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## NEWS RELEASE

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B.C. Competition Council

### **COMPETITION COUNCIL REPORTS ON FOREST INDUSTRY**

VICTORIA – The B.C. Competition Council has released its preliminary recommendations for government and industry actions required to improve the competitiveness of the provincial forest industry. Along with its recommendations, it has released two reports written for the Council by its Wood Products and Pulp and Paper Industry Advisory Committees.

“The forest industry is a fundamental and important part of British Columbia’s economy,” said Council co-chair Dan Miller. “These reports highlight critical issues affecting the industry, and the Competition Council has emphasized concerns which need to be dealt with promptly in order to prevent a further erosion of the industry, particularly on the coast.”

“The coast forest industry is in a near term crisis,” added Council co-chair David Thompson. “Unless these issues are addressed and the conditions are created to allow industry to be competitive, and to attract the capital required for reinvestment, the decline of the forest industry will continue.”

The Council’s submission on the forest industry points to actions that must be taken by governments and the industry to make the interior, coast, and pulp and paper sectors more competitive:

- The devastation caused by the mountain pine beetle is described as “the most significant natural disaster in the history of the province.” To deal with its economic and social impact during and after the infestation will require the involvement of the provincial and federal governments, First Nations, communities and industries in order to oversee and implement a plan to mitigate its impact.
- The Interior should move to a new market value based method of timber pricing.
- The revitalization of the coastal industry will require a market driven transition to second growth, harvested on an economic rotation. This would provide industry with access to an economically viable timber supply.
- The coastal industry must provide the product that the export market demands and market it aggressively to regain market share.
- The coastal industry should develop collaborative labour management relationships as part of its program to ensure cost competitiveness.
- Municipal industrial tax rates are adversely affecting the competitiveness of the pulp and paper industry and act as a disincentive to new investment. It is proposed that these tax rates should be reduced and capped.

- Both the federal and provincial governments should recognize that further rationalization and consolidation is required in both the wood products and pulp and paper industries if they are to compete successfully on a global basis.

The Council's preliminary recommendations, and the two Industry Advisory Committee reports, released today are available on the B.C. Competition Council web site at <http://www.bccompetitioncouncil.gov.bc.ca>.

The B.C. Competition Council was established to advise the private sector and the government on ways to make B.C.'s economy more competitive, more productive and more attractive to job-creating investment.

By June 2006, the Council is expected to submit recommendations from the remaining ten sectors under its mandate.

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