WORLDWIDE MARKETS¹

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I must, first of all, disclaim to have any knowledge of forestry, and must ask your indulgence for any mistakes I may make through technical ignorance.

To those of you to whom I am a stranger and a newcomer, I should explain that I am not an indigenous species, but have been transplanted late in life, having spent most of my business career as a lumber importer in the United Kingdom where I still maintain my connections with my old firm for whom I act as Canadian director.

This connection, having to do with export trade from Canada, which is my only qualification for speaking to you at all, is allied to an all too brief but intimate acquaintance, also rather late in life, with the production end of the lumber business in British Columbia.

It will be obvious to you that with a rather one-sided knowledge I cannot make any very profound observations on the connection between forestry and export trade, and it seems to me that I can only ruminate about the future and pose questions to you professional foresters with export in view.

First of all, I find it difficult to decide to what degree forestry will affect export or export will affect forestry. It is rather like the hen and the egg problem. I think we shall probably find that each is to a large degree dependent on the other and that, for a thriving forestry business in Canada, export will be a vital necessity at least for many years to come.

When contemplating the marketing of crops to be harvested nearly a century later, one cannot help hesitating to form opinions or make any predictions when one considers the rate of progress and development in the last half-century. That progress (if progress it is) is most certainly in geometrical progression. Consider how many inconceivable things have happened in our own life times in every field of knowledge.

Apart from the general uncertainties of the future and considering the matter *only from the present-day* viewpoint, there are so many different products to be exported to so many different countries with different standards of living and different economies. There is lumber in all its forms: plywood and other manufactured wood products such as shingles, doors, and most important, pulp and paper in its ever-increasing number of forms for ever-increasing purposes.

Once again, I must plead ignorance of all but lumber exports and those mainly to Europe; however, Europe has such a variety of buyers that I would think that most of the requirements of the other continents would be covered by a European experience.

The value of a wood product to any country bears a direct relation to the prevalence of forests in that country. To quote one example: in parts of Italy you will see small scraps of wood, branches of olive trees, 18 inches or

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2 feet long, being sawn into thin boards for case making, while fence posts and such things are shaped out of stone or even marble as being cheaper and more easily procurable. Lumber is a luxury to such a country and the volumes to be bought come mainly from nearby countries such as Yugoslavia, except for very special purposes such as ship decking. However, even those countries which have no forest and are not wood minded have to import forest products in one form or another. So far there is no complete substitute, and with the requisite research and development there never will be. The chief substitutes for lumber products are metals, stone, concrete, brick, tile, plastics, glass, linoleum, etc. It is quite a lengthy list, but the fact is that, despite the inroads made by these substitutes in the last 50 years, there has been a constantly increasing demand for forest products throughout the world.

The proximity of the supply is important everywhere since we all know what a tremendous part transportation plays in trade economics. It is unfortunate that most Canadian forest products have to travel very long distances frequently in competition with supplies which are situated in more favorable geographical positions, and furthermore, forest products being extremely bulky for their value, are affected by transportation costs more than most commodities.

One aspect which has to be considered is the competition which nature herself provides for trees in treeless countries. I refer to so-called waste products such as straw, sugar cane and to tropical foliage and fast growing vegetation which even now competes with the forest crop and will probably do so to an increasing extent as research continues to find new ways of utilization.

Here in Canada, with a vast wealth of coniferous forest, we at present have a domestic need for less than half our present lumber production and only a small proportion of our pulp and paper production. The United States of America and Soviet Russia are probably the only other two countries with comparable coniferous forest stands. They have populations over ten times as great to absorb their crop and are, in fact, on balance importers of wood products, consuming their forest resources at a very much faster rate than we are.

As I understand the situation, we have tremendous areas of mature forest which will not increase in volume and in which annual increment either is in balance with decay or may even be less. It would seem to be good policy to get the forest land cleared of its overripe crop and growing another. I am anxious to know how the potential sustained yield production in Canada, in say twenty-five years, will compare with today's production, and I am assuming that it will be at least equal if not considerably greater. If that supposition is correct, then we seem to be faced with either not harvesting the tree crop to the fullest extent or finding and keeping export markets to utilize the volume surplus to domestic requirements. Since trees are not a crop which has to be harvested in any particular year, the utmost efforts can be made to expand export sales and control production to avoid flooding the market.

As I see the situation we shall probably continue to make lumber and pulp for maybe twenty-five years and more in much the same way as we do now, mostly out of these mature forests. But gradually the methods will undoubtedly have to change as the uniformly smaller new growth is harvested which, I suppose I am right in thinking, with natural conditions, will be in

cycles of 75 to 100 years of growth. Of course, you may be going to inject plant hormones or discover that radioactivity will stimulate growth.

Such thoughts about this new crop which you foresters are cultivating makes one ponder a few important questions concerned with its utilization to which it is difficult to find the answers. In a limited time one can only scratch the surface and mention a few of these questions which spring to mind.

- (1) What will the population of Canada be 100 years or so from now and what will the domestic demand then be for forest products? (I hope Mr. Leclair has the answer to that one.)
- (2) What will the whole world population be, always granted peaceful co-existence and no Great War III with atomic destruction?
- (3) How will the huge Oriental population, at present under-privileged, develop in the next 100 years? This may easily prove to be an enormous consuming market and is a natural geographical market for British Columbia. China, I am told, has been made treeless and cannot afford land to grow trees if it can grow food.
- (4) What will be the comparable utility 75 or 100 years from now of the different tree species?
- (5) It is possible that our conception of wood products may have to be very considerably extended. For example: A process will probably be developed enabling us to prepare food from trees. I believe a cattle food has already been produced and it is not inconceivable that a human food may be made.
- (6) To what manufacturing processes will the new crop be subjected? Shall we still cut lumber in sawmills or shall we reduce logs to tons of chips and pulp and precast lumber to standard requirements? One cannot avoid the impression that the greater proportion of the forest product will have to be broken down and remade because I have observed that, as a general rule, so-called second growth timber is of very rapid growth indeed—in fact, so rapid as to render it undesirable, if not altogether unsuitable, for cutting to lumber, as at present, because of its tendency to twist and warp and spring out of shape. I don't know whether you foresters will be able to grow trees suitable for lumber on completely cleared areas, or whether you should even try, since the conditions which prevailed in virgin forests of suppressed growth would never recur and my observations lead me to believe that we shall in future for a time at least grow a very much greater tonnage of cellulose per acre per annum than nature has grown in forests over the centuries *but* who can say for how long. Forest land could, I imagine, become exhausted by excessively fast growth.

I have no answers to these questions, but to my mind the indications are that forest products must be an increasingly important national asset as the years go by. When one considers that trees can be grown with a minimum of human attention, frequently on land which is unsuitable for other crops, we should be able to make forestry pay. However, for very many years it is undeniable that the available annual volume must be greatly in excess of any conceivable domestic demand. In order to provide funds for the practice of good forestry, and to get the forest land into an earning condition, the bulk of

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the present mature crop must be exported to what I believe will be a ready market for the products in all their varied forms.

I am very glad to have been the first speaker on this program since that is the place for questions and not answers. I am sorry to have been so vague and indefinite, but I have reached the stage in life when my crystal ball is getting a little cloudy and I have difficulty in persuading my mind when it is roaming around fifty years from now that any country with trees won't have some sort of sawmill or houses and homes without a hammer and a few nails.