

## Coastal forest industry seeks aid

Money-losing sector wants investment incentives, help for workers facing job losses

**Gordon Hamilton**

Vancouver Sun

*Monday, October 24, 2005*

Coastal forest companies are in Ottawa today seeking aid for a money-losing industry they say needs to close even more mills before it can turn the corner to profitability.

Rick Jeffery, president of the Coast Forest Products Association, said he is asking Ottawa to help fund adjustment programs for workers facing job losses when old mills close and to provide investment incentives for needed new sawmills.

The industry has been profitable for only one year in the last 10, said Jeffery. It is unable to raise funds through capital markets to modernize until it can return to profitability.

Jeffery arrived in Ottawa today to take his message of an industry on its knees to federal officials, including Industry Minister David Emerson, the former president of a B.C. lumber company.

"The coastal industry is in a crisis and we need a collective effort from the industry, the provincial government and the federal government," Jeffery said.

The coastal industry has been undergoing a painful restructuring for four years. In 2003, the chief executive officers of TimberWest, Weyerhaeuser and Interfor, the three leading companies at that time, called on the province to bring in policy changes and employees to accept workplace changes.

In return, the companies promised to re-invest up to \$1 billion over the next 10 years in new mills.

Jeffery said companies invested \$100 million in 2004 but have been losing money in 2005.

"You have to get the fundamentals of the business sorted out so there is a business environment and policy environment that will allow net earnings. Then you can get capital to come," Jeffery said.

"Right now capital will not come, no matter what we say or do."

The bid for worker transition funds was supported by the forest workers' union.

"In terms of helping out coastal communities and workers anything would help. We continue to have a lot of down-sizing and lay-offs," said Scott Lunny, a representative for the Steelworkers Union that represents coastal workers.



CREDIT: Stuart Davis, Vancouver Sun files  
Lumber graders work at the Silvertree sawmill in Marpole, which is scheduled to close on Friday.

However, Lunny was skeptical of the corporate plans, saying workers made concessions and the province made policy changes, yet the lay-offs continue.

All three of the companies making the plea in 2003 have either moved out of the coast, diversified or are withdrawing from playing an active operational role. Toronto-based Brascan Corp. which has the deep pockets needed to rebuild the industry, has since moved in and is playing a significant role in restructuring the two major players remaining today, Western Forest Products and Cascadia Forest Products. Brascan has a stake in Western and owns Cascadia.

Weyerhaeuser has sold its coastal operations. Interfor has three mills up for sale and has turned its focus to the U.S., where it has bought three mills. It is rumoured to be looking at more purchases in Washington or the B.C. Interior. And TimberWest has contracted out its logging operations and put its sole remaining sawmill up for sale.

Since 2001, 14 coastal sawmills have shut down permanently. On Friday the Silvertree sawmill in Marpole shuts its doors and a mill at Ladysmith is to be mothballed indefinitely, bringing the total up to 16.

More closures are on the horizon, Jeffery said.

"As the coastal industry restructures in B.C., obsolete, non-competitive mills will continue to shut down," he said.

Money has been set aside by the province in a trust to aid loggers laid off by restructuring prompted by policy changes but sawmill workers have no such program.

"As the companies go through their revitalization plans, they are applying to the trust. In cases where it makes sense to do more layoffs, they will come up with that money [for worker transition plans]. We are saying we need to do that and we would like some federal help to do that," Jeffery said.

The coastal industry has put no figure on the amount of aid it is seeking but Jeffery said the industry is encouraged by statements from Finance Minister Ralph Goodale that productivity growth is his No. 1 priority.

He said the industry is seeking investment and tax incentives to increase productivity, competitiveness and stability in the sector. He is also seeking funds for research, particularly for engineered wood products.

Further, the industry wants money for developing new markets and it wants policy changes to promote the use of biomass in energy production.

Last week Ottawa announced an aid package for the Quebec forest industry. Jeffery said the federal funds to Quebec were for similar issues facing the B.C. coast.

ghamilton@png.canwest.com

© The Vancouver Sun 2005

CLOSE WINDOW

---

Copyright © 2005 CanWest Interactive, a division of [CanWest Global Communications Corp.](#) All rights reserved.  
Optimized for browser versions 4.0 and higher.

