Ontario's Forest Products Industry

CUTTING THE FUTURE OUT OF PROSPERITY?

This is the second in a series of fact sheets addressing the vital connection between economically viable communities and healthy forest ecosystems in Ontario. We hope the series will encourage and contribute to constructive, community-based dialogue on forest sustainability.

Over the last quarter century, Ontario's forest industry — both in the logging sector and in the mills — has seen increasing volumes of wood materials produced without a matching increase in employment. In many cases, the number of jobs has actually dropped substantially. Just as technological change and mechanization have reduced the number of logging jobs in the forest [see Fact Sheet #1], so a similar process is now taking place in Ontario's forest-products industry.

Between 1971 and 1990, there was a decline in the ratio of jobs to volume of wood products produced in a number of Ontario forest-product sectors and this trend appears to be accelerating in the 1990s. Industry 'upgrading' is resulting in more mechanization, 'reduced labour costs' and 'greater productivity'; in other words, fewer employees and more machines are processing larger amounts of wood.

Pulp and Paper in Ontario: Prosperity ... and Problems

Ontario newsprint mill in action

TORONTO STAR

The production of newsprint and pulp and paper has long been the economic cornerstone of Ontario's forest industry. As the second largest provincial exporter, by value, of newsprint and other paper and paperboard products (1990-1992), Ontario is a major contributor to Canada's standing as the world's largest newsprint producer. Newsprint and other paper products together accounted for more than half of Ontario's total forest industry exports in 1992[1].

Over the last few years, the Canadian newsprint and pulp-and-paper sectors have been encountering some difficulties. In the late 1980s and into the '90s, many companies lost money and a number of mills were forced to refinance, downsize or even shut down. In Ontario, three major players in the pulp-and-paper industry — Abitibi Price Provincial Papers in Thunder Bay, Spruce Falls Power and Paper Company in Kapuskasing and St. Mary's Paper in Sault Ste. Marie— averted either drastic downsizing or closure only because of buyouts negotiated by the employees themselves. Even with financial assistance, Spruce Falls still cut its workforce in half, while government loan guarantees of $30 million were required to resurrect the bankrupt St. Mary's mill.[2]

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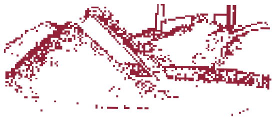
Ratio of jobs to volume of wood products

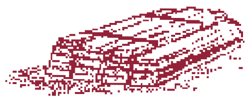
Employment in the forest products industry, 1971 - 1990



1,000 tonnes of wood pulp

5 workers in 1971 | 3.1 workers in 1990

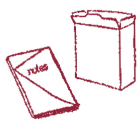
Total employment has decreased 17.4%. Production volume has increased 32%.[3]



1.000 m^3 of dimensional lumber

2.3 workers in 1971 | 1.2 workers in 1990

Total employment has increased 25%. Production volume has increased 153%.[3]



1,000 tonnes of basic paper and paperboard

10.9 workers in 1970-74 | 7.4 workers in 1985-89

Total employment has decreased 9%. Production volume has increased 34%.[4]

Prosperity ... and problems

from page 1

The problems are serious and widespread enough that a 1994 national pulp-and-paper industry report estimated that 15-20,000 people out of the 72,000 employed in pulp-and-paper mills across Canada will lose their jobs between 1990 and the year 2000 — and most of those job losses will be concentrated in small centres in Ontario, Quebec and Atlantic Canada[5].

The report also predicts a significant decline in Canada's share of world newsprint production over the next ten years[5]. It identifies three key problems, all of which apply to Ontario:

Mill inefficiency: Canada's pulp-and-paper mills — especially in Ontario and Quebec — tend to be older, smaller and less efficient than much of the global competition.

Growing demand for recycled newsprint: Canada's forest industry, late in responding to the trend, will require new capital investment to make the necessary mill changeover.

Fibre shortage: Canada is facing shortages of virgin wood fibre (fibre from forests that have never been logged). Although the quality of Canadian pulp from these unlogged forests is generally higher than the pulp from plantations in the southern U.S., Canadian softwood takes much longer to mature. Once these premium quality forest stocks are logged, Canada will be at a serious competitive disadvantage.

This analysis by the pulp-and-paper sector suggests that the industry has been exploiting the country's forest resources without adequately reinvesting in the long-term sustainability of either the forests or the industry itself.

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2. Briefing Note: St. Marys Paper Ltd. Ministry of Natural Resources. Oct.20, 1994.
3. Statistics Canada Catalogue # 25-202
4. Forestry Canada, Selected Forestry Statistics, Canada 1988, Info Report E-X-41 and Selected Forestry Statistics, Canada 1991, Info Report E-X-46
5. Price Waterhouse. The Canadian Pulp and Paper Industry: A Focus on Human Resources. 1994. Ministry of Supply and Services Canada.

* *Complete references available upon request*

Fibre Shortage: Changing the Face of the Boreal Forest

Of the three problems discussed in the last section, the declining supply of high-quality timber will be the most difficult to address and will have the most critical and long-term impacts because no amount of technologically advanced mill infrastructure can compensate for an inadequate forest resource base. The loss of softwood timber will be felt well beyond the pulp-and-paper industry, affecting the health of forest ecosystems and the long-term economic survival of communities.

Softwood loses ground

The legacy of clearcutting

Softwoods (spruce, pine and other conifer trees) made up 80% of Ontario's total timber harvest in 1993[6] reflecting their importance to the wood-products industry. Spruce and, to a lesser extent, jack pine have long, strong fibres highly valued for making newsprint and other paper products. These species naturally occur in large, dense stands in Ontario's northern boreal forests. The relatively uniform nature of the stands is economically suited to the technology of large-block clearcutting[7] [see Fact Sheet #1], the high-volume timber harvesting method favoured to meet industry demands for large quantities of relatively cheap fibre.

Over the last few years, there has been growing evidence of a softwood timber supply shortage in Ontario. An independent government audit reported in 1992 that the composition of the province's northern forests is changing significantly. After clearcutting, softwood forests experience a change in species composition. Softwoods — spruce in particular — tend to be replaced by poplar, white birch and other fast-growing, shade-intolerant (full sunlight requiring) species[8]. Extensive clearcutting has therefore resulted in the displacement of premium-quality softwoods by species with weaker fibres of less economic value.

Acknowledging the problem, Ontario's Minister of Natural Resources in 1994 referred to "acute shortages of good softwood sawlogs" in some areas of northern Ontario[9] and predicted that northern communities "could experience a wood supply shortage or a scarcity of certain types of fibre within the next 20 years"[10].

Northern Forests

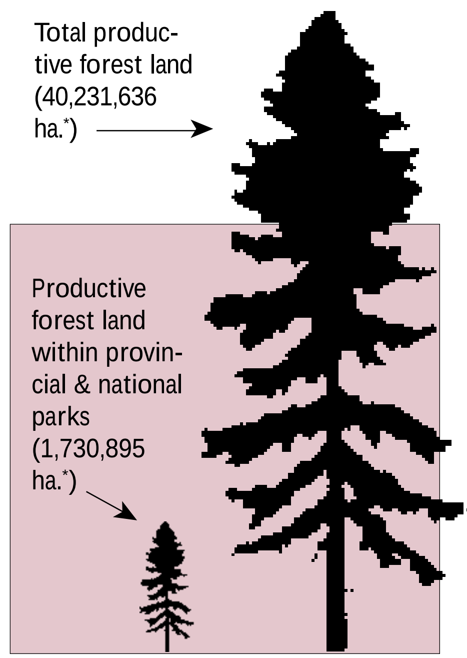
Habitat under pressure

From an ecological perspective, this artificial change in forest composition brought about by clearcutting threatens a complex network of plants and animals which has evolved and adapted to a boreal ecosystem based on spruce and other softwood species. By potentially reducing the biological diversity of the boreal region and disrupting the delicate interactive balance between forest inhabitants, the shift to hardwoods jeopardizes the long-term health of the forest ecosystem itself.

Ontario's forest landbase

With only 4.3% of Ontario's productive forest land in parks, it is clear that protected-areas establishment is not the cause of declining forest-industry fibre supplies.

FIGURES PROPORTIONATE BY AREA



The Timber Resources of Ontario - 1993

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7. Radforth, Ian. Bushworkers and Bosses: Logging in Northern Ontario 1900 -1980.
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The Uneasy Future of Ontario's Pulp and Paper Workers

After several bad years, Canadian pulp and newsprint companies are currently experiencing an upswing in the market. Commodity prices in Europe and elsewhere have been rising since 1994 due to a tight supply of products such as bleached kraft softwood pulp.

However, plans for restructuring and job reductions continue despite the industry's large and growing profit margins. The outgoing chair of the Canadian Pulp and Paper Association, Paul Gagne, maintains that the "good news for pulp and paper makers will not delay [the companies'] shift to a smaller, more skilled workforce in an industry using more up-to-date equipment"[11].

A reduced workforce does not, however, mean a drop in company profits or a decline in production. Increased demand for pulp, paper and newsprint, combined with the enhanced capacity of more "up-to-date" (ie.mechanized) mills, can only add to the pressure on the province's remaining high-quality softwood forests.

Ontario's pulp-and-paper mills are currently moving in the direction of high-volume, intensively-mechanized production. The people of Ontario need to assess whether this approach can adequately address the demand for stable employment, healthy forest ecosystems and viable resource-dependent communities.

Produced by the **Wildlands League** through its Forest Diversity ◆ Community Survival Project, this series seeks to promote constructive dialogue between resource-dependent communities and forest conservation advocates (see Fact Sheet #1 for more details). We hope the information will be useful in developing economically sound approaches to forest stewardship in Ontario that can help to ensure sustainable economies and sustainable communities. Topics in this series will include:

- ***Jobs and production in the logging sector***
- ***Private/Public forest lands***
- ***Ontario's forests: Are they changing?***
- ***Economics of forest protection***
- ***Economic alternatives for sustainability***
- ***Alternative models for forest management***

Forest Diversity ◆ Community Survival is a project initiated by the **Wildlands League**, and financially supported by the Richard Ivey Foundation. For more information, mail or fax this coupon.

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*The **Wildlands League**, an Ontario chapter of the Canadian Parks and Wilderness Society, has been working for more than 25 years to promote forest protection and sustainable forest management practices in the province.*