

FORESTRY

Forest firms weigh effect of long strike

WENDY STUECK

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VANCOUVER -- With British Columbia's coastal forest sector falling closer into a strike situation, some producers are wondering if a long shutdown will work in their favour by tightening supplies and raising prices for some products. With the market conditions and the strengthening Canadian dollar, the cost of a shutdown may not be that much more onerous.

As British Columbia's coastal forest sector lurches closer to a strike, some producers are gauging whether a lengthy shutdown could work in their favour by tightening supplies and boosting prices for some products, industry insiders say.

Market conditions, including a strengthening Canadian dollar, have been so tough in recent months that the costs of a shutdown may not be that much more onerous than operating some facilities as things stand, the reasoning goes.

Still, a prolonged shutdown could hurt the industry's reputation and reduce its market share, says the head of an industry association.

"We have been moving heaven and earth to try to reassure our customer base and protect our share of the market by being a much more consistent supplier," said Rick Jeffery, president of the Coast Forest Products Association, a trade group for coastal producers. "So these kinds of work stoppages don't help."

Customers in the United States and Japan can easily replace B.C. coast products with similar products from elsewhere, Mr. Jeffery said.

"We have a high degree of likelihood of seeing market share in key markets eroded" if a strike takes place, he said.

The United Steelworkers union served a 72-hour strike notice late Tuesday against Forest Industrial Relations, which represents 31 companies that together employ about 4,500 unionized logging and sawmill workers.

Those workers could be off the job as early as Saturday morning.

The union is still negotiating with several major companies that do not belong to FIR.

A master agreement covering about 8,000 employees in the coast sector expired on June 15.

B.C.'s coast forest sector exports about \$2-billion worth of finished lumber such as beams and cedar panels a year. Major customers include the U.S. and Japan.

The union and workers are at odds over several issues, but shift-changes are the major sticking point.

FIR says employer rights on that front, granted under an arbitrated settlement in 2003, are essential for the industry to be competitive, especially because market conditions have gotten worse since that deal was signed four years ago.