

Markets lost and gone forever?

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VICTORIA - The longer the coastal forest industry is shut down by the United Steelworkers strike, the harder it will be to reestablish relationships and rebuild markets, according to industry experts.

"Once you lose a market, you always have trouble getting it back," said Brian Zak of All Forest Solutions, a forestry consulting firm, noting the coast has always had to overcome the issue of supply in order to get a foothold in the Japanese market in particular.

"But it's not just Japan any more. All our markets want [guaranteed continuity of supply]. They need it, and they are actively looking for it," he said, noting there are plenty of competitors waiting in the wings.

The forest industry was idled after bargaining between the Steelworkers and coastal companies broke down on four different fronts.

Zak said competitors from around the world will use shutdown against B.C. as they try to sell competing products to Japan and other key markets.

"The rest of the global suppliers are extending their reach into markets where we're strong, and they will use this to their advantage," he said, noting the impact could be felt in Asia, Europe and even in the U.S.

Those sentiments were echoed by Rick Jeffery, president of the Coast Forest Products Association, who said the coast has worked hard to eliminate the reputation it has for inconsistent supply due to work stoppages.

"It's definitely a big concern because the coastal industry has had to scrap and fight for a share of market in all of our markets," he said.

Jeffery said it's unlikely they will see much of an impact over the first two or three weeks of a strike, but as the dispute drags on it is bound to hit home.

"When you get beyond that point, customers start to work through the inventory they have and find alternative sources," he said, noting they will first look to different wood species and then to different products -- concrete, steel and fibreglass instead of dimension lumber.

The impact of the strike will also be felt at home, with remanufacturing plants, like the four owned by Western Forest Products, struggling to find wood supply.

According to Western CEO Reynold Hert, three of the four plants -- two in Chemainus

and one at Duke Point south of Nanaimo (the fourth at Somass is down as it shares an entryway with an operation currently behind a picket line) -- will be able to work for a while as the company intends to acquire wood, and work through its own remaining inventory.

"Right now, we don't have a timeline on that," he said, although his main concern is losing international market share. "Customers get concerned when there is disruption to their supply, and you can't blame them. They will start to look at alternatives," he said.

Coastal pulp mills will also have to find an alternate source for their chips if the strike carries on long-term.

"They probably have a month's worth of inventory in front of them, then they will face curtailments which will get more severe as time goes on," said Jeffery.

Those pulp mills can source chips from the B.C. Interior. But depending on the final pulp or paper product, many of them cannot use those chips without blending them with coastal fibre.

"They are highly dependent on coastal sawmill residuals and pulp logs," said Jeffery.

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