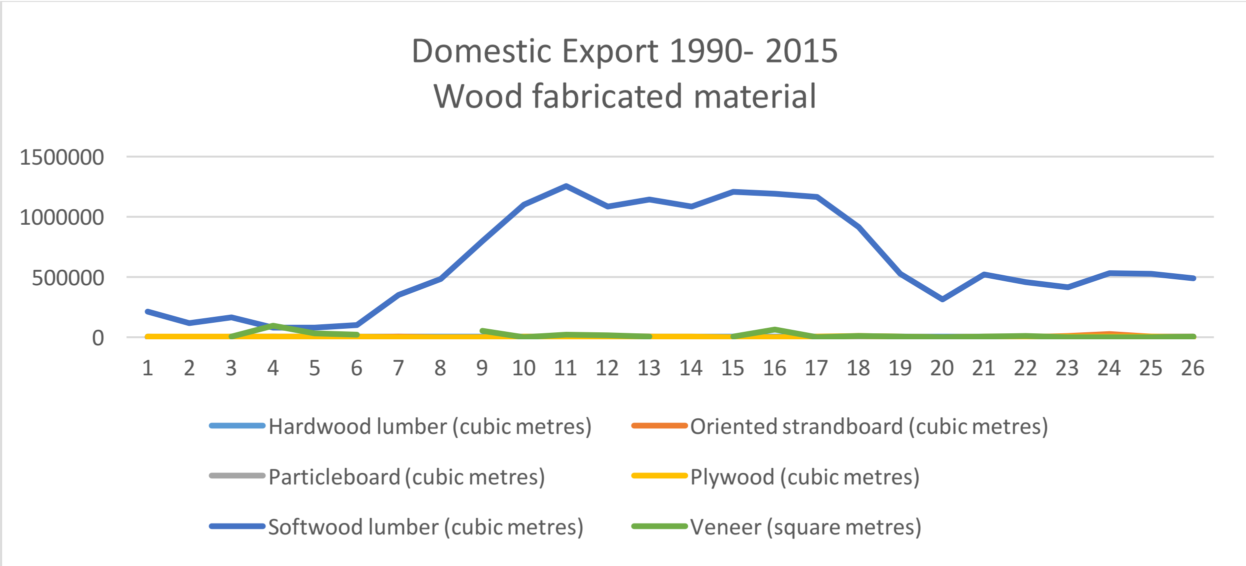
Domestic exports of primary wood products show a low to non-existence value for logs, a disappearance of pulpwood and a sudden appearance of wood chips. Export of wood chips started in 2000 with high fluctuations until 2006 when exports showed a stable level although with moderate fluctuations subsequently. These forest resource products are of low value added types.



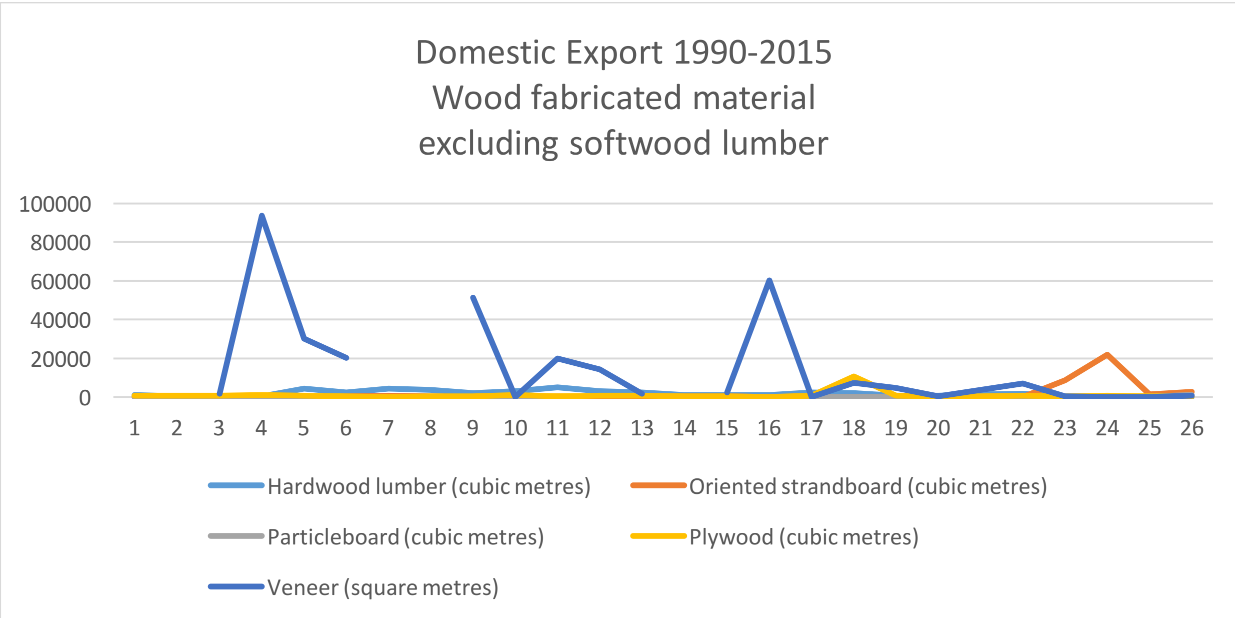
Domestic exports of pulp and paper products shows that news print is bottoming out, wood pulp may have recovered somewhat to levels seen in the 90's and other paper and paperboard started in the late 90's but appears to fluctuate somewhat but is on par with wood pulp. Again, these are of low value added types.



Trends in domestic exports of wood fabricated material is driven exclusively by export of softwood lumber.



When you exclude export of softwood lumber domestic export of other wood fabricated material is highly variable with veneer having some peaks and oriented strand board showing a small peak in 2013.



In summary, trade with the USA dominates as does domestic export of softwood lumber. Export of wood chips has become important showing up in 2000 and fluctuates between 100,000 and 250,000 tonnes. In terms of a value added forestry industry there is very little evidence except for the production of softwood lumber which is at the lower level of value added products.

A recent report titled: Nova Scotia Forest Industry: Economic Impact. December 2016 by Gardner Pinfold prepared for Forest Nova Scotia (http://forestns.ca/wp-content/uploads/2017/01/FNS-Economic-Impact-Report-Gardner-Pinfold-Dec-2016.pdf) paints a rosy picture of the overall industry with the following highlights (see http://forestns.ca/ns-forest-industry-economic-impact/):

HIGHLIGHTS:

– **$2.1 Billion** in total economic impact ($1.5 Billion in 2012)
– **11,500** Nova Scotians are employed directly and indirectly by the forest industry. (10,200 in 2012)
– **$800 million** contribution to provincial GDP ($575 million in 2012)
– Forest Products industry ranks **5th** in NS contribution to GDP in the Goods Producing Sector

– Forest Products industry ranks **2nd** in NS jobs in Goods Producing Sector
– Forest Products industry ranks **3rd** in NS exporters in Goods Producing Sector

The 11,500 jobs in 2015 had a total income of $500 million (average of $43,478 per person). The total taxes on goods and services was $49 million and federal and provincial income tax was $30 million.

This sounds very impressive however it is based on an industry with next to no value added components. Forests are being clear-cut and the raw material, mainly wood chips and softwood lumber, is largely exported. The forestry sector in Nova Scotia could be so much more important if we would add value to the wood here and it could be achieved by cutting much less wood leaving forests to grow to maturity instead of the massive clear-cuts we have now.