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## **CSLS Releases Studies on Forest Products Sector Productivity in Quebec and Ontario**

The Centre for the Study of Living Standards (CSLS) today released two detailed studies of productivity trends in the forest products sectors in Quebec and Ontario over the 2000-2013 period. The studies were commissioned by the Forest Products Association of Canada.

The forest product sector in both provinces was hit by a perfect storm in the 2000s. The demand for the forest products was devastated by structural factors such as the decline in demand for paper caused by the shift to electronic media and the rise in the value of the Canadian dollar and, after 2007, cyclical factors arising from the financial crisis and the collapse in U.S. housing construction.

When demand is weak productivity growth is also generally weak. But this was not the case in the forest products sector. Survival required that employers cut hours worked even faster than demand was falling. Between 2000 and 2013, employers in the forest products sector in Quebec reduced hours worked at a 4.8 per cent average annual rate, compared to only the 1.1 per cent fall in output, resulting in labour productivity growth of 3.7 per cent per year. Adversity thus drove this strong productivity performance, the second best among all 20 two-digit industries in the province.

The same phenomenon was at play in Ontario, although to a lesser extent. Hours worked in the forest products sector fell 4.7 per cent per year while output fell 3.8 per cent, resulting in labour productivity growth of 1.0 per cent per year, which was above the all-industry average for the province.

Since the mid-2000s, the forest products sector in Quebec and Ontario has been largely an industry in decline, that is a sunset sector. The decline is now over and transition will assume much greater importance as new products and markets are developed. Going forward, strong labour productivity growth will be essential for the forest products sector in both provinces to make the transition to a vibrant and expanding sector.

[A Detailed Analysis of Productivity Trends in the Forest Products Sector in Ontario, 2000-2013: Sunset Industry or Industry in Transition?](#)

[A Detailed Analysis of Productivity Trends in the Forest Products Sector in Quebec, 2000-2013: Adversity Drives Productivity](#)

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The Centre for the Study of Living Standards (CSLS) is a national, independent, Ottawa-based not-for-profit research organization. Its primary objective is to contribute to a better understanding of trends and determinants of productivity, living standards, and economic well-being in Canada through research.

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