BC FORESTRY

Climate Change Working Group

BC Forestry Climate Change Working Group
Status Report - December 2009

Background

The BC Forestry Climate Change Working Group (comprised of COFI, CFPA, ILMA, FPAC, Pulp and Paper BC, Canada Wood, BC Bioenergy Network and several independents) was formed in February 2008 to facilitate a single industry voice on BC climate change policy. Communications with the BC government focused on the opportunity to position BC as the supplier of choice of climate-friendly forest products that could strengthen the forest sector, enhance community stability and contribute substantially to reducing Green House Gas (GHG) emissions.

Over the past 18 months, industry representatives have worked with government to jointly develop a vision, strategies and action plan through the Forest Sector Climate Action Steering Committee. The joint Steering Committee is co-chaired by Jim Snetsinger (MoFR) and Ric Slaco (Interfor).

To direct work priorities and policy development, the joint Steering Committee developed a positive vision for the BC forest sector in a carbon-constrained future (2020):

> *BC forest sector: a global leader in climate change mitigation and supplier of choice of climate-friendly products and services from the forest.*

Importance of Initiative

Despite the recession, the commitment to address climate change in BC and the US has strengthened and there is a strong push for a post-Kyoto global climate change agreement (UN Climate Change Conference this month). The BC government is pursuing emissions objectives by way of its carbon tax and emission offsets (through the Pacific Carbon Trust), as well as participation in the regional Western Climate Initiative (WCI) and pending national and international efforts.

The potential implications of these measures cannot be overstated. Carbon taxes and cap-and-trade systems are designed to raise costs and the distribution of the costs among sectors and companies is as much politics as it is science. Few jurisdictions are as forest-dependent as BC and it is therefore critical that the sector's climate interests and related opportunities be well understood and its competitiveness vigorously defended.

Accomplishments to Date

Specific accomplishments include:

- Solidified the Forestry Working Group as the point of contact for consultations on BC-specific policy and WCI positioning related to the forest sector.
- Developed and executed strategic communications in support of positive outcomes on key initiatives with a "Tackle Climate Change – Use Wood" book and video, in addition to the website and brochures already developed.
- Partnered with other Canadian and US organizations to establish a binational, multi-stakeholder effort to establish forest and forest product protocols, now expected to be approved in 2010.

- Demonstrated the carbon life cycle in BC forests and the related benefits of sequestration in wood products as well as substitution benefits of wood products and bioenergy.
- Positively influenced provincial policy related to biomass neutrality, GHG reporting, forest offset protocol approaches, BC's position on forest carbon accounting for Copenhagen and other policy questions of importance.
- Helped secure a "Wood First" policy for provincial public buildings, now being replicated in municipalities, and laying the groundwork for national and international wood preference marketing efforts.

Looking Forward

Climate change developments in BC and at WCI continue to influence efforts in other regions and at the national level. However, as the latter discussions gain steam, the opportunity for BC and WCI to serve as the model/precedent setter will decrease. Thus the importance of addressing and affecting BC and WCI positions and policies over the next 6 – 12 months is paramount. Other jurisdictions, sectors and groups have interests that are in opposition to ours and are actively working to influence climate change policies in BC and the WCI. It is imperative that the industry continue its work in support of our interests. More specifically:

- Coordinated and well documented industry submissions and interventions are required to avert policy risks related to factors such as recognition of biomass neutrality, emissions allocation and offset protocols.
- A concerted, proactive marketing and branding effort is required—within BC but more importantly throughout key markets—to position forests and forest products as part of the solution.

Current Actions

To ensure that policies implemented encourage carbon management within a globally competitive, integrated and diversified forest sector, key requirements for 2010 include:

- **Cap and Trade** – Ensure WCI and BC cap and trade policies, principles and regulations support forest industry competiveness, recognize biomass neutrality, and reward early action.
- **Bioenergy** – Better understanding of policy changes needed to support the development of bioenergy and biofuel opportunities in the BC forest sector. In 2010 the Working Group proposes to host a workshop (based on an assessment of barriers to bioenergy underway), to develop a workplan and coordinated effort going forward.
- **Forest Management** – Policies that encourage biological opportunity in carbon management and the development of protocols and incentives that optimize carbon sequestration within a globally competitive, integrated and diversified forest sector. In 2010 the Working Group proposes to expand its Life Cycle Analysis work, support the binational protocol development, and advocate for provincial forest management policy that positively supports and integrates climate change opportunities while enhancing industry competitiveness.

- **Marketing and Branding** – In 2010 the Working Group proposes to build on existing tools and initiatives to build momentum on a marketing/branding program to position BC as a supplier of choice of climate-friendly products. Key events like the 2010 Olympics will provide a platform for an extended market reach.

Assessment

- **Are We on Track?** While many in government have embraced the concept of "Tackle Climate Change – Use Wood" and see the opportunity to enhance the BC forest sector's performance through well-crafted policy, and effective interventions in WCI, the execution across government agencies responsible for policy development needs significant improvement. While there have been notable achievements, we need to do a better job in maintaining the focus on our sector's needs and the collaborative problem solving (with government) aimed at realizing the vision.
- **What are the Key Risks?** BC's aggressive drive to be the climate change leader may be creating a competitive disadvantage to forest sector firms relative to the rest of Canada and the US. Carbon offset credit approaches that favour conservation efforts over forest management and forest products are being heavily lobbied by ENGOs, both locally and internationally (e.g. the current Copenhagen discussions). Development of the cap and trade system may also follow the model of the GHG Reporting Regulation resulting in unnecessary and costly requirements. Failure to understand BC industry competitiveness issues can result in climate change commitments that will adversely impact costs.
- **Key Priorities for Success** Industry leaders need to assess the importance of this initiative and determine how they wish to support it. As a priority issue, industry needs to engage government (at the provincial and federal level) to ensure that they support and communicate the necessary strategic focus and maintain an overarching economic lens to their activities. In the New Year the Climate Change executive committee (COFI, P&P and CFPA) will assess CEO response on the question of priority and thus determine the level of support (funding, resourcing and political engagement) necessary for the work of this committee to continue.

To protect our interest we must be sufficiently engaged and resourced as there are important decisions to be made. The role of forestry and forest products as a solution to climate change is a golden opportunity to help reposition the industry. Given funding constraints the industry has operated on a skeleton budget that will run out part way through 2010.

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