Pacific Forestry Centre, Canadian Forest Service,
Natural Resources Canada
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The Canadian Forest Service

National Secondary Wood Product Manufacturing Survey: A Prevue

A new nation-wide survey shows secondary wood product and wooden furniture manufacturing generate an estimated $20 billion in sales and 94,000 jobs across Canada.

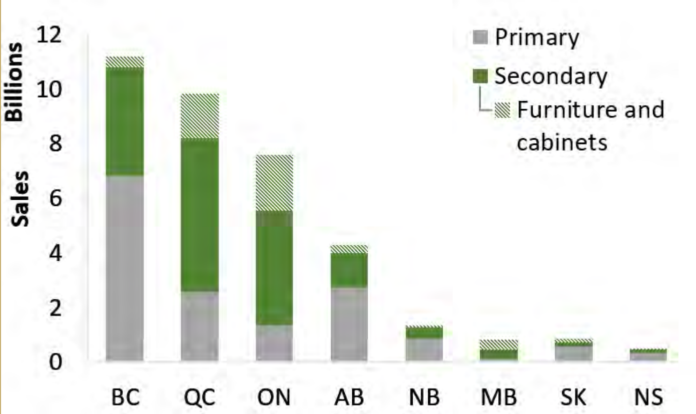
In 2016/2017, these activities, hereafter referred to as secondary manufacturing, accounted for roughly 27% of total forest sector and furniture sales and 35% of employment; however, outside of Natural Resources Canada's National Secondary Wood Product Manufacturing Survey, comprehensive information on these activities is scarce. Moreover, as commodity forest product industries continue to be challenged by increasing competition, fibre supply shocks and changes in demand, developing secondary manufacturing industries is an important strategy for enriching the economies of forest-dependent communities. Credible, up-to-date information on secondary manufacturing helps to ensure effective policy responses and may aid communities and industry associations in creating viable approaches to support growth and diversification.

Primary and Secondary Wood Product Manufacturing

Primary manufacturing industries produce products from raw materials—materials that have not been processed by other manufactures. For example, making lumber from logs is primary manufacturing.

Secondary manufacturing is the further processing of primary mill wood or wood-based material into semi-finished or finished products. Examples include furniture, millwork and siding.

The economic contribution from primary and secondary manufacturing differs considerably across provinces. Secondary manufacturing accounts for the majority of wood product manufacturing sales in Ontario, Quebec and Manitoba, but primary manufacturing carries more weight in the other provinces.



Secondary manufacturing activities are numerous and diverse.

Over 4,000 secondary manufacturers operated in 2016/2017, engaging in hundreds of different manufacturing activities. Whether an activity is secondary manufacturing can be subject to interpretation, so analyses of this sector are complicated by conceptual and methodological differences. To simplify analyses, the Canadian Forest Service (CFS) surveys use the distribution of product sales to group businesses into major industries—these industries were initially defined in 1990 and, unfortunately, cannot be easily cross-referenced with the North American Industry Classification System used by Statistics Canada. Nevertheless, a key strength of the CFS surveys is the ability to characterize the structure of the sector across Canada.

British Columbia has a diverse secondary manufacturing sector, with a comparatively balanced distribution of businesses across industries. In other provinces, the majority of manufactures fall into one of two industries. Notably, the cabinet industry is quite large in most provinces; however, these businesses tend to be small-scale.

Constraints to Growth

The CFS surveys cover many unique topics, but information concerning constraints to growth is particularly interesting.

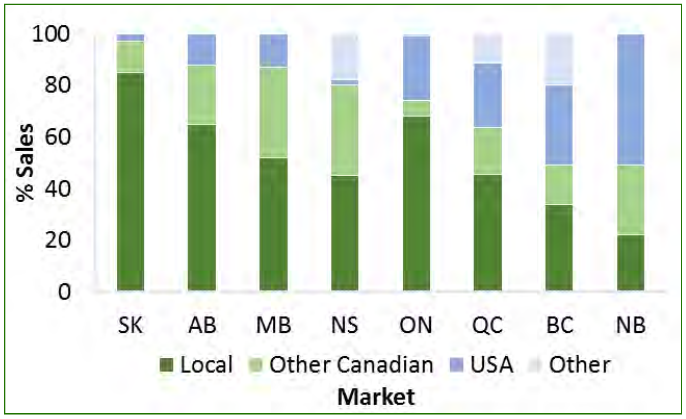
In the Prairie Provinces, market issues were cited as the main constraints to expansion, but in the rest of Canada, inadequate labour was the primary impediment.

These constraints also vary by industry. Notably, in British Columbia there is a clear difference between labour-intensive and capital-intensive industries. The former was more constrained by labour issues while the latter was limited by insufficient wood supply.

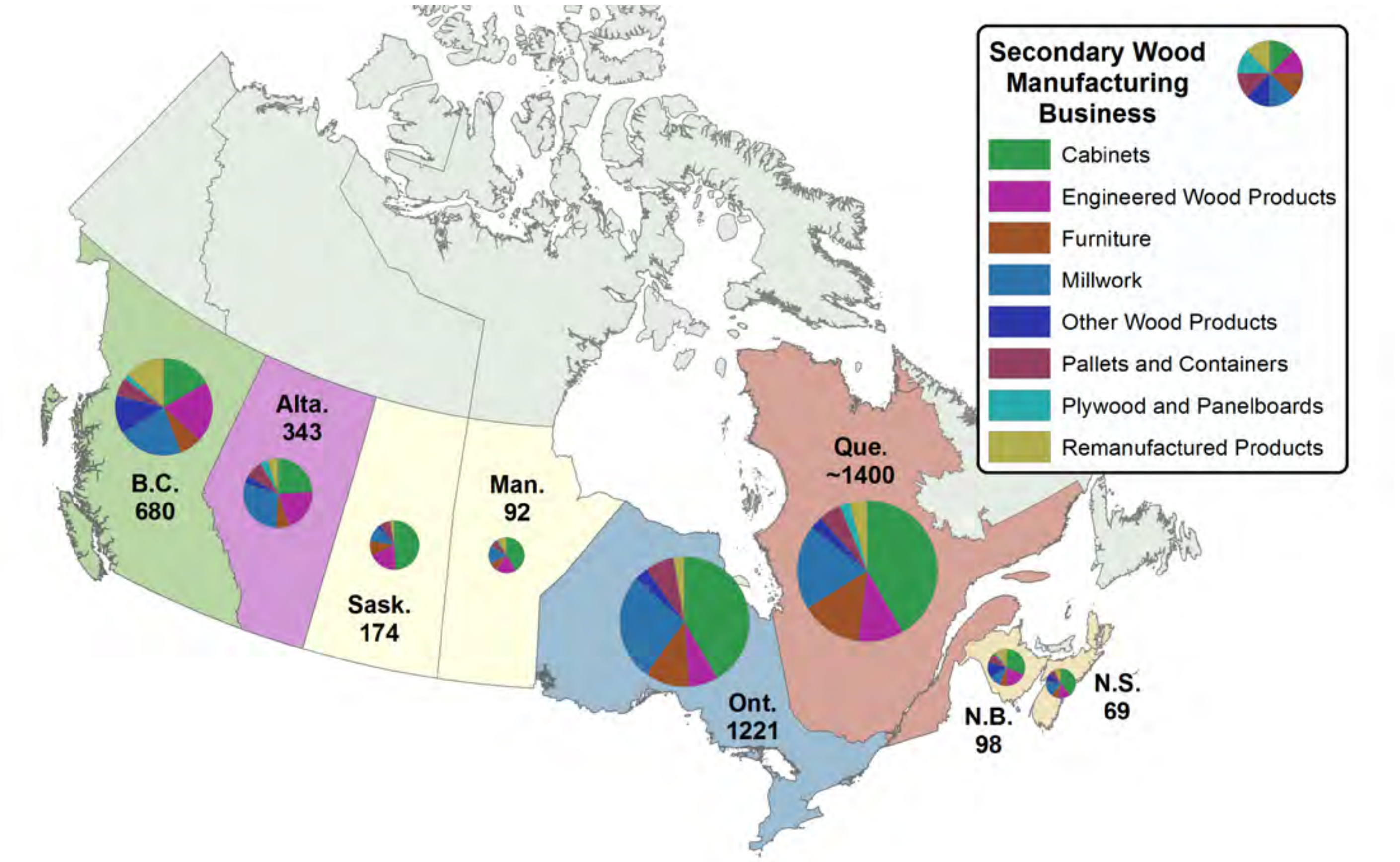
"We currently have more demand for our product than we can supply due to lack of fibre."

- a BC remanufacturer

Domestic markets are the most important to secondary manufacturers.



In contrast to primary wood product manufacturing, where the vast majority of production is destined for export, secondary manufacturers primarily produce for domestic markets. In each of the Prairie provinces, exports, exclusively to the United States, accounted for less than 15% of 2017 sales. Export markets were considerably more important for manufacturers in British Columbia and New Brunswick, accounting for just over half of sales.



Links

- Secondary manufacturing of solid wood products in British Columbia 2012
- Secondary manufacturing of solid wood products in Alberta 2013/2014
- Future publications will be available from the CFS Bookstore