
NEWS RELEASE

For Immediate Release
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Ministry of Forests, Lands and Natural Resource
Operations

Province sets agenda to address forest sector competitiveness

PRINCE GEORGE – The provincial government today released its agenda to enhance the competitiveness of B.C.’s forest sector so that it continues to make investments and provide family-supporting jobs in communities throughout the province.

The agenda called “Strong Past, Bright Future” contains 49 strategic actions to address three key inter-related goals: healthy, resilient forests; diverse, globally competitive industry; and stable communities and First Nations.

B.C. is recognized worldwide as a leading jurisdiction for the production of high-quality wood products from sustainably managed forests. However, government recognizes the need to address the challenges that may undermine the industry’s ability to compete, from the impact of the mountain pine beetle on interior forests to market uncertainty.

This agenda sets the stage to improve B.C.’s competitive position, maximize the value derived from B.C.’s forests, and tap into innovation. The agenda is supported by other recent government programs, including the three-year \$75-million Rural Dividend and \$85 million for the newly created Forest Enhancement Society of B.C. Other key actions in the plan announced today include:

- Enhancing the promotion of B.C. wood products globally, focusing on the province’s strong regulatory environment and the benefits of B.C.’s wood products.
- Through Forestry Innovation Investment, promoting new wood-construction technology to global markets and developing non-traditional uses of wood and wood-pulp fibres.
- Advancing opportunities for forest carbon management and promoting greater use of lower-value wood and wood residue in support of the province’s climate leadership goals.
- Investing in timber supply and restoring forests impacted by the mountain pine beetle and wildfire.
- Strengthening timber-supply data using state-of-the art technology to provide a completely updated forest inventory by 2023.
- Maintaining healthy forest ecosystems that support values such as fish and wildlife ecosystem biodiversity, clean water, recreation, fibre for forest products, and forest carbon storage.
- Continuing to enhance First Nations’ participation in the forest sector, and encouraging business-to-business relationships between First Nations tenure holders and forestry firms.
- Creating more trades and training seats at post-secondary institutions, targeting funding for occupations in demand.

The agenda released today is supported by two additional forest sector plans, the Value-Added Sector Action Plan, and British Columbia Pulp and Paper Sustainability: Sector Challenges and Future Opportunities. These follow the Province's Forest Fibre Action Plan released in September 2015.

Quotes:

Forests, Lands and Natural Resource Operations Minister Steve Thomson –

“Government is focused on maintaining the forest sector’s position as a driving force in B.C.’s economy, especially in rural communities. This will sustain jobs, provide a secure future for resource communities, and deliver benefits to all British Columbians.”

Council of Forest Industries president and CEO Susan Yurkovich –

“B.C. high-quality forest products are shipped around the globe, as our industry competes with producers in many other parts of the world. Ensuring that we have the conditions in our province that allow our industry to compete successfully is critical if we are going to sustain our sector and attract investment to it. We are pleased to see the Province focus on the challenges of competitiveness that face the forest sector and we look forward to working with the Province and industry partners.”

Coast Forest Products Association president and CEO Rick Jeffery –

“The coast forest industry applauds the government for working to set a competitiveness agenda for the forest sector. By delivering benefits such as process improvements and efficiencies, this agenda ensures that coastal forest companies will continue to compete in the global marketplace and provide almost 40,000 jobs.”

Catalyst Paper Corp. CEO Joe Nemeth –

“The challenges facing the pulp and paper industry require urgent attention and strategic actions. This report outlines that we are committed to making our facilities globally competitive so we can serve higher growth, sustainable market pulp and paper segments and create low-carbon, fibre-based bio-products and renewable energy solutions by leveraging the integrated advantages of the B.C. forest products sector.”

BC Wood Board chair Rob Mitchell –

“Value-added is an important component of B.C.’s forest sector, especially in smaller communities around the Province. We’re looking forward to working with government to implement the recommendations that will support growth in our sector. We are also pleased with the commitment of \$200,000 to Forestry Innovation Investment to support efforts to grow B.C.’s share of the value-added wood products market.”

Quick Facts:

- In 2015, B.C.’s forest sector directly supported 65,500 well-paying jobs – more than 140 rural economies depend on it.
- B.C. is one of the world’s largest exporters of softwood lumber, and a significant global producer of pulp, paper and bioenergy. It accounts for more than one-third of Canada’s

forest products exports.

- Two-thirds of B.C.'s land base, or 55 million hectares, is forested. Despite the impact of the mountain pine beetle in the interior, B.C. forests have millions of hectares of quality commercial tree species – and a fraction of one per cent is harvested annually.

Learn More:

Strong Past, Bright Future: A Competitiveness Agenda for British Columbia's Forest Sector, along with the Value Added Sector Action Plan, British Columbia Pulp and Paper Sustainability: Sector Challenges and Future Opportunities, and other supporting documents, can be found at:

www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry

4 backgrounders follow.

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BACKGROUND 1

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Forest sector competitiveness agenda summary of actions

Key competitiveness actions include:

Healthy, resilient forests

- Manage forests to support multiple values, such as wildlife habitat, clean water, recreation, fibre availability and forest carbon storage, by considering cumulative effects, creating silviculture tools to support ecosystem resilience, and placing reserves in locations that benefit the greatest number of forest value objectives.
- Improve knowledge of the forest resource by using the latest science and technology, enhancing forest cover inventory and tracking fibre use.
- Invest in existing and enhanced activities that improve forest productivity, mitigate climate- change impacts, address priority forest health issues, and restore wildlife habitat.

Diverse, globally competitive industry

- Through Forestry Innovation Investment Ltd., promote new wood technologies and building systems, and market environmental and structural benefits of B.C. forest products.
- Expand market and product diversity, and work with the federal government to seek fair and beneficial trade agreements, including the Canada-U.S. Softwood Lumber Agreement.
- Work collaboratively with an extensive forest research network to enhance innovation across the value chain, and to promote non-traditional uses of wood and wood pulp fibres.
- Implement action plans to maximize fibre utilization and value, and to support new business opportunities for the residual, value-added, and pulp and paper sectors.
- Advance opportunities for forest carbon management, and promote greater use of lower value wood and wood residue.
- Ensure regulations support competitiveness while maintaining B.C.'s high environmental standards, and encourage streamlining processes to improve efficiency.

Stable communities and First Nations partners

- Work across government to support resource-dependent communities, maximize existing timber supply and restore forests impacted by mountain pine beetle and wildfire.
- Work with First Nations to build forest sector opportunities and to make consultation processes more effective and efficient.

- Reduce risk of wildfire, improve community safety, and restore landscape/habitat values through strategic actions such as the newly created Forest Enhancement Society of B.C. and Strategic Wildfire Prevention Initiative.
- Address workforce challenges through cross-forest sector planning and skills training.

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BACKGROUND 2

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Value-Added Sector Action Plan

The value-added sub-sector includes innovative and entrepreneurial companies throughout British Columbia. In 2012, B.C. had 589 value-added businesses, and provided close to 12,500 full-time jobs, with estimated sales of \$2.8 billion.

As part of its focus on competitiveness, the B.C. government undertook a value-added review which involved BC Wood, the Independent Wood Processors Association, Forestry Innovation Investment Ltd., FPInnovations and the ministries of Forests, Lands and Natural Resource Operations; Jobs, Tourism and Skills Training; and International Trade.

Recommended actions to rebuild and improve the value-added sector, and position it for the future include:

- Establish a pilot program to improve access to the U.S. market for new, small value-added exporters that don't have a lot of experience. Forestry Innovation Investment Ltd. is providing \$200,000 to assess existing export programs and what additional activities may be of assistance to the sector.
- Pursue opportunities through provincial and federal programs to address labour and training issues impacting the value-added sector.
- Improve access to FPInnovations' research and technical information, including development of a technology transfer and business development program pilot.
- Support open market access for the value-added companies to the competitive sale of Crown timber through BC Timber Sales.
- Pursue an exemption for value-added companies from duties under a new Canada-U.S. Softwood Lumber Trade Agreement since they buy input material from the open market.
- Explore development of a Wood Secretariat as a single point of contact between the B.C. government and value-added sector.

A copy of the report is available online at:

www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry

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BACKGROUND 3

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B.C. pulp and paper sustainability: sector challenges and future opportunities

In 2015 the pulp and paper industry directly supported 10,100 well-paying jobs in B.C., and supports smaller communities by purchasing goods and services and through municipal taxes. It is a major producer of bioenergy in North America, and offers a value-added product from residual chips, shavings and sawdust from sawmills.

The B.C. Pulp and Paper Sustainability Project, part of the forest sector competitiveness agenda, was led by a working group with members from all nine of the province's pulp and paper companies, key B.C. government ministries, FPInnovations and the UBC Pulp and Paper Centre.

Recommended actions to advance the sector's revitalization and transformation include:

- Improving cost competitiveness by identifying ways to improve business efficiency and reduce costs, addressing imminent regional fibre shortages, and assessing benefits of clean biomass power generation.
- Strengthening investment opportunities by streamlining permit applications and reporting requirements where emissions are not increased, and developing a more effective process to consult and engage First Nations.
- Finding opportunities to diversify and grow revenue by building a B.C. bio-products alliance to pursue development of new transformative technologies and by providing a comprehensive response to the B.C. Climate Action Plan.

These actions will be pursued with the sector.

A copy of the report is available online at:

www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry

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BACKGROUND 4

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Forest Fibre Action Plan

Released in September 2015, the Forest Fibre Action Plan focuses on increasing efficient utilization of lower-quality wood and increased access to wood residue for secondary users, including the wood bioenergy sector and other non-lumber manufacturers, such as pulp and paper and oriented strandboard. Key actions include:

- Implementation of protocols for primary and secondary harvesters to ensure the efficient removal of residual fibre.
- Development and implementation of biomass handling guidelines for forest planners and machine operators to support integrated planning and harvesting operations.
- Commitment to continuous improvement on policies related to residual forestry licence to cut and fibre supply licence to cut to ensure tenures are working effectively.
- Advertisement of supplemental forest licence opportunities to secondary fibre users, where the volume and fibre profile is available, for the term of the licence.
- Review how cruising, scaling and residue measurements align with cut control, inventory and timber supply modelling policies.
- Streamlined residue measurements so low-quality residual fibre can be designated as special forest products.
- Extended existing waste benchmarks until October 2017.
- Commitment to ongoing operational initiatives that generate more value from B.C.'s forest resources and increase fibre utilization from harvested wood.

A copy of the report is available online at: <https://www.for.gov.bc.ca/hth/timber-tenures/forest-fibre-action-plan.htm>

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