

Lumber Prices: SPF R/L 2X4

Week of September 17	232
Previous Week	235
Previous Month	265
Year Ago	262

Source: Madison's Canadian Lumber Reporter
www.madisonreport.com

Softwood Lumber Agreement 2006

For information about SLA 2006 please see the following websites:

Government of Canada:
www.dfait-maeci.gc.ca/eicb/softwood/menu-en.asp

Government of BC:
www.for.gov.bc.ca/HET/softwood

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President's Memo

In the July 2007 edition of the newsletter I authored a short article on a number of factors that were working in conjunction with each other to cause the forest industry unprecedented economic hardship. A so called "perfect storm" was at work.

In response in an article in **Madison's** headed "The Crybaby List" I was cited as the author of the List and roundly criticized for relying on the same old complaints and for failing to comment on what the "forest industry has evolved into".

A few weeks later the Canadian dollar has surged to parity with its US counterpart, the US market has soured even more in response to the sub-prime crisis, the Ministry of Forests has released a report indicating the beetle problem is worse than previously thought and the US government has launched an arbitration proceeding against Canada under the Softwood Lumber Agreement which is not even one year old. And contrary to the **Madison's** view, I did not observe that companies were "eagerly lined up" to sign onto the Agreement.

With all due respect to **Madison's** it is my responsibility to

raise awareness of conditions in the industry at all levels of government and in the public arena. Recent articles in the press and an editorial in the September 19 **Vancouver Sun** headed "Governments Need a Vision for Forest Industry to Flourish" carry the same message.

The Sun editorial concludes with the following—"As the world's largest exporter of forest products, Canada and B.C. have more than water, energy and fibre. They have an army of experts in the field serving government, industry and academia. Working together, these specialists must be able to come up with a plan that will keep the forest industry in Canada and B.C. vibrant and productive, and ensure that it continues to be a principal driver of the economy."

Madison's also asked me to react to their estimate that direct forest industry employment in BC had fallen from 48,000 to 12,000 over the last 20 years but lumber production had increased. These numbers are bizarre—PriceWaterhouseCoopers reports 1986 forest industry direct employment in BC at 85,000, falling to 77,350 in 2005! Aside from the beetle,



production is up for two very simple reasons—competition and technology / productivity improvements.

Where I do agree with **Madison's** is on the need to come up with a fresh view of the forest sector going forward.

We are where we are. The weakness in the US economy resulting in an appreciating Canadian dollar is beyond our control. The beetle is a natural environmental and economic disaster. However, forestry has a great story to tell on climate change and we have made huge gains on our environmental reputation and record. What we now need is a re-examination of forest policy, tax and competition policy, our regulatory framework and our business model.

Working with government I am confident the industry can turn our proud heritage into a bright future.

John "Crybaby" Allan

National Forest Week—September 23—29

National Forest Week is a time to reflect on the important role that forests play in our daily lives and to celebrate our connection to the forest.

Our forests are important to our environmental, social and economic well-being, and they have played a key role in de-

termining where many of our communities were founded.

According to the Canadian Forestry Service more than 300 communities across Canada depend on the forest for over half of their local economy. Canada's forest industries and forest-dependent communities are

facing many challenges; nowhere is that more evident than in British Columbia. Our government, communities and industries are working together to adapt to the challenges facing them today.

When it comes to Canada's forests, we have much to be thankful for.

Prince Rupert Container Terminal Opens New World of Opportunities

The grand opening September 12 of the Prince Rupert Fairview Container Terminal is a major milestone in the gateway initiatives of Canada and British Columbia, and a wave of new business opportunities for CN Rail and Maher Terminals.

“Our stars have aligned,” says Prince Rupert Port Authority President & CEO **Don Krusel**, noting the convergence of the private-public partnership to finance and complete the first dedicated intermodal container

terminal in North America on schedule and on budget. “Our timing couldn’t have been better to bring on stream this high-performing container terminal to anchor a new express trade corridor. We will be able to offer both Asian and North American shippers unparalleled reliability, efficiency and speed in moving their products through our port.”

The \$170 million terminal project, with a design capacity of 500,000 TEUs (20-foot

equivalent units) has been funded by five partners:

- Maher Terminals, \$60 million, including the three super-post panamax cranes
- Government of Canada: Western Economic Diversification Canada, \$30 million
- Province of British Columbia, \$30 million
- CN Rail, \$25 million towards the terminal's rail-related infrastructure
- Prince Rupert Port Authority, \$25 million

In addition, under the Asia Pacific Gateway and Corridor Initiative, the Canadian Border Services Agency will invest \$28 million to establish a state of the art container screening program.

For more information go to the Prince Rupert Port Authority website: www.rupertport.com.

11th Annual Prince George Region Community Dinner

COFI President, John Allan welcomed over 190 delegates to the 11th Annual Prince George Region Community Dinner on September 20th. John was very appreciative of the support provided by the Finning co-sponsorship of this and other COFI community dinners.

During a bustling reception, delegates comprised of municipal government, community and business leaders as well as local college and university students from the forestry, natural resource and business programs were given the opportunity to network and meet forest industry representatives.

The formal program began with a welcome address from Councillor Sherry Sethen representing the City of Prince George. Ms. Sethen welcomed the attendees, Chief Dominic Frederick and guest speaker, Hon. Barry Penner to Prince George and went on to acknowledge that forestry will continue to be the economic backbone of the area.

Chief Dominic Frederick of the Lheidli T’enneh First Nation then welcomed attendees to the Lheidli T’enneh traditional territory and expressed appre-

ciation for again being invited to attend the COFI community dinner.

Following dinner, Blair Mayes, COFI Chair introduced four of the ten COFI Annual Convention Legacy Scholarship winners who were attending the dinner, who were each presented with a \$1,000 award. (see related newsletter story for further information).

Also announced was the winner of the Peter Affleck Memorial Scholarship, Miss Reem Hajjar of Vancouver, a PhD student at the University of British Columbia who will receive a \$1500 scholarship to help her in her doctoral studies.

Blair Mayes then introduced the Hon. Barry Penner, Ministry of Environment and Minister responsible for Water Stewardship and Sustainable Communities as the evening’s keynote speaker. In Minister Penner’s introductory remarks he noted that the continued support of local MLAs, including two cabinet ministers, was indicative of the value of COFI community dinners. Minister Penner went on to talk about bioenergy initiatives, and the effects that

climate change have had on our forests and streams. Minister Penner was well received by attendees, many of whom stayed after the formal address to mingle and speak to the Minister informally.

COFI Community Dinners are an important component of COFI’s community relations program and are held annually in various locations throughout the interior.

For more information contact:

Doug Routledge, Vice President Forestry and Northern Operations by phone at: 250.564.5136 or by e-mail at: routledge@cofi.org.



Honourable Barry Penner, Minister of Environment

BC Hydro's Power Smart Announces Industrial Training Workshops

BC Hydro's fall series of Power Smart industrial workshops begins in October. New workshops include:

- Monitoring, Targeting & Reporting
- Employee Energy Awareness
- Advanced Compressed-Air
- Fan System Assessment
- Pumps System Assessment (includes an optional half day PSAT clinic)

Returning by popular demand:

- Compressed Air Fundamentals
- Motor Management Planning

These workshops are designed to teach management and technical staff at large industrial facilities how to incorporate best energy management practices at their facilities. If you are interested in lowering

energy and maintenance costs you will want to attend one or more of these workshops.

Professionals from such organizations as the [Compressed Air Challenge](#) and the [Washington State University Energy Program](#) are among the course trainers.

The fall series of workshops will be held in Prince George, Richmond, and Vancouver and

run on various dates from October 15 to November 28.

An early bird incentive is available until September 28, 2007. Check out www.bchydro.com/industrialseminars for details and to register.

Congratulations to COFI's 2007 Convention Legacy Scholarship Winners

We are very pleased to announce the winners of the 2007 COFI Convention Legacy Scholarships. Established in the spring of 2007, the ten \$1000 Entry Level Scholarships are awarded to students who enroll in a professional, technical or trades program in one of BC's Interior Post Secondary colleges or universities leading to a career in the forest industry.

We are proud to recognize:

- Melissa Mjolsness, Prince George, Forest Resource Technology, College of New Caledonia;
- Taylor Farquharson, Barriere, Electrical Trade Entry Program, Thompson Rivers University;
- Jonathan Van Barneveld, Houston, Resource Management - Forestry, University of Northern BC;
- Brandon Kootnekoff, Grand Forks, Sciences, UBC Okanagan;
- Jenna Schmid, 150 Mile House, Sciences, Thompson Rivers University;
- Jessica Wrench, Sicamous, Natural Resource Sciences, Thompson Rivers University;
- Michael Sierhuis, Kelowna, Electronic Engineering Technician, Okanagan College;
- Karter de la Nuez, Prince

Rupert, Applied Coastal Ecology, Northwest Community College;

- Evan Horley, Quesnel, Sciences, College of New Caledonia;
- Crystal White, Prince George, Forest Resource Technology, College of New Caledonian

The COFI convention is the largest gathering of the forest industry in Western Canada and attracts forest industry CEOs and their senior management and production teams from continental North America and offshore, senior representatives from customers, suppliers, financial institutions, law firms, local government, chambers of commerce, Federal and Provincial Ministers, MPs, MLAs and senior civic servants.

The convention alternates between Prince George, BC and Kelowna, BC. At the 2007 Annual Convention in Prince George, President & CEO, John Allan announced that part of the proceeds from the success of the annual convention would go towards introducing these ten \$1,000.00 Scholarships.

Join us in Kelowna on April 17th and 18th for the 2008 conference. Check COFI's website (www.cofi.org) for updated conference information.

For information about the scholarships contact: Chris Lear, Manager, Forest Education, Council of Forest Industries by phone at: (250) 614-4352 or by e-mail at: lear@cofi.org.



Four of the COFI Convention Legacy Scholarship winners were in attendance at the COFI PG Community Dinner. From L to R: Blair Mayes, Chair COFI Board of Directors, Melissa Mjolsness, Evan Horley, Jonathan Van Barneveld, Crystal White, Chris Lear, Manager, Forest Education, John Allan, CEO.

Herb Doman, BC Forestry Giant, Dies

Lumber pioneer Herb Doman, who literally built a \$1-billion empire out of sawdust, died on July 25 at Cowichan Valley Hospital on Vancouver Island. He was 75.

A tireless worker and self-made lumber magnate, Doman passed away after having battled poor health following two strokes, the second confining him to a wheelchair in 2001.

"His body was giving out on him, but his mind was always sharp as a tack," said son Rick Doman, recalling a man who may have stepped away from the forest industry but never truly left it.

Over the course of his career, which started from the humble beginnings of selling sawdust and firewood as a 12-year-old trying to support his family, Herb Doman built Doman Industries into an integrated forest company with 6,000 employees and sales in excess of \$1 billion at its peak.

State of BC's Forests

The 2006 State of British Columbia's Forests provides statistical information about the condition and management of B.C.'s forests, and their support of the province's economy and communities.

The report can be found on the Ministry of Forests and Range website at www.for.gov.bc.ca/hfp/sof/

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New Report Updates Pine Beetle Effects on Future Timber Supply

A new timber supply report released on September 17 provides updated analysis and the latest information on B.C.'s mountain pine beetle infestation.

"The timber supply picture has changed as the infestation has grown in size and complexity," said Forests and Range Minister Rich Coleman. "This report maps out potential timber supply scenarios and refreshes our data package for planning sustainable forests and communities for the future."

The new report – Timber Supply and the Mountain Pine Beetle Infestation in British Columbia: 2007 Update – is a collective analysis of the 20 most affected Timber Supply Areas in the infestation zone. The report is available online at www.gov.bc.ca/pinebeetle.

It reviews the current and projected state of the infestation, and examines timber supply topics such as how long beetle-attacked wood can be used for sawlogs, opportunities for beetle-wood other than sawlogs, the type of forests at risk for infestation now and in the future, considerations in setting future cut levels, and potential implications of different harvesting strategies.

Ongoing assessment and analysis of the infestation is needed to ensure timber supply forecasts remain accurate and government, industry, communities and the province's Beetle Action Coalitions have the best possible information for developing beetle management strategies.

"This analysis report will help inform discussions and decisions on the environmental, social and economic issues surrounding the pine beetle epidemic," said Donna Barnett, chair of the Cariboo-Chilcotin Beetle Action Coalition. "It won't be easy, but by continuing to work together at the local, provincial and federal levels, we believe the Cariboo-Chilcotin region and other affected areas will emerge stronger as a result of the challenge."

The Ministry of Forests and Range has also released a Sustaining Communities for the Future background document. This document is a summary of government actions to date to mitigate the potential economic impacts of the beetle epidemic on forestry-dependent communities in the Interior.

Monitoring the effects of the epidemic and salvage harvesting on the long-term timber supply to ensure economic sustainability for communities is part of the provincial Mountain Pine Beetle Action Plan. For complete information on the Action Plan, or to download a copy, visit www.gov.bc.ca/pinebeetle.

For more information contact Steve Kozuki, General Manager Forestry, by phone at (250) 564-5136 or by e-mail to: kozuki@cofi.org.

Later that day, Lance was amazed at how Canfor's Prince George Sawmill uses technology to achieve very high productivity, efficiency, and product quality.

Canada Wood Marketing Director's Canadian Orientation

Canada Wood's new Marketing and Communications Director, Lance Tao, received a Canadian orientation on August 13th. Lance received an overview of the forest industry, BC policies, and major issues. He then toured an active harvesting site in a Prince George city park where operations were being conducted by TDB Consultants Inc. Crew foreman, Tim Sprague explained that intensive public use of the park necessitated the use of certain techniques to protect unharvested trees and ensure public safety

when removing the Mountain Pine Beetle killed trees.

Canada Wood, the BC government's Forest Innovation Investment, and the Council of Forest Industries work together to develop market access for BC forest products. Being based in fast growing Shanghai, Lance is well positioned to achieve this goal.

For more information contact Steve Kozuki, General Manager Forestry, by phone at (250) 564-5136 or by e-mail to: kozuki@cofi.org.



Tim Sprague, Tamara Byrnes-Ma, and Lance Tao in a Prince George forest.