

Recovery still a work in progress

Aug 02 2007

Dear editor,

In 2001, Peter Pearse produced a report for the Ministry of Forests on BC's coastal forest industry.

In his words the report "painted a disturbing picture of an industry in peril," and Pearse urged government to reform regulatory obstacles in the way of improved financial performance to reduce costs and increase the value of forest production.

Pearse also challenged the industry to develop their own plans for cost reduction and improvement in productivity, product development and marketing.

This spring, when forest companies operating on the coast reported their earnings, the results were moving in the right direction with the coastal forest industry poised to return to profitability.

After several decades of difficulty, we are finally facing the welcome prospect of a rejuvenated forest industry. But this turnaround did not happen simply by accident.

Diversification strategies and tough measures that began five years ago are beginning to take effect now. However, we need to stay on course if forestry is to continue to be a strong economic force in our province.

Today, the coastal forest industry is less dependent on the American commodities market, more flexible and more able to provide products for a changing world market.

In the last five years we have grown our market share in China by 600 percent and in Korea by 200 percent. Additionally, we have held our own in Japan during very difficult market conditions.

Key to a healthy coastal forest industry is efficient and cost-effective production.

To that end, four out-dated mills were forced to close in the last five years, but a new modern mill was also built, meaning the number of mills has gone from 29 to 26 on the coast.

Despite mill closures, \$180 million in capital improvements in the remaining sawmills has increased the average capacity by 19 per cent, increased productivity by 18 per cent and increased lumber recovery by seven per cent, all significant steps to increase the economic viability of the sawmill sector.

On the pulp and paper side, more than \$160 million has been invested to improve environmental performance, increase energy efficiency, improve productivity and reduce greenhouse gas emissions.

A recent market study has identified key markets for industry moving forward. Not surprising, is the fact that these markets build on the characteristics and attributes of our unique coastal species.

The study indicates there is a future for the coast, but it will require continued hard work and diligence to realize these market opportunities. Industry is stepping up to that challenge.

We are well down the road in this journey, but many challenges still lie ahead.

Industry will continue to press on, investing in its people, operations, products and marketing until the coast's transformation is complete.

R.M. (Rick) Jeffery

President and CEO

Coast Forest Products Association

Copyright © 2007
North Island Gazette
A Division of

