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**COAST FOREST SEES BUDGET AS FIRST STEP FOR VIABLE COASTAL
FOREST INDUSTRY**

VICTORIA, BC - Changes to stumpage and the coastal forest policy, recognized in the provincial budget, are a much needed first step to bring a crippled industry back to health, according to Coast Forest Products Association.

According to Coast Forest's CEO Rick Jeffery, the changes better align stumpage rates to market conditions and reflect government's recognition that weaker activity in the coastal forest is negatively impacting provincial revenues, employment and communities.

"The provincial government clearly sees the severity of the problems facing the coastal forest industry," says Jeffery. "We need to continue to work together to prevent a continuing and potentially long-term decline in B.C.'s most important industry."

The Crown is projecting harvest volumes of 16 million cubic metres and Jeffery says that projection is realistic as long as further steps are taken to nurse the coastal forest industry back to health. Some of those steps are expected to be outlined in a Competition Council report on the industry which should be released to government some time in the next few weeks.

Jeffery says job stability in the coastal industry depends on a continuation of the move to market-based pricing on the coast and increased certainty for the industry.

"We need \$2.5 billion in new investment to keep our industry viable," says Jeffery, "and to do that we need certainty in the industry, we need access to our existing markets and we need to develop new markets for B.C. wood and wood products."

The announced Natural Resource, Applied Science and Engineering Research endowment should support the coastal industry's continued R&D efforts to add value to coastal wood products, helping to ensure industry competitiveness in the marketplace.

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**MEDIA CONTACT:
SANDRA BISHOP 604-312-8737**

1200 - 1090 W. Pender St.
Vancouver, BC
Canada V6E 2N7

T 604.891.1237
F 604.682.8641

www.coastforest.org