

# Coast's role shrinking in the world of wood

BY LEXI BARNAS  
CITIZEN STAFF

Staying competitive in an unequal world is the challenge facing B.C.'s Coastal forest industry, Russ Taylor, of International Wood Markets Group, told a meeting of politicians and industry executives at Cowichan Bay last week.

A huge challenge is the cost of labour, he said. Competitors in the U.S. and northern European are facing similar struggles as the Southern Hemisphere brings low-cost, plantation timber to the marketplace.

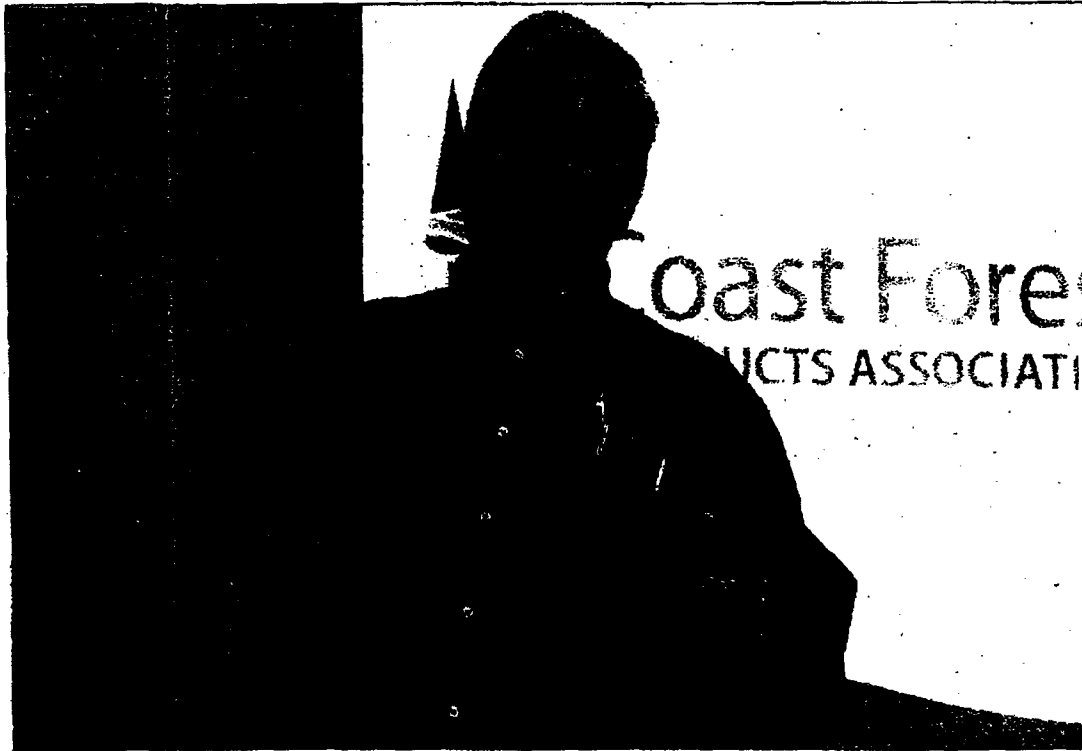
However, he said, he expects demand to remain strong for BC's high-quality Western Red Cedar and Douglas Fir.

Mills processing smaller hemlock logs can manage if costs are kept in line, he said, but processing old-growth hemlock is too expensive.

Taylor and his team spent five years investigating B.C.'s competitive position in more than two dozen countries.

"We've seen the competition and we know the competition very well," he said. "From that perspective, we've learned a lot."

European mills have tackled the problems of expensive logs and high wages differently than com-



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**Russ Taylor says the world still wants the Coast's Western Red Cedar and Douglas Fir but Siberia will soon be the main source of old-growth, low-cost logs.**

panies here, he said. They merchandise their finished product before it is processed and then run it through very sophisticated mills at dazzling speed. They only buy logs for what is going to be sold as lumber, cut it to order and get it quickly to their customers.

"The bottom line is that

costs increased and the markets changed," Taylor said. "Coastal mills were not able to upgrade and remain as efficient as perhaps their competitors."

Now, of 29 regions surveyed by Taylor's group, the B.C. Coast was one of only four regions reporting operating losses at mills.

Siberia is even challenging BC for the crown as Queen of the Old Growth, he said.

"In Siberia, for example, they have old growth low-cost logs. In the 1950s, we had old growth, low-cost logs but we don't have that any more but other regions of the world do. They still have

to come here for Western Red Cedar and Douglas Fir, which is good, but for other species, the Russians have big logs. They have spruce, pine and larch and they are becoming the suppliers.

"When you go to places like the Russia-China border, it's a beehive of activity. It's dynamic and growing every year because of high quality low-cost wood on one side and low-cost manufacturing on the other. Plywood is very labour-intensive and, if you go anywhere in China, you'll find very low-cost mills producing plywood. They use labour as capital."

Plantation timber in the Southern Hemisphere grows remarkably quickly, he said.

"They grow harvestable saw log trees in 13 years instead of the 40-50 years we need here. For pulp logs, they can harvest after seven or eight years. This is very low-cost fibre. In comparison to the 200 years it takes us to grow 'clear lumber' logs, they can do it in 28 years, at very low cost. It's not the same quality, mind you, as what we have but this is a commodity forest. It's not structural lumber yet, thank goodness, but they are getting closer and closer to structural dimension lumber. Chile is planting more Douglas fir all the time."