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COAST FOREST INDUSTRY CALLS ON FORESTRY ROUNDTABLE TO PROVIDE STABILITY FOR INVESTMENT

VANCOUVER, BC – Coast Forest Products Association is calling on the provincial government's Working Roundtable on Forestry to provide the foundation for the investment stability needed to guide B.C.'s forest industry out of its current economic slump and build the road for the future.

In a presentation to the Roundtable today Association President and CEO Rick Jeffery said that the future of B.C.'s forest industry is dependent on creating conditions that encourage investment and cooperation among all stakeholders in our forest community.

Jeffery applauded the joint marketing efforts of government and industry to develop markets in Japan and China but cautioned that government must still do more to encourage the capital investment needed to regain B.C.'s market position in U.S. and Asian markets.

"Forestry is a capital intensive industry which means that government can set the stage to attract this much needed investment by implementing policies that create stability," said Jeffery.

He added that the current economic meltdown in the United States is further proof the future economic stability of the industry depends on developing new markets.

A unique simulated earthquake test near Tokyo last week demonstrated the strength of coastal hemlock under extreme seismic pressure, and is an example of the significant accomplishments that can be made toward regaining market share and adding value to our products when industry and government work together.

Coast Forest's top recommendations to the Roundtable encourage government policy to create certainty by:

1. defining an operational land base which prevents the constant erosion of forest land for other uses.
2. forging a clear path forward to complete land use planning and meet consultation and accommodation requirements with First Nations.
3. creating forest tenures that reflect "private property" like rights and compensation if timber harvesting rights are eroded.
4. developing operational rules for companies that reflect market realities and streamline regulations.

Further recommendations by Coast Forest address the industry cost structure, carbon policies, markets, taxation and economic development. Coast Forest believes its recommendations will have a tangible and significantly positive impact on the industry and will, over time, result in a more stable, sustainable and competitive industry.

Its full recommendations to the Roundtable on Forestry are posted at www.coastforest.org



RECOMMENDATIONS TO THE WORKING ROUNDTABLE ON FORESTRY

1. Government assist First Nations in completing land use plans for their traditional territories.
2. The Province create a gatekeeper process and policy to track the cumulative impacts of land use decisions and provide advice to delegated decision makers to inform their land use allocation decisions.
3. The Province create and implement three major land use zones for provincial forest lands - protected areas/conservancies; mixed use areas; and timber production zones where forestry and tree growing is the priority use.
4. Government negotiate with First Nations to provide co-management and stewardship responsibilities for parks and conservancies as well as for key non-timber forest resources, wildlife and fish management in their traditional territories.
5. Government follow the New Zealand example and place in trust a percentage of stumpage and royalties, generated from harvesting activities within a First Nation's traditional territory, for access by the First Nation in a manner consistent with the terms and conditions of the Trust.
6. The Province continue the market based evolution of tenures by providing for the roll-over of current major tenures (TFLs and Forest Licences) into area-based long-term leases (i.e. - two rotations) to provide tenures that maintain Crown ownership of the land while providing stronger property rights.
7. Moving to a rent based model to simplify the pricing system, stabilize stumpages costs and provide flexibility for the forest products sector to adapt to changing market conditions.
8. The continuation of the regulatory review process on an ongoing basis to identify and eliminate regulatory induced costs.
9. Application of a regulatory impact statement to all new legislative, regulatory and policy initiatives.



10. The Ministry of Forests and Range review its legislated mandate with the objective of providing a more balanced approach to its operations that includes more emphasis on encouraging a world class forest products industry.
11. The Climate Action Secretariat more effectively coordinate and review all policy and regulatory initiatives that touch on carbon management and green house gas emissions.
12. The carbon tax be frozen at the current rate until further analysis is undertaken to assess the economic impact on the forest sector and until effective carbon tax offsets can be developed.
13. Government implement effective carbon tax offsets including:
 - company specific refunds of the carbon tax for capital projects that reduce emissions, reduce energy consumption or improve productivity;
 - PST exemption on purchased hydro-electricity for industrial purposes;
 - ensuring PST is not applied against the carbon tax;
 - reducing BC Hydro water rental rates across industries.
14. Government continue to aggressively facilitate the use of wood in building codes and green building codes for both residential and commercial/institutional construction in British Columbia given the value of wood products in mitigating greenhouse gas effects and its energy efficiency in production, as well as its energy efficiency when used in construction.
15. Continue funding Forest Innovations Investment (FII) for market access and market development activities. In addition, FII should remain under the purview of the Ministry of Forests and Range to ensure its responsiveness to the forest sector. We suggest the Board structure be revised to include industry representatives directly on the FII Board of Directors.
16. Government and industry develop plans and allocate funds to promote increased use of wood in both residential and non-residential construction.
17. Government fund targeted research and development of the new generations of forest products and technologies in concert with industry and the strong cadre of research institutions in British Columbia (UBC, UNBC, FPInnovations, CFS, etc).
18. Several taxation measures which can assist the manufacturing sector in addressing the challenges facing the economy while assisting the government in meeting its economic and environmental objectives. The Province should:
 - immediately introduce legislation to specify maximum ratios between municipal property taxes on residential property compared to the various classes of business properties;
 - commit to a full scale review and overhaul of the property tax regime to be completed in 2009;



- review options to reduce the fiscal burden resulting from provincial taxation (PST) of business inputs (that most often cannot be passed on to the end user);
 - continue to work with the federal government to enhance and expand application of Capital Cost Allowances to increase investments in capital and productivity.
19. Development and implementation of a “productivity agenda”, including creation of a senior position in the Premier’s Office to inform future provincial budgets on measures to improve productivity and ensure sustainable economic performance for the British Columbia economy, and drive the productivity and economic agendas in concert with other government objectives.
20. Provision of direct Research and Development grants to fund business R&D and its commercialization with a focus on the fields of bio-energy, bio-fuels and greenhouse gas and energy reductions.
21. A review of the impacts of the implementation of the Energy Plan and BC Hydro’s Plan to assess the impact on British Columbia’s competitive position and to ensure they are aligned with the Climate Action Plan.

