



FOREST PRODUCTS SECTOR

With vast tracts of forest area, Northern Ontario continues to support a vibrant forestry industry. More value-added production can increase the volume and range of forest exports from the North.

Profile

Ontario's forest resources cover 690,000 square kilometres (266,000 square miles) — an area as big as North Dakota, Minnesota, Wisconsin and Michigan combined. Ontario's forests make up two-thirds of the province's total area, 17% of Canada's forests and 2% of the world's forests.

In 2005, the value of Ontario's forestry sector (total shipment revenues of primary and secondary wood products) was \$18.3 billion, the majority of which was pulp and paper products (\$10.1 billion). Sawmill, engineered wood and other wood product manufacturing was valued at \$6.1 billion, and value-added furniture/kitchen cabinet manufacturing represented \$2.2 billion. Logging activity in Ontario, for 2005, is estimated to be valued at \$2 billion.

After the automotive sector, forest products are the single largest contributor to Ontario's balance of trade. In 2005, the value of forest products exports — 96% bound for the U.S. — was \$8.4 billion and contributed \$2.9 billion to the provincial trade balance. Tax contributions are about \$2.3 billion, including \$800 million to the province and wages and salaries (2005) were approximately \$3.4 billion.

The forest products industry in Ontario employed approximately 81,200 people in 2006 and Northern Ontario is home to 9 of the province's 11 pulp and paper mills. In 2006, 10,600 people were employed in forestry and logging (including support activities), 30,400 in paper manufacturing and 40,200 in wood product manufacturing. In total, the forestry sector supports more than 200,000 direct and indirect jobs across over 260 Ontario communities. Of these, 40 are categorized as highly dependent on employment in the forest sector to survive. An additional 63 are identified as being moderately dependent.

About 90 percent of Ontario's lands are publicly owned and the Northern Ontario boreal forest accounts for 76% of the province's woodland that supports most of Ontario's forest industry. Of the total forest area, about 560,000 square kilometres of Ontario's forest area is considered productive forest and 329,000 square kilometres of this area is licensed for harvest. The *Ontario Forestry Accord*, signed with the forestry industry and environmental organizations in 1999, sets the stage for new wood fibre sources to be developed. Most of the unallocated forest area is in Ontario's Far North.

Opportunities

Value-Added Forest Products

To compete globally, companies are looking toward higher value-added products such as furniture lumber and paper products, pre-fabricated housing, buildings and components. Value-added wood manufacturing industries, pre-fabricated modular housing, building components such as doors, hardwood flooring, engineered wood I-joists and wall panels have grown significantly in the last three years.

The United States, especially the northeast and north central states, is a key market for Ontario value-added wood products. Other international markets are also important, and Ontario manufacturers are competitive in a wide range of export markets.

Northern Ontario offers excellent investment opportunities in secondary product manufacturing. Investors can take advantage of the large production capacity of primary manufactures of solid wood and pulp and paper products. The quality of Northern Ontario wood fibre is excellent, its mills are cost-competitive and it is strategically located with access to major world markets. In addition, northern forest industry communities offer an ample supply of skilled labour not found in competing markets such as Minnesota, Wisconsin and Michigan.

Ontario's forests also offer significant opportunities for specialized products derived from non-timber forest resources. Producers of nutraceuticals, pharmaceuticals, gourmet/speciality foods, naturopathic products and consumer goods benefit from the advantages of locating in Ontario.

A Focus on Sustainable Development

The government's land use strategy, adopted in July 1999, is focused on the protection and sustainable management of Ontario's natural resources. A key component of the strategy is the *Ontario Forest Accord*, which provides long-term security for resource-based industries and fosters a business climate that attracts investment and encourages growth. The accord is a precedent-setting approach by government, the forest industry and the environmental community to work together in establishing new protected areas while considering the needs of the forest industry for a sustainable wood supply.

Resource Stewardship Agreements between the resource-based tourism industry and the forest industry will also help the economy by providing greater certainty about available land base. This in turn means more long-term investment security.

A Wealth of Expertise

Opportunities also exist to export environmental technologies and research and development in silviculture, forest management and stand production. Forest research centres in Northern Ontario such as the Great Lakes Forestry Centre, the Ontario Forest Research Institute and the Centre for Northern Forest Ecosystem Research focus on understanding forest ecosystems and advancing sustainable development. This research has improved Northern Ontario's competitiveness in the forest industry, led to innovations that safeguard Northern forests, and established the region as an international leader in sustainable forest management.

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