



FOR IMMEDIATE RELEASE

Friday, October 21, 2005

Coastal B.C. Forest Companies Urge Ottawa to Take Action

OTTAWA – R.M. (Rick) Jeffery, President and CEO of Coast Forest Products Association, is visiting Ottawa next week to present a forest action plan to the federal government which outlines the urgent steps required to revitalize the British Columbia coastal forest sector. During his stay in Ottawa, Jeffery will be meeting with senior politicians and bureaucrats as well as industry representatives to discuss solutions that are designed to foster productivity and increase competitiveness in the coastal forest industry. The plan also strategically supports industry's and government's efforts to maintain Canada's position as the world's leading exporter of forest products.

The coastal forest industry contributes more than \$2.3 billion per year in revenues to federal, provincial and municipal governments and directly employs more than 32,000 British Columbians. Indirect employment, created through forestry activity on the coast, brings total industry employment to nearly 100,000 jobs.

"As the coastal industry restructures in B.C., obsolete, non-competitive mills will continue to shut down," explains Coast Forest President Rick Jeffery. "These mills need to be replaced with new manufacturing facilities, and the remaining mills require upgrading. Government can assist the financially beleaguered coastal forest industry by providing industrial adjustment funding and incentives for investment in new technology, expanded markets and innovative products. Together, these actions will result in increased productivity and competitiveness, and the creation of sustainable, high paying forestry jobs that contribute to the economic prosperity of our country."

Jeffery adds, "What most people don't realize is that there are virtually two distinct forest products industries in B.C. As world leaders in the manufacture of structural lumber and OSB, the Interior forest products industry has recognized record profits in recent years. However, the coast's performance is dismal in comparison."

The coastal forest industry currently generates the lowest ROCE (return on capital employed) in Canada, estimated at less than 5%, compared to the generally accepted target return of 12%.

"Positive net earnings for the coastal industry have been non-existent for a decade," explains Jeffery. "Without positive net earnings the industry finds itself in a Catch-22 situation where we are unable to fund operating, financing and investments activities required to revitalize the coastal forest industry so that we can compete in global markets."

Jeffery stresses that it is incumbent upon regional and national forestry associations to continue to work closely with the Government of Canada and provincial governments to pursue new and strategic markets, products and

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

T 604.891.1237
F 604.682.8641

www.coastforest.org

- more -



services, and to renew industry productivity. "Canadian prosperity, which supports the high standard of living we as Canadians value, requires a healthy forest industry," says Jeffery.

Coast Forest Products Association is urging the federal government to consider the following solutions which are outlined in the action plan:

- Provide federal industrial adjustment funding to assist workers and communities as the coastal industry continues to rationalize operations and facilities are closed, so industry is able to reinvest in its remaining facilities making them state-of-the-art;
- Provide investment and tax incentives to attract investment which increases the productivity, competitiveness and stability of the sector;
- Support accelerated product research, engineered wood product research and efforts to improve product quality to position the industry as an innovator in the global marketplace and increase market share for structural, appearance grade and engineered wood products and new paper products;
- Support market development and promotion activities to increase demand for Canadian forest products in traditional markets and new markets in China and Asia-Pacific;
- Provide renewable energy incentives to the forest industry to promote the use of forest biomass in energy production.

Additionally, the Association supports the strong leadership Prime Minister Paul Martin is providing on the softwood lumber file, which remains the top priority for coastal manufacturers. "The U.S. market is a key market for coastal forest products, representing over half of our forest products exports. We will be emphasizing the need for a durable resolution of this dispute that recognizes the unique characteristics of the coastal industry."

Jeffery will be available for media interviews in Ottawa from Monday, October 24 – Wednesday, October 27, 2005.

Coast Forest Products Association represents 26 forest and paper companies in coastal British Columbia engaged in the harvesting and manufacturing of primary and added-value forest products. Together these companies manufacture 95% of the lumber on the coast and are responsible for 65% of the total harvest. The Association works to ensure that the five coastal species and their product lines have fair access to the global marketplace.

- 30 -

**MEDIA CONTACTS:
SANDRA BISHOP**

Vancouver, BC: 604-420-3050
Cell 604-312-8737

RICK JEFFERY
Cell 604-818-9858

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

T 604.891.1237
F 604.682.8641

www.coastforest.org