

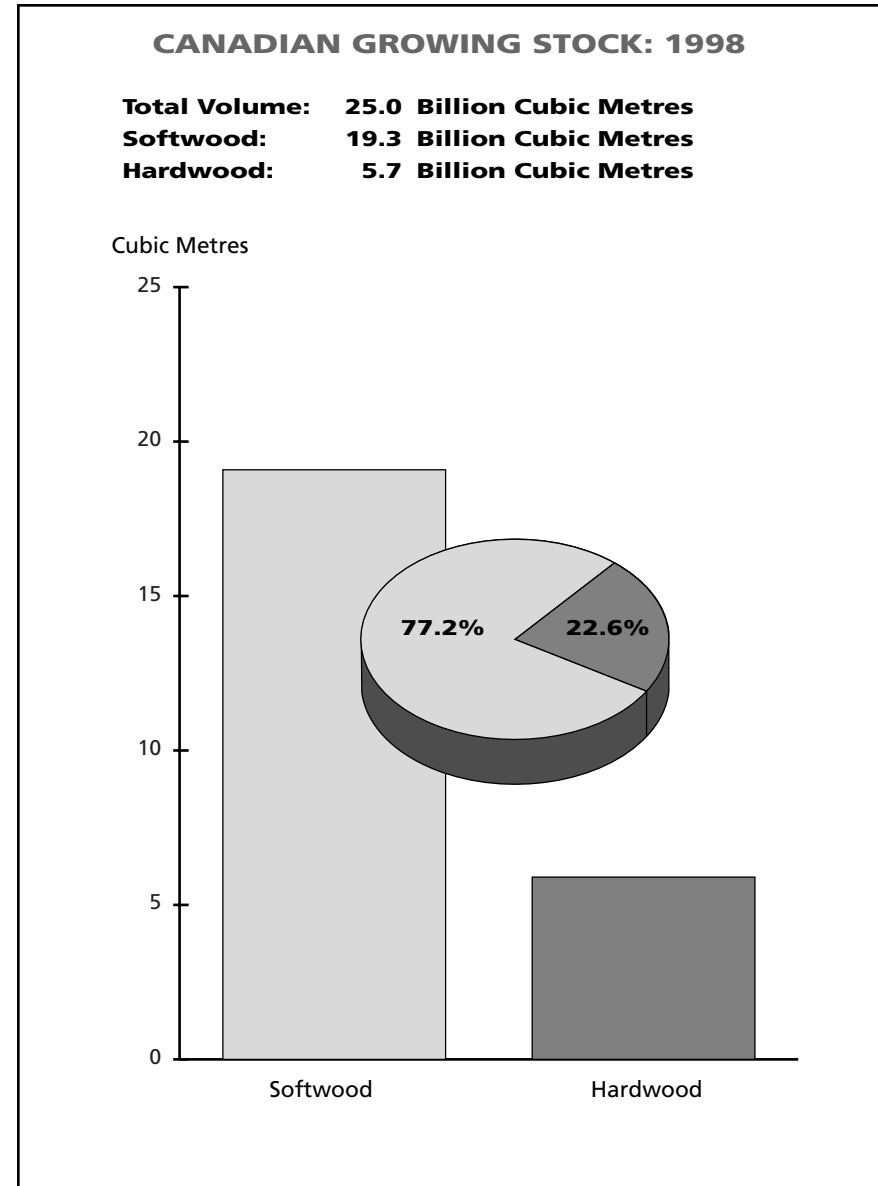
Part II

CANADA'S FORESTS AND FOREST INDUSTRY

With 10 per cent of the world's forest land base, Canada has 417.6 million hectares of forest, of which 235 million hectares are considered commercial forests. About one million hectares or 0.4 per cent of Canada's commercial forests are harvested each year. Ninety-four per cent of Canada's forests are publicly owned and the remaining six per cent are in the hands of 425,000 private landowners. Canada is the world's largest exporter of forest products, and is committed to sustainable forest management.

CANADIAN GROWING STOCK

Forests cover over 45 per cent of Canada's forest land base. Total growing stock in Canada is 25 billion cubic metres. Softwood, or coniferous trees account for 19.3 billion cubic metres or 77.2 per cent of the total. Hardwood or deciduous trees account for 5.7 billion cubic metres, or 22.8 per cent.



CANADA'S AVERAGE ANNUAL TIMBER HARVEST

The provincial governments are responsible for determining the amount of timber to be harvested, or more widely referred to as the allowable annual cut (AAC).

A provincial AAC prescribes a rate of harvesting for a specified area of forest and is based on economic, social and environmental considerations.

During the period 1995 - 1999 the B.C. forest industry harvested an average of 72.2 million cubic metres per year. This was up marginally from the 71.9 million cubic metre average for the 1994 -1998 period.

Over the five-year period 1993 - 1997 the Quebec forest industry harvested an average 38.1 million cubic metres of timber per year. In the same period Ontario harvested an average 25.6 million cubic metres per year, the Prairie provinces harvested an average 25.7 million cubic metres and the Atlantic provinces harvested an average 19.1 million cubic metres per year.

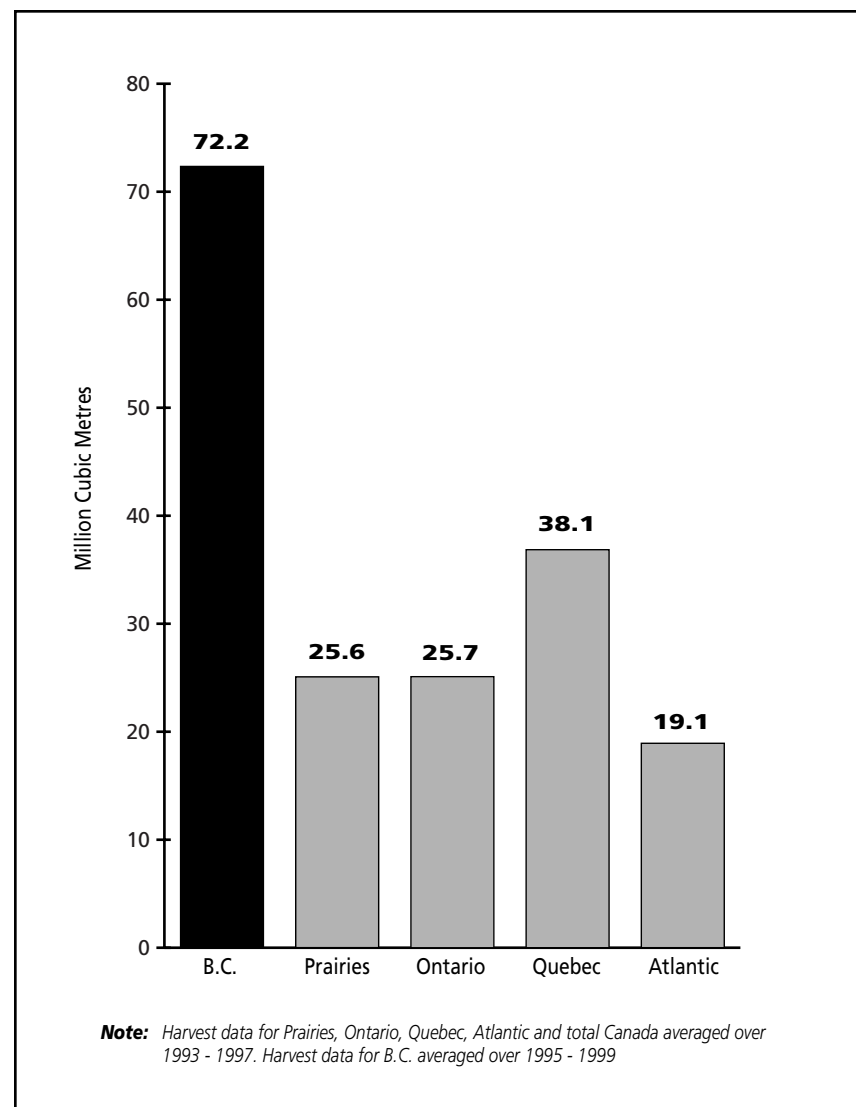
Between 1993 - 1997 Canada's annual harvest averaged 182.6 million cubic metres per year. The total harvest in 1997 was 187.8 million cubic metres.

Sources: Natural Resources Canada B.C. Ministry of Forests 1999

CANADA'S ANNUAL HARVEST							
	B.C.	Yukon/ NWT	Prairies	Ontario	Quebec	Atlantic	Canada
1987	90,591	188	16,049	29,692	39,503	15,662	191,685
1988	86,807	172	17,691	29,338	39,381	17,227	190,616
1989	87,414	176	17,826	29,642	36,192	17,004	188,254
1990	73,861	128	16,232	25,420	29,699	16,787	162,127
1991	74,706	124	17,161	23,829	28,225	16,123	160,168
1992	78,579	211	19,273	24,286	30,762	16,784	169,895
1993	78,004	394	20,869	25,432	34,285	17,209	176,193
1994	75,093	602	26,044	25,952	38,194	17,339	183,224
1995	74,460	342	26,532	26,260	41,680	19,159	188,433
1996	75,213	221	26,100	26,100	24,000	18,900	177,500
1997	68,629	436	28,614	28,614	26,595	22,982	187,800
1998	65,984	n/a	n/a	n/a	n/a	n/a	n/a
1999	76,960	n/a	n/a	n/a	n/a	n/a	n/a

n/a = Not Available at time of printing.

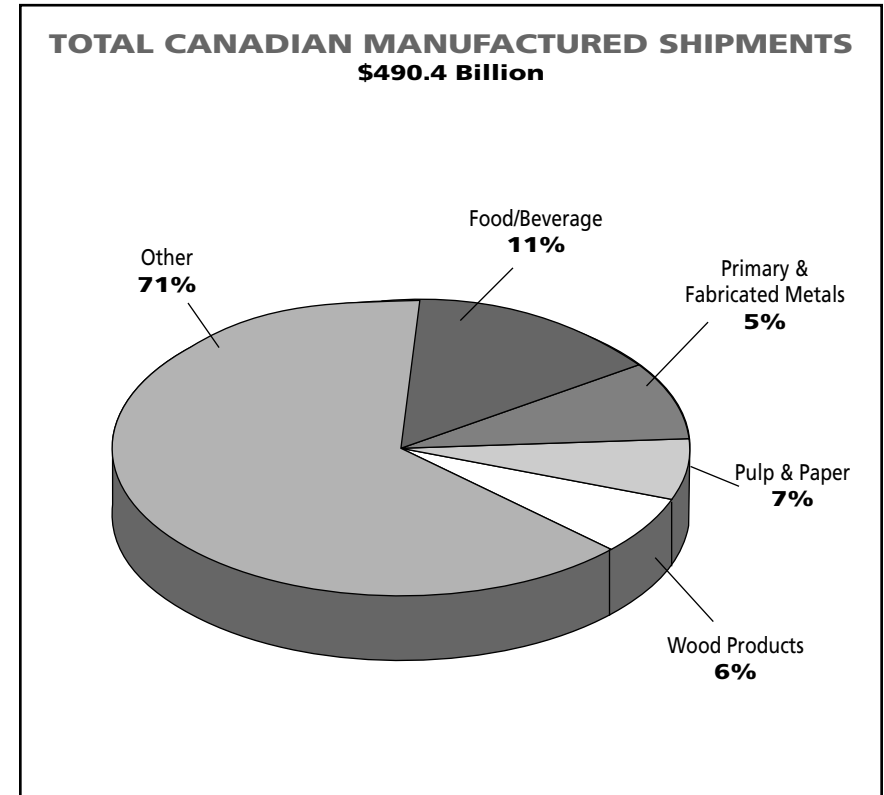
CANADA'S AVERAGE ANNUAL TIMBER HARVEST



CANADIAN FOREST INDUSTRY AND THE CANADIAN ECONOMY

The Canadian forest industry is a key contributor to the national economy. In 1999 the forest industry made up 12.8 per cent of all Canadian manufactured shipments.

The total value of manufactured forest products shipments in 1999 was \$62.8 billion, compared to \$56.9 billion in 1998, an increase of 10.4 per cent.



Total Value of Canadian Forest Product Sales (1999)

Wood Industries	\$30.6 billion
Pulp and Paper	\$32.2 billion
Total	\$62.8 billion

Source: Statistics Canada

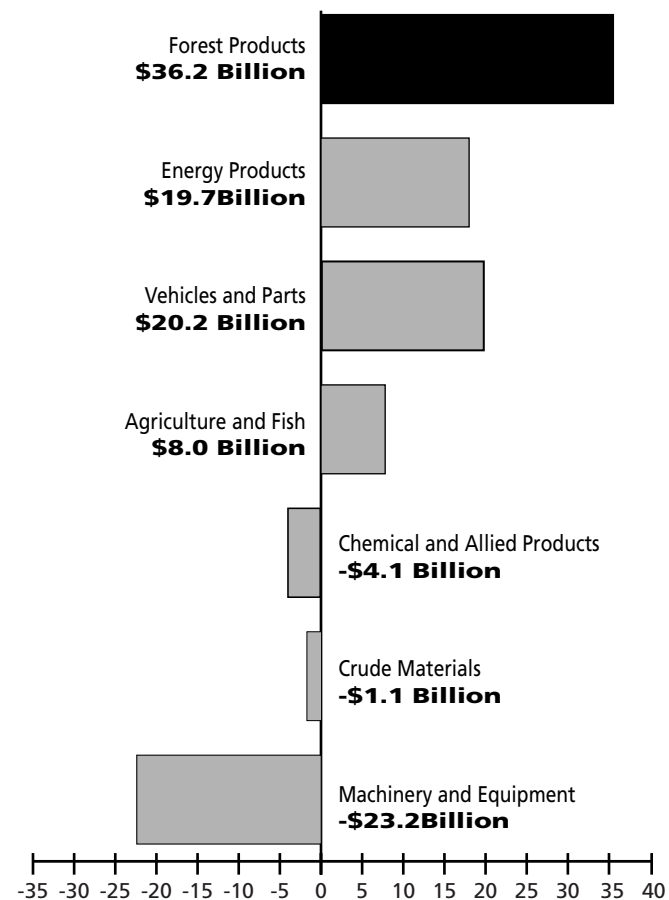
CANADA'S BALANCE OF TRADE

As a measure of the difference between a country's exports and imports of goods and services the "balance of trade" underscores the importance of international trade to Canada. According to Statistics Canada the forest industry recorded a \$36.2 billion trade surplus (exports minus imports) in 1999.

Crude chemicals, crude materials and machinery and equipment ran a combined trade deficit of \$28.5 billion. Agriculture, fish, forest products, energy, vehicles and parts collectively contributed a surplus of \$84.1 billion in 1999.

CANADA'S BALANCE OF TRADE: 1999

(Exports Minus Imports)



CANADA'S EXPORT OF FOREST PRODUCTS

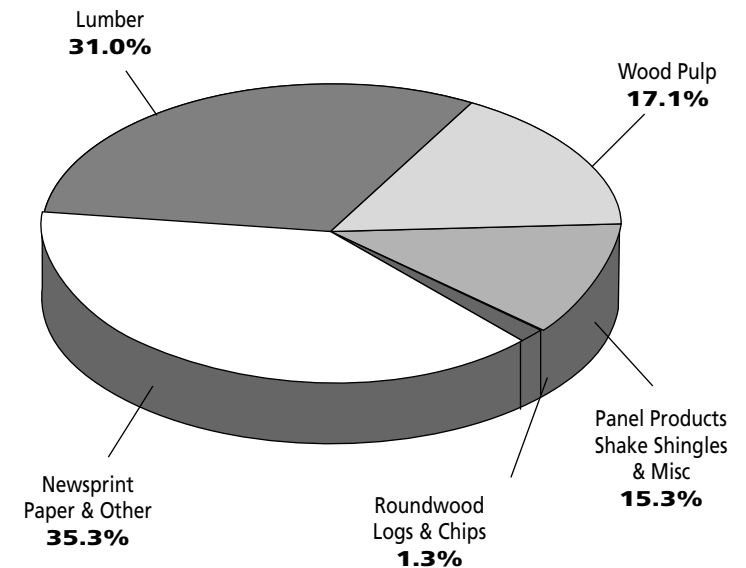
In 1999 the export value of Canadian forest products totalled \$44.2 billion. This represents an increase of 13.6 per cent from the \$38.9 billion in 1998.

Domestic consumption of forest products was valued at \$18.6 billion in 1999, up 3.3 per cent from \$18.0 billion reported in 1998.

As a percentage of total 1999 export value, the wood pulp sector represented 17.1 per cent of total exports, basically unchanged from 1998. Newsprint and other paper and paperboard accounted for 35.3 per cent in 1999, down from 39.3 per cent in 1998. Exports of lumber accounted for 31.0 per cent compared to 31.1 per cent in 1998. Roundwood, logs and chip exports accounted for 1.3 per cent compared to 1.1 per cent in 1998. Exports for woodbased panels, shingle /shakes and miscellaneous accounted for 15.3 per cent in 1999.

CANADA'S EXPORTS OF FOREST PRODUCTS: 1999

Total Value of Production/Shipments: \$62.8 Billion
Total Value of Exports: \$44.2 Billion
Total Value of Domestic Consumption: \$18.6 Billion



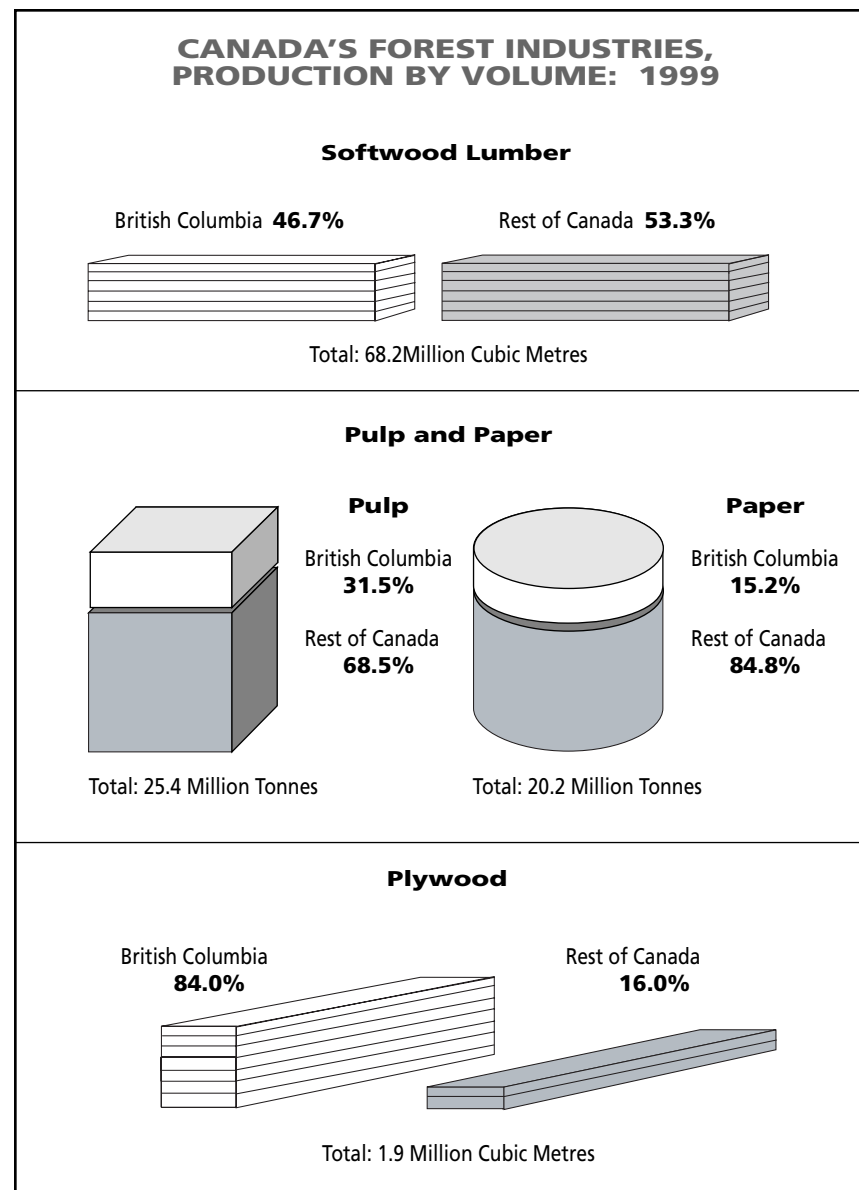
CANADA'S FOREST INDUSTRIES, PRODUCTION BY VOLUME

Softwood lumber production in Canada totalled 28.9 billion board feet, or 68.2 million cubic metres in 1999. This was 6.3 per cent higher than the previous year. B.C. softwood lumber production accounted for 46.7 per cent out of the total Canadian softwood lumber production in 1999.

Pulp production in Canada totalled 25.4 million tonnes in 1999, up 7.6 per cent from the previous year. B.C. produced 8.0 million tonnes, accounting for 31.5 per cent of the total Canadian production.

Paper production in Canada totalled 20.2 million tonnes in 1999, up 8.0 per cent from 1998. B.C. produced 3.1 million tonnes of the total Canadian production, up 10.7 per cent from 1998.

Plywood production in Canada was 1.9 million cubic metres in 1999, up 5.6 per cent from the previous year. B.C. produced 80 per cent of the total Canadian production.



CANADIAN FORESTRY INDUSTRY EMPLOYMENT

In 1999 the Canadian forest industry directly employed 254,400 from coast to coast, up slightly from 253,600 in 1998.

The forest industry also provided indirect employment in service and related industries contributing 763,200 Canadian jobs in 1999. Overall, this represents an increase of direct and indirect jobs of 2,400 jobs over 1998.

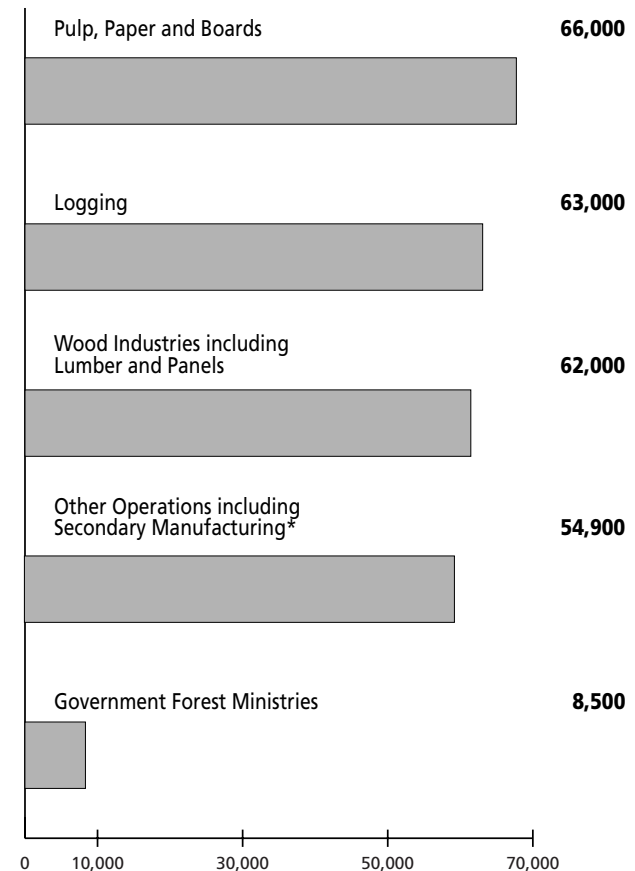
In total, more than a million Canadian workers depended on the forest industry for their livelihood in 1999.

Employment in the Canadian Forest Sector

Total Direct Employment	254,400
Indirect Employment	763,200
Canadian Jobs that Depend on the Industry	1,017,600

Source: PricewaterhouseCoopers

CANADIAN FOREST INDUSTRY EMPLOYMENT: 1999 Direct Employment for 1999: 254,400



* Includes deinked pulp, value added operations, container converting facilities, shakes and shingles and silviculture.

Sources: Canada Mortgage and Housing Corporation, National Association of Home Builders and Construction Ministry of Japan

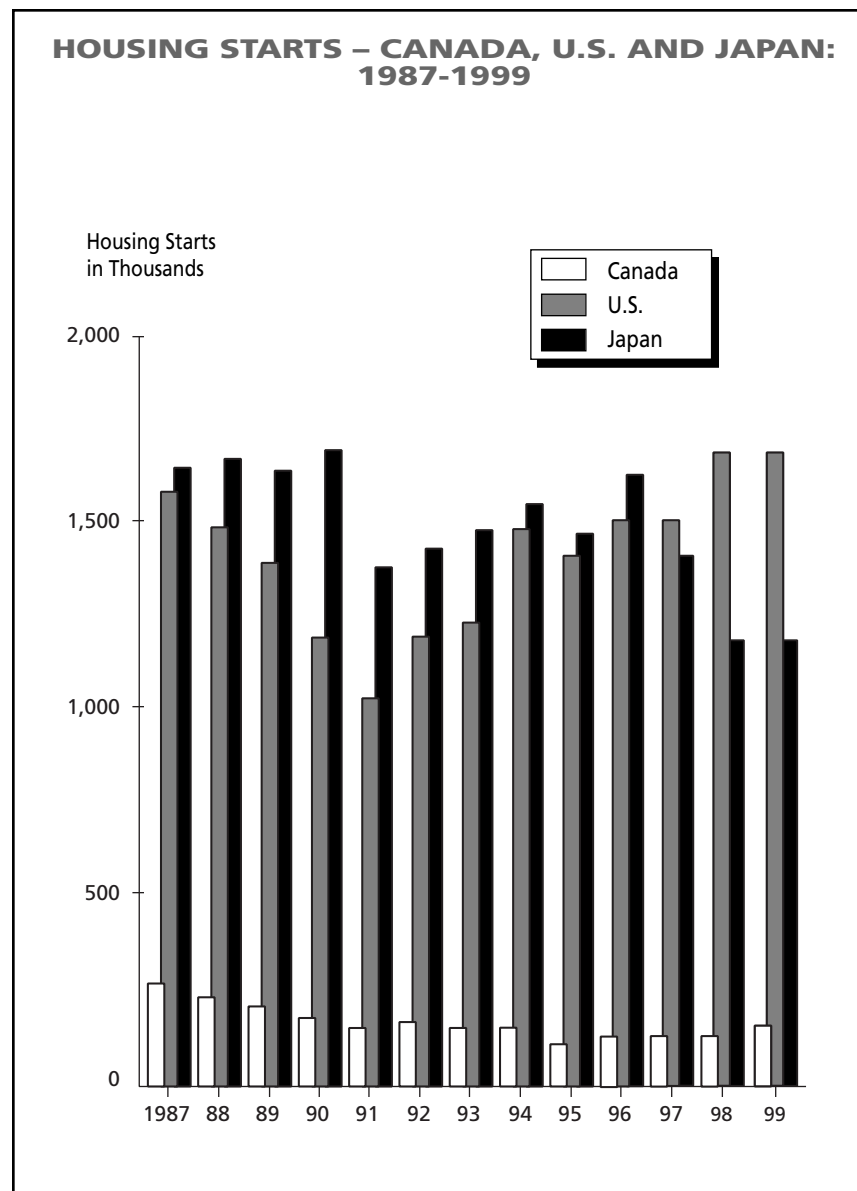
HOUSING STARTS – CANADA, U.S. AND JAPAN

Housing construction represents one of the most important indicators of consumption of wood products.

The United States is the largest consumer of B.C. wood products. U.S. housing starts were reported at 1.7 million units in 1999, up from 1.6 million in 1998. Single family housing starts of 1.4 million units represented 82.4 per cent of total U.S. housing starts in 1999.

Japanese housing starts totalled 1.2 million units in 1999, basically unchanged from 1998. The acceptance of North American-style platform frame construction in Japan can be attributed to concerted market development efforts, which have achieved significant market penetration over the past 12 years.

Canadian housing starts were 150,000 units in 1999. This is an increase of 9.5 per cent over the 1998 level of 137,400 units.



UNITED STATES AND JAPAN – SOFTWOOD LUMBER IMPORTS

United States

Canadian exports of softwood lumber in 1999 to the U.S. were 18.2 billion board feet, accounting for 94.8 per cent of total (19.2 billion board feet) softwood lumber imports into the U.S. B.C.'s share of softwood lumber exports to the U.S. was 8.7 billion board feet, or 45.3 per cent of total U.S. softwood lumber imports. This represents 47.6 per cent of the total softwood lumber exports from Canada.

The total value of forest products exports in 1999, from Canada to the U.S. was \$35 billion. Solid wood products accounted for \$17.6 billion, pulp and paper products amounted to \$17.1 billion and crude materials - logs, poles, and chips totalled \$373 million. British Columbia accounted for \$9.8 billion, of which, solid wood products accounted for close to \$7.2 billion, pulp and paper products totalled \$2.4 billion and crude materials made up the balance of \$216 million.

Japan

Canada exported a total of 1.9 billion board feet of softwood lumber to Japan in 1999. B.C.'s share, of Canadian exports of softwood lumber to Japan, represents 95.0 per cent, or 1.8 billion board feet. This was up 12.5 per cent from the 1998 level of 1.6 billion board feet.

The total value of forest products exports to Japan from Canada was \$3.1 billion, of which B.C. accounted for \$2.6 billion. Wood products and crude materials from B.C. accounted for \$1.9 billion with the balance made up of pulp and paper products contributing \$650.0 million in 1999.

*Source: AFPA and Statistics Canada
Source: Japan Wood Products Information Center*