

# The “Forestry Revitalization Plan” and its Potential Impacts on Communities

A Presentation to the Northern Congress  
at the  
2004 North Central Municipal Association AGM

# About COFI

- COFI reorganized in 2003
- We are the voice of the interior forest industry
- Members operate more than 120 production facilities in 60 forest dependent communities in the Interior of the Province
- Members shipments account for over 80% of BC softwood lumber - 35% of Canada's
- The combined value of our members products is about \$10 billion annually
- This creates about a \$2.4 billion contribution to government revenues
- Our members employ about 50,000 people directly – this means that 150,000 families directly and indirectly depend on our members for their financial well being

# The Forest Revitalization Plan

- unprecedented agenda of change to the way we do business in the forest sector – the “Forest Revitalization Plan”
- introduced 20 Bills that create or revise legislation that affects the forest sector
- introduced 29 new or revised regulations attendant to these Bills
- create market based forest policy

# The Forest Revitalization Plan

In structuring the FRP the government realized:

- the BC forest industry competes on a global scale where market forces dominate
- trade litigation, or at best managed trade, with our biggest customer is an overwhelming issue
- need to create access to timber at fair market value for the full spectrum of interested parties
- efficiency gains are mandatory to stay globally competitive in the commodity markets of our BC forest products companies

# Market Forces

## ➤ External Forces

- Exchange rates, lumber panel and pulp prices, trade litigation, offshore competition

## ➤ Internal Forces

- timber pricing, tenure, costs, beetles, fires, competition for logs

# External Market Forces

## ➤ Exchange Rates

- The run up on exchange rates cost the BC forest industry about \$650 million last year

## ➤ Trade Litigation

- As of last month, Canada had over \$2 billion US on deposit - \$1 billion US of that is from BC producers

# External Market Forces

- Lumber prices
  - have surged from \$285US a year ago to over \$450US recently – a 58% increase!
- Structural Panel Composite
  - has risen from \$252US a year ago to \$595US – a 136% increase!

# The Market Force - The Trade File

- Impacts of the Forest Revitalization Plan changes pale in comparison to impact of unfair duties on exports to the US
- Unfortunately little real progress has been made on the trade file.
- NAFTA Panel ruling on threat of injury is significant – with all the possible processes the earliest we can expect a final ruling is at least a year away

# The Trade File

- Spring 2005 there will be at least \$3 billion in cash deposits - \$1.5 billion belonging to BC producers
- As a result of the combination of these trade tariffs and the appreciation of the \$C the forest industry in BC has had to vigorously pursue cost reductions

# Internal Market Forces

## Community Opportunities

- Mountain Pine Beetles
  - Expressions of Interest in Dealing with “beetle wood” – end of May
- Fires and Fire Suppression
  - The Filmon Report – engaging in joint training and planning.

# The Potential Impacts on Communities

- How might the Forest Revitalization Plan affect my community?
  - Tenure Changes – cut control, appurtenancy and timber processing rules, transfer rights.
  - Market Based Timber Pricing – done on the Coast, yet to be completed in the Interior.
  - Results Based Legislation and Regulation.
  - 20% Tenure Take Back - Community Forest Licenses

# Realizing the Vision – 2010 and Beyond

- This a document that outlines our views on 8 key elements that in combination will:
    - viable industry;
    - growing economy; and,
    - growing communities
- in a balanced and sustainable fashion

# Realizing the Vision – 2010 and Beyond

- Develop a strategy to stabilize and increase the AAC over time
- Move to a market based timber pricing system
- Look for additional opportunities to create results based regulations
- Increase First Nations participation in the forest sector

# Realizing the Vision – 2010 and Beyond

- Continue to aggressively develop new markets
- Further develop secondary manufacturing
- Provide support for R&D
- Provide support for forest sector related educational programmes

# Sharing the These Visions

- Working with the Provincial Government and Communities, we can achieve these outcomes
- Creating a growing forest industry and growing communities
- In management processes with outcomes that are well balanced and sustainable socially, ecologically and economically