

Forest firms want change; Businesses need to adapt as economy, market changes

The Daily News (Nanaimo)

Wed 26 Sep 2007

Page: A5

Section: Local

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Source: The Daily News

Coastal forestry companies insist changes must happen to keep the industry viable.

Rick Jeffery, a spokesman for the Coast Forest Products Association, said the companies along the coast, large and small, face significant economic and financial pressures.

Jeffery said the Canadian dollar now being on par with the U.S. dollar has made a difficult situation worse. He said that for every cent the Canadian dollar goes up, the coastal forest industry loses \$55 million.

"Those are staggering numbers, we are struggling because our products are priced in U.S. dollars, and our costs are counted in Canadian dollars," he said.

And that comes after the disastrous credit crunch, caused by U.S. lenders giving mortgages to people unable to keep up increased interest payments.

With the U.S. housing market now stalled, said Jeffery, wood inventories are backed up and recovery will not happen until late in 2009 or 2010.

He also said a crisis in Japan, based on building codes, has also whacked the coastal wood producers. The coastal wood industry, with as much as 50% market share 20 years ago, is now down to about 10%.

"Our two main markets are very badly impaired," he said.

While Europe and Asia present challenges, Jeffery said one of the biggest competitors is only a few hours south, in the U.S. Pacific Northwest.

Though he said the current coastal forestry strike "is not about money directly," he cited low labour costs and higher productivity in the U.S., where they have geared to cutting second-growth timber, as significant factors.

"Our mills are for the most part designed to cut first-growth," said Jeffery. "Our dilemma is that we will be into the old growth for another 50 or 60 years."

The strike, he said, is complicated in its origins and objectives.

"As a matter of fact, I wake up some mornings and I'm not sure what this strike is about," he said with a laugh.

The companies maintain the need to extend hours to increase efficiency.

The United Steelworkers are fighting that proposal.

"We need to adapt to market conditions, we need the flexibility to run those shifts," Jeffery said.

The unions say that safety is a key issue in extending shifts and the contracting out also sought by the forestry companies.

Jeffery admitted safety had to be addressed, and said that has been happening.

"In 2004 we killed 43 people across this province. That's deplorable, the industry knows that deplorable, and we took action."

He said they have set about establishing a "culture" of safety by implementing mandatory safety programs, certifying fallers and establishing a forestry ombudsman.

He said the current offer to the Steelworkers is good one.

"The FIR (Forest Industrial Relations representing most companies) has what they think is a fair offer on the table."

But Jeffery said strike has to be seen in the context of a wider problem of doing business in a volatile global wood market.

"The industry, its labour work force, its contract work force and government all need to work together."

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