

Overview of Ontario Forests and Forestry

Why Canada's Boreal Forest is Important?

The Boreal Forest of North America is one of the largest intact forest ecosystems left on earth and presents one of the world's greatest remaining conservation opportunities. With 25 per cent of the earth's remaining intact, roadless forests, the region supports some of the planet's largest populations of wildlife, such as woodland caribou and wolverine—both threatened species—and wolves, marten and lynx. It is also the nesting grounds for one-third (three to five billion) of our continent's songbirds and 40 per cent of North America's ducks and other migratory waterfowl. The Boreal is also a key regulator of global climate and holds more freshwater in wetlands, lakes and rivers than any other place on earth.

This year, the United Nations released a series of reports entitled *Millennium Ecosystem Assessment*, the largest assessment of the global environment and sustainability in human history. The reports recommended that ecological sustainability be seen as a primary factor in not only economic health, but in human health and well-being and noted that the majority of ecosystem services are in serious decline. The report also notes that timber and fuel are only one-third of a forest's potential total economic value and that in many cases the net benefits of a sustainably managed ecosystem are more valuable than those from a converted ecosystem. As a forested nation, Canada's future therefore depends on our ability to sustainably manage our boreal forests.

Ontario's Boreal Forest

Ontario is home to some 700,000 km² of forest—an area equivalent to Germany, Italy and the Netherlands combined. The Boreal Forest accounts for the vast majority of Ontario's forest lands, 498,000 km² of the province.¹ Approximately 60 per cent of Ontario's boreal forest has been licensed to forest companies for logging. The rest of Ontario's boreal forest, along with the taiga to the north, forms a massive expanse of intact wilderness covering nearly 400,000 km².

Government and industry data show that for the past 20 years there has been growing recognition that Ontario is harvesting its forests at unsustainable rates and that ecological concerns, particularly the threats posed by logging and road building to species such as the woodland caribou, are mounting. At the same time the markets for ecologically responsible forest products—those certified by the Forest Stewardship Council—are growing.

Ontario's Forest Industry

In recent months, Ontario's forest industry has been in the news, as both government and industry struggle to address economic challenges and redefine the future of the industry.

¹ Natural Resources Canada, Canadian Forestry Service, *The State of Canada's Forests*. 2004. Also from OMNR's *Ontario's State of the Forest Report: Forest Resources for Ontario 2001*

The rising Canadian dollar, the softwood lumber dispute, energy prices, overcapacity and wood supply issues have all been cited as contributing factors affecting Ontario's struggling forest industry. In response, the Ontario government is considering a package to support this vital industry. Noticeably absent from the debate is a recognition of environmental performance as a key indicator of long-term success and sustainability. Ontario's forest industry is at a crossroads. In order to chart a sustainable path forward Ontario must address unsustainable harvest rates and the growing need for comprehensive conservation planning and protection of threatened species and their habitat. Key opportunities for the industry exist in capturing growing green markets, and exploring renewable energy and energy conservation.

The Challenges

Economic Sustainability

Ontario's forest industry has been steadily consolidating over the past 15 years. In 1991, 24 companies were responsible for processing 90 per cent of the wood harvested. By 2004, just eight large companies were processing 90 per cent of Ontario's wood.² Of the 48 management units in Ontario, major forest companies control all but four either directly or through industry-controlled shareholder companies.³ Forest dependent communities have few opportunities for holding forest tenures, or for creating small value-added businesses in their communities. In addition, over the last ten years, jobs in the logging sector have declined despite increased harvest levels.⁴

During the 1990s, there was significant expansion in the industry but since that time jobs have decreased because of mechanization and consolidation. Also, despite an increase in fibre allocations, mill closures have resulted in significant job loss: 2,200 direct jobs have been lost in the last two years.⁵ Industry has acknowledged there could be a loss of up to 7,500 more jobs, as they identified 12 more mills "at risk," five of them deemed "at high risk."⁶

On the wood supply front, companies and government have been aware for close to 20 years that a dip in wood supply was looming in Ontario and that the current harvest level could not be sustained. Senior industry representatives have described the reality of long-term wood supply in Ontario as decreasing in both quality and quantity while government reviews have concluded that harvesting rates are above sustainable levels.⁷

² Minister's Council on Forest Sector Competitiveness, Final Report, May 2005

³ D. Haley and M. Luckert, Forest Tenures in Canada: A Framework for Policy Analysis. (Ottawa:Forestry Canada, 1990).

⁴ data from Statistics Canada and Ontario Ministry of Natural Resources

⁵ Minister's Council on Forest Sector Competitiveness op cit.

⁶ Minister's Council on Forest Sector Competitiveness op cit.

⁷ Levy, M. Timber Supply in Ontario: Environmentally Sensitive?? And Transparent. In: Timber Supply in Canada Challenges and Choice. Conference Proceedings November 1994. Natural Resources Canada, Ottawa.

With continuing job loss, wood supply issues, decreasing competitiveness in the global market, and the loss of key ecological values, the existing Ontario forest industry is not economically sustainable.

Ecological Sustainability and Caribou Decline

For many years, it has been widely understood by government and industry that logging in Ontario's Boreal Forest leads to drastic changes in forest composition, degradation of habitat and reduction of biodiversity. Between 1951 and 1995, 6.6 million hectares of forest were harvested in Ontario by clear cutting.⁸ The rate of logging has steadily increased and today almost 200,000 hectares are logged every year. In 2002, the practice of clear cutting in Ontario, said by industry to mimic natural disturbances, was placed under close scrutiny in a report by Ontario's Environment Commissioner, who termed it "an experiment on a massive scale" and observed that it was well documented that boreal forests were undergoing significant species conversion, with clear cutting being one of the main causes. The commissioner warned, "The continued commitment to clear cutting large areas of the original forest seems to run a great risk that that conversion will continue."⁹ Premier McGuinty has promised to "end the [previous governments] policy of allowing unlimited size clear cuts in Ontario. These massive clear-cuts cause irreparable damage to our forests."¹⁰ Yet the clear cutting continues accounting for today accounting for 90% of all the logging in Ontario.¹¹

One of the greatest impacts of clear cut logging is the reduction of older forests and large intact forests that are a critical characteristic of the boreal landscape. Without adequate areas of old forest, some species of plants and animals will decline or even disappear from the Boreal Forest.

Current logging practices are dramatically reducing this old forest despite a requirement over a decade ago by the Environmental Assessment Board that Ontario develop a strategy for the conservation of these forests.¹²

The steady erosion of intact older forest and extensive clear cutting has had a significant impact on the ecological integrity of Ontario's forests. Many species face an uncertain future, particularly the woodland caribou.¹³ Woodland caribou were officially listed as a threatened species in Ontario in 2002. Once found as far south as Georgian Bay and the Ottawa Valley, only a few scattered populations of these forest-dwelling caribou remain outside of Ontario's unlogged northern boreal forest.

⁸ Natural Resources Canada op cit.

⁹ Environment Commissioner of Ontario, 2001-2002 Annual Report Supplement: Developing Sustainability (Toronto 2002).

¹⁰ May, Elizabeth, *At the Cutting Edge*. Key Porter Books, 2005. p216.

¹¹ Canadian Council of Forest Ministers, *Compendium of Canadian Forestry Statistics*, <http://nfdp.ccfm.org> (9.20.2005)

¹² State of Canada's Forests 1994. The report states that the 115 recommendations will dramatically change forestry in Ontario.

¹³ May, Elizabeth, op cit.

In the last 110 years, the historic range of woodland caribou was reduced by half, from 762,000 km² to 379,000 km² in Ontario. The rate of disappearance was consistent during this time at 34,800 km² per decade. The caribou's southern limit has been moving northward at 34 km per decade coinciding with the northern front of industrial logging.¹⁴ In fact, today, healthy woodland caribou populations are almost entirely restricted to areas of undeveloped boreal forest, such as north of the current logging limit in Ontario. Dr. James Schaefer's article in the *Journal of Conservation Biology* has found a "Strong coincidence between recent southern limits of caribou occupancy and northern front of forest harvesting, implying anthropogenic agent of decline."¹⁵

The Canadian Boreal is also vital to North American bird life. Up to three billion warblers, thrushes, sparrows, hawks and other land birds migrate to Canada's boreal region to nest each spring.¹⁶ The boreal also provides habitat for tens of millions of breeding waterfowl and shorebirds. In 2001 alone, 45,000 nests of migratory birds were lost to logging in Ontario.¹⁷

Trout Lake and Caribou Forest

Poignant examples of current harvesting threatening caribou populations and older, intact forest in Ontario are found in Trout Lake and Caribou Forest. These forest areas are rich in wildlife and exist on the southern edge of what's left of Ontario's large intact boreal wilderness. This makes them critical for the maintenance and re-establishment of caribou and wolverine populations in the fragmented Boreal Forest to the south.

The Trout Lake Forest is located in northwestern Ontario, approximately 800 km north of Minneapolis. Nearly one million cubic meters of wood is cut from the Trout Lake Forest each year. Weyerhaeuser leases logging rights for Trout Lake Forest—public land located in the Boreal Forest of Ontario. The area falls across the traditional territory of five First Nations and borders the current northern limit of logging permitted in Ontario. The Trout Lake Forest is adjacent to a First Nations led proposal to for a World Heritage Site spanning from north western Ontario to the east side of Lake Winnipeg.

Weyerhaeuser is planning extensive road construction in the Trout Lake Forest. During 2004-2009 a total of 207 km of roads will be constructed, much of it into intact areas. The proposed Wenasaga Road, which fragments critical caribou habitat, is being opposed by local tourism operators and is the subject of growing controversy. Logging in this area is also highly controversial because the area borders the intact Boreal Forest further north, jeopardizes caribou populations that live and migrate through the Trout Lake Forest and threatens the remote tourism industry that relies on these wilderness areas.

¹⁴ Schaefer, James, "Long-Term Range Recession and the Persistence of Caribou in the Taiga." *Conservation Biology*, 17, 2003.

¹⁵ Schaefer op cit.

¹⁶ Blancher, Peter, Importance of Canada's Boreal Forest to Landbirds, Canadian boreal Initiative and Boreal Songbird Initiative, 2003. See. www.Borealbirds.org.

¹⁷ Audubon Magazine 09/05.

Weyerhaeuser sends wood and fiber from Trout Lake Forest to the Ear Falls Mill (saw logs), Dryden Mill (pulp and paper) and the Trust and Joist Mill as well as Abitibi's Kenora and Fort Francis Mills and the LKGH Sawmill.

Like Trout Lake Forest, the Caribou Forest is also critical caribou habitat. It is located adjacent to Ontario's large intact northern Boreal Forest that is not yet allocated to industrial use. Bowater holds the logging license for the Caribou Forest. The area falls into the traditional territory of the Mishkeegogamang and Saugeen First Nations, who have been blockading Bowater's logging in protest of the development of their land. There is also ongoing controversy over Bowater and government inaction to move forward with the agreement to protect the St Raphael signature site. The candidate-protected areas are intended to maintain remoteness to protect caribou and tourism values. In Bowater's 2002 forest management plan, the company proposed a new road through the heart of this remote area as well as logging adjacent to the protected area which is opposed by local tour operators, conservation groups and others. The bulk of the fiber from the Caribou Forest is sent to feed Bowater's Thunder Bay Mill, as well as the Ignace Mill.

At present, intact forests such as those found in the Trout Lake and Caribou Forests and situated at the northern limit of where logging is permitted support healthy woodland caribou populations. If planned logging in these areas goes forward, these herds will likely disappear, as virtually all their counterparts have in the south. In fact, Dr. James Schaefer, a caribou biologist at Trent University, warns that if the status quo of industrial operations is maintained in areas like Trout Lake and Caribou Forest and is extended into the large intact areas yet to be allocated to industrial use, Ontario's woodland caribou will largely disappear by the end of the century. The intact areas and caribou habitat slated for logging over the next five years in the Caribou and Trout Lake Forests are potent examples of the disturbing trend of continued caribou extirpation taking place all along the northern cut line in Ontario. Without conservation planning and protected area establishment in the large intact areas north of the cut line, they are also portents of what could happen in Ontario's Northern Boreal Forest.

Industrial Expansion in Ontario's Boreal Forest

Currently, 62 per cent of Ontario's boreal forest is licensed to forestry companies for timber harvesting.¹⁸ The far northern reaches of Ontario's boreal forest have been considered too remote and the forests too uneconomical to log. However, the vast forests north of the 51st parallel currently unlogged and without roads are under threat. This area is the traditional territory of many First Nation communities with aboriginal and treaty rights over these areas and who rely on the Boreal Forest for their livelihood. Any decisions about how these northern boreal forests are to be used must respect aboriginal and treaty rights and be done in full consultation with these communities and their leadership.

¹⁸ Ontario Ministry of Natural Resources. 2001. Annual Report on Forest Management.

However, both the federal and the Ontario governments have stated that they are committed to industrial expansion in the northern boreal.¹⁹ Done right, Ontario has a tremendous opportunity to ensure that this expansion supports local communities and ensures enough intact forest to maintain ecological integrity and cultural values as well as threatened species such as the woodland caribou. Done poorly, and without proper conservation planning that includes the establishment of large areas off-limits to industrial use and that to protect ecological and cultural values, this expansion will be ecologically and culturally devastating and economically short-sighted.

Opportunities For Sustaining Ecology, Culture and Economy

Adapting to the Changing Market

A new report by the CPAWS Wildlands League in Ontario, *Wood, Jobs and Wilderness*, charts a new course for the forest industry in Ontario that would address many of the economic and long-term sustainability issues that the industry is facing:

“There has been increasing interest – and a growing economic incentive due to declining prices for products like newsprint and 2x4s – to shift the focus for forest products in Ontario to value-added products like engineered building components (trusses, beams, housing components) and factory-built housing. Recent studies have also pointed to opportunities for more specialized smaller-scale businesses, such as producing wooden windows and doors. Even within existing sectors, there is potential to move to higher-value products, such as coated and specialty papers instead of newsprint. These types of businesses would help Ontario deliver products that can compete on more than just price and that would also increase employment per unit of wood used. “

The report goes on to recommend co-generation, energy efficiency and renewable energy as providing a solution for rising energy costs.²⁰

Creating a long-term strategy to address wood supply shortages and sustainability issues should also include research and development into alternative fibers. One of the solutions may be lying in the fields of Ontario farmers. New technologies have made pulping of agricultural fiber—including corn stalk, switch grass and rye straw—viable alternatives to wood. Both government and the paper industry should be looking to invest in a non-wood fiber base that grows yearly as a byproduct of farming, in volumes capable of supplying industrial pulp facilities.

¹⁹ Ontario Ministry of Natural Resources, “Northern Boreal Initiative: A Land Use Planning Approach, Concept Document.”

²⁰ Wood, Jobs and Wilderness: The Future of Ontario’s Forests. Wildlands League, 2005.

Growing Green Markets and Forest Stewardship Council Certification

As the warnings and data sets grow, revealing global threats to biodiversity and the dramatic loss of old growth and intact forests in Ontario and around the world, environmental awareness at the public and corporate consumer level is also growing. At the same time, the demand for corporate social responsibility and interest in socially responsible investment are skyrocketing. These trends provide an interesting opportunity for forest companies that commit to addressing issues of sustainability and controversy.

Intentions among consumers are already shifting. Consumers have expressed concerns about the environment and particularly about species loss. For instance, the 2004 Cone Corporate Citizenship Study found that 80 per cent of Americans would consider selling stock, boycott a company or switch to a different product if they considered the company to be operating unethically or not in a socially responsible manner.

In fact, the market for 'sustainable products,' estimated at \$227 billion this year in the United States, is projected to reach \$1 trillion annually by 2020. The global market for products certified by the Forest Stewardship Council, the only certification system endorsed by the majority of conservation organizations and indigenous groups worldwide, and which measures to ensure good conservation planning and full protection for threatened species, is now estimated in excess of \$5 billion. Increasingly, this interest and concern is showing up in the investment community.

"Calvert is concerned about the cumulative impacts of resource extraction, particularly sourcing of wood fiber from the Boreal Forest, on First Nations, the environment, and endangered species. Calvert would prefer to see certification to the Forest Stewardship Council standard and encourages use of higher recycled content in products," Stu Dalheim, May 6, 2005

"As part of Lowe's ongoing commitment to environmental sustainability and social responsibility, it is our full intention to eliminate sales of wood from environmentally threatened forests, including old growth."

Dale C. Pond, Executive Vice President, Lowe's

Over two hundred companies have made commitments to phase out 'bad' wood, variously defined as ancient forests, old growth or endangered forests, and to give preference for products certified by the Forest Stewardship Council (FSC). A report by IBM Business Consulting Services that surveyed 30 large corporate buyers of Canadian forest products discovered clear evidence environmental criteria now play a key role in purchasing decisions, calling it a "greenward shift" in the market for forest products.

"The shift is real, buyers believe it will continue, and we believe it will have a negative impact on forest regions and producers that do not respond to it." IBM, 2003.

More recently, the financial sector has become increasingly vocal with new policies by Citigroup, HSBC, Bank of America and JPMorgan Chase.

“Where customers do not have FSC or equivalent certification and are not taking credible action to achieve this, we will consider measures to exit such relationships.” HSBC Bank

The markets are changing. Demand for FSC products is growing. Acceptance of products from controversial practices or places is at an all-time low. By moving toward Forest Stewardship Council certification, Ontario’s forest companies can capture a growing green market that will support the transition to long-term sustainability.

“By adhering to a standard that respects the values of all forest users, including the First Nations, we believe that the public, governments, customers and investors will also see it as a serious commitment to ensure the sustainability of our operations,”

-Raymond Royer, President and CEO, Domtar Inc.

“FSC brings key players to the table, giving them a voice to find solutions. Our use of FSC standards puts us at the forefront of demonstrating to customers that we practice responsible forestry.”

-Frank Dottori, CEO, Tembec Inc.

Tembec and Domtar have both committed to securing FSC certification for their forestry operations. As a result, companies like Home Depot and Staples have increased their consumption of products from these companies.

The Solution

Government and industry should invest in:

1. Environmental performance

- Government policy and industry practices that meet FSC requirements to allow Ontario access to the growing green market
- Immediate moratorium on further logging in caribou habitat until effective Caribou Recovery Plans including protected areas are implemented and demonstrated to be effective, thereby avoiding controversy and uncertainty in the marketplace
- Take a new approach in the unallocated northern boreal by completing conservation planning and establishing areas to maintain and protect cultural and ecological values prior to development going forward

2. Long-term economic sustainability

- Focus investment on areas of market growth in value added forest products
- Increased access and security to forest resources and investment in ecologically sustainable enterprise for forest dependent communities
- Community economic diversification strategies and related incentives and training

Other elements:

- * Energy conservation, co-generation and investments in renewable power.
- * Research and development of alternative fibre sources such as agricultural waste.
- * Marketing initiatives and support for ‘green’ forest products from Ontario.

* Development of public partnerships with major customers such as Home Depot and Staples to ensure the long-term supply of ecologically responsible products and support for conservation assessments, mapping, planning and protection.