

COFI president optimistic

By DOUG BROWN

Free Press staff writer

Central interior forest workers can look forward to a resolution to the softwood lumber dispute, expanded lumber markets and the beginning of massive reforms to British Columbia's lumber industry in the new year, says the president of the Council of Forest Industries.

"If these changes go through as planned I see a forest industry in B.C. that is more competitive, able to make long-term investments in the land base and able to create jobs like it used to," Ron MacDonald said Tuesday while in Prince George addressing the weekly meeting of the Prince George Rotary Club.

Although earlier estimates by government and industry officials had pegged a possible softwood deal before Christmas, Mr. MacDonald says recent revisions that put the deal in the new year aren't anything to worry about.

"You've got to compete with Santa Claus at this time of year," he says. "I don't think it says anything about whether a resolution is possible. I still think we can have a framework by Christmas and if we do I'm not worried about waiting a few weeks into the new year for a deal."

The 19.3 per cent interim countervailing duty on Canadian lumber exports imposed in August by the U.S. Commerce Department is set to expire December 14 until a permanent countervail is set in May, or a resolution to the softwood



MacDonald

dispute is reached. The 12.5 per cent average anti-dumping levy will remain indefinitely.

Changes to government policy — some of which are part of a softwood resolution — are expected to begin as early as February, says Mr. MacDonald.

Legislation to protect the working forest land base for industry use is expected in 2002. A white paper on regulatory reforms to move the forest practices code to a more results-based model is expected by the end of February with changes ready for the fall session of the legislature.

"We need to get away

from prescriptive codes like the forest practices code," says Mr. MacDonald. The FPC, he says, adds between \$12 and \$15 per cubic metre to the price of lumber in Canada — over \$1 billion per year in added costs.

Changes to tie timber pricing more closely to actual market conditions are expected in the spring. That, says Mr. MacDonald, will appease U.S. producers who claim the current stumpage system subsidizes Canadian forest licensees.

Public consultation on reforms to the tenure system are thought to be coming in the spring as well, with a decision made by

the end of 2003. Replacing the current 20-year tenure system would mean forest companies would better be able to plan for the long term growth of forests, which take up to 70 years to mature, says Mr. MacDonald.

The COFI president admits the rapid pace and sweeping nature of coming policy changes will mean many interior companies and workers will need to adjust their methods, and maybe even their jobs altogether.

"The industry will go through a period of adjustment and a period of change as it becomes more commercially viable."

Off-setting this, he says, will be an explosion in the value-added industry as the price of raw wood becomes more affordable for small, entrepreneurial companies, and the emergence of a new market in China.

"China is going to be the world's biggest market for everything. China is developing faster than anyone can keep up with," he says. COFI, along with B.C. lumber companies and the provincial government have been pursuing entry into that market with the intent of making B.C. their preferred producer. China had 10 million housing starts last year, says Mr. MacDonald, and he predicts a 16 per cent growth rate for the next five to seven years. In Japan, where similar efforts took place nearly three decades ago, B.C. produces 70 per cent of the lumber used in home building, with central interior revenues alone totalling over \$1 billion. "We're trying to replicate what we've done there with China."

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