

Province

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Niche products offer best hope

FORESTRY: Report envisions two possible futures for coastal industry

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Niche products, especially those from red cedar, offer the best hope for the future of B.C.'s coastal forest industry, a new study says.

High-volume cedar sawmills aimed at specialty markets are among the most promising opportunities for the coastal industry, says the study released yesterday by International Wood Markets Group.

"Within the specialty category, western red cedar products offer the best market and margin potential," says the study done for Coast Forest Products Association.

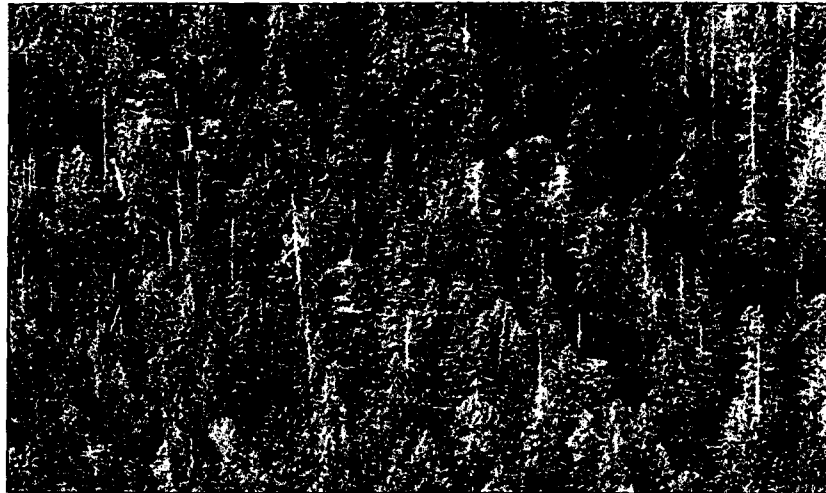
"Douglas fir and hemlock specialties, while viable, are for the most part rated as having limited to poor growth opportunities."

Engineered lumber is another potential bright spot, the study says.

Developing a viable second-growth commodity business for hemlock-balsam is the coast's biggest challenge, the study says.

"The shift to second-growth fibre must be accelerated, where possible, in order to drive down logging costs," the study says.

Commodity-grade products, especially from hemlock and balsam, represent poor to flat growth opportuni-



Coastal hemlock specialties, while viable, are seen by industry's latest study to have limited to poor growth opportunities. LES BAZSO FILE PHOTO ---- THE PROVINCE

ties, the study says. The coast is one of the world's highest-cost structural-lumber producing regions, the study says.

Its average costs are more than 40-per-cent higher than those of other areas, it says.

"While higher revenue is achieved, it does not offset the cost disadvantages in logging, hauling and milling, resulting in poor operating margins," the study says.

The study envisions two possible futures for the coastal industry.

If the industry is slow to move into second-growth harvesting and can't solve such issues as drying hemlock-balsam, it will harvest only 16-million cubic metres annually.

If the coast regains its position as a viable source of products, the 2020 harvest could equal 1995 levels of 25-million cubic metres, it says.

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