



A PROUD HISTORY
A STRONG FUTURE

Jim Sinclair PRESIDENT
Angela Schira SECRETARY-TREASURER

October 18, 2006

Mr. Don Wright and Mr. Bill Dumont
Log Exports Review Panel
Ministry of Forests and Range
Government of British Columbia
Victoria, BC

Dear Mr. Wright and Mr. Dumont:

Thank-you for taking the time to meet with the B.C. Federation of Labour and to hear our concerns and recommendations to preserve jobs and communities within British Columbia. We have been deeply involved in this issue for many years.

The situation in British Columbia has reached crisis proportions. We are not only exporting raw logs; we are exporting 3,300 good paying jobs from British Columbia. The industry on Vancouver Island is being starved of capital for investment while logs are exported to the United States and other countries. The recent Softwood Lumber Agreement will be the final blow to the value-added side of the industry if action is not taken. A 15% tax on exports of finished products guarantees that second growth mills in Washington State will continue to prosper and we will continue to suffer an enormous loss to our economy and our communities. This is economic suicide at its best. The Americans punish our mills and reward the companies who export raw logs. This must be stopped. Companies will not make new investments without the security of supply that is required. The loss of mills also directly effects the viability of the pulp and paper industry.

Immediate action to ensure processing in British Columbia is critical. A secure supply of both "private" and public timber must be guaranteed in order to facilitate the re-investment in our industry and the survival of even the existing plants. As more is shipped and more mills are closed, the province loses its ability to process the logs available for harvesting and mills in foreign countries continue to fuel their bottom line with our trees.

In the central interior and northern interior, the crown land timber is being directed more and more to the export market. The northwest has virtually

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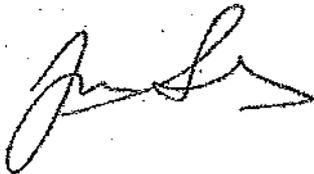
shutdown its processing sector and the likelihood of it being restarted under the present open door policy on log exports is small to say the least. Without a clear signal from this government that the open door policy on log exports is over, there is little hope of ever developing the value-added industry in this part of the province.

As British Columbians, we understand tough choices. But we reject the blackmail of some processors who claim they must export. A recent poll, attached to our brief, shows that even when facing difficult economic times the majority of British Columbians understand that shortsighted decisions will not build the province. The majority of those polled in Port Alberni reject soundly the argument that cutting should continue for export even if there is no domestic demand for the wood.

The provincial government should take concerted action to stop the export of logs from all lands in British Columbia. Your recommendations on this issue will be critical in bringing British Columbia back in line with more than a century of regulation and commitment to our workers, our communities and our province.

The time to act is now. I want to encourage you to make your recommendations clear and concise. Log exports are wrong and should be stopped. Our recommendations will ensure not only that log exports will be stopped, but that a more viable and long term, value-added industry will survive. Anything less will result in the continued slide of our industry and the benefits to our forest communities and the province.

Yours sincerely



JIM SINCLAIR,
President

JS/cm
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14 October 2006

BC Nature (Federation of BC Naturalists) Submission to the Review of the BC Government Raw Log Export Policy

We are writing on behalf of 4,000 naturalists and their families who belong to the 48 member clubs of BC Nature (previously known as the Federation of British Columbia Naturalists). These clubs are located in communities throughout British Columbia.

The current review of B.C.'s raw log export policy was brought to our attention by concerned members on Vancouver Island, but the policy also has implications for other areas of the province, particularly the Interior regions that have been hard hit by mountain pine beetle infestations. We note that the review is intended to examine the rationale for exports from both private and Crown lands, and their effect on harvesting, log markets, workers, communities and the forest products industry. It is unfortunate that the environment and ecological considerations were not included in this list, as the basis of the industry should always be whether forest ecology will be negatively affected. As we understand, concerns in Port Alberni that unchecked clearcutting on private lands was damaging to watersheds, was one of the issues that led Minister Coleman to initiate the independent log export policy review.

The lack of information on the government website about this review has made it difficult for naturalists and other conservation-minded citizens to have input. Raw log exports are a complex part of the forest industry's economic equation, one that is difficult for outsiders to clearly understand. It would have been more constructive for the province, given the current trend towards much higher exports, to initiate an independent review. The review should address:

- how sale of raw logs impacts the environment,
- details surrounding the forest industry's ability to be cost competitive in creating dimensional lumber and other manufactured products,
- impacts on forestry due to raw log exports.

The findings of the review should be made available to the public to encourage informed discussion. After all, BC's forests are owned by all British Columbians.

BC's forests are an integral part of the ecology of this province, and their condition is closely linked to the health of our water resources, the welfare of fish and wildlife, biodiversity, clean air and viable tourist industry. As naturalists active in many local communities in BC, we wish to ensure the longevity of sustainable communities in healthy environments. To this goal, each tree cut in our forests should bear its highest possible value, to reach economic and ecological sustainability. The natural capital of our forests left standing must be factored into management decisions. A recent study of the northern boreal forests by environmental consultant Mark Anielski of Edmonton, Canada, puts the value of their "ecosystem services" at \$250 billion per year, roughly 9% of gross domestic product. This is more than double the value of resources removed from the forests such as timber, minerals and energy, and does not include the vast assets of stored carbon (Canada's National Forest Congress in Gatineau-Ottawa, 2006).

BC Nature advocates for policy measures that encourage sustainable forestry. Natural forests supply wildlife habitat, act as a carbon sink, protect landscape values such as streams, rivers and mountainsides from erosion. They are a sustainable and renewable source of many resources, including, but not limited to trees. At least 138 species of vertebrates and many vascular plants are dependent on late seral forest habitat. Forest cover in coastal watersheds closely correlates with adjacent intertidal water quality and shellfish health.

We note that the majority of logs exported are coastal Douglas-fir, a tree which plays an enormous role in the habitat of our coastal forests. Despite the fact that the BC Forest Act only allows export from public lands under three conditions, the rate of export has been rapidly rising. Prior to 1997, the provincial rate was less than 1%. This has risen to a current provincial level above 4%, with a high rate of about 11% from our coastal forests. Will the demand for this export trade put increasing pressure on cut rates? We note that, increasingly, private lands are being logged for raw log export; federal laws meant to govern this trade do not seem to be effective.

In conclusion, the raw log export policy review must give serious consideration to the ecological aspects of the current policy. We urge you to fully consider the environmental impacts of your policy recommendations.

Thank you for the opportunity to express our concerns.

Yours sincerely

Bev Ramey
President

Anne Murray
Conservation Chair



SEP. 12 2006

J. Fitzpatrick, Secretary
Campbell River, Courtenay and
District Labour Council
830 14th Avenue
Campbell River, British Columbia
V9W 4H4

Dear J. Fitzpatrick:

Thank you for your June 29, 2006 letter regarding log exports and the economic impacts these exports have on the local communities.

Log exports in British Columbia are governed by the *Forest Act* not the Forest Practices Code. Controls through public forest policy on log exports from land under provincial jurisdiction have been in place for the last 100 years.

The majority of log exports from British Columbia come from private, not public land. Most private forest land falls outside of provincial jurisdiction and export approval for timber from these lands is the responsibility of the federal government. Approximately two-thirds of logs exported from British Columbia in recent years have originated from private forest land.

As a result of my discussions in May 2006 with concerned citizens in Port Alberni, I committed to reviewing coastal log exports. Don Wright, former Deputy Minister of Forests, and Professional Forester, Bill Dumont, have been appointed to review log exports from British Columbia. This review will investigate the current log export restrictions on private and provincial lands and is due in November. They will be offering to meet with the BC Federation of Labour, United Steelworkers Union, Pulp, Paper and Woodworkers of Canada and other interested parties in this month.

Sincerely yours,

Rich Coleman
Minister

pc: Bill Dumont, Senior Forestry Consultant, Dumont and Associates

Don Wright, Principal Consultant, Analytica Consulting



Campbell River, Courtenay and District Labour Council

Chartered by Canadian Labour Congress



MINISTER OF FORESTS AND RANGE

REFERRAL NUMBER: 95962

REFER TO: MIN DM MA AC

RECEIVED: JUN 30 2006

DRAFT REPLY INFO FILE

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Rich Coleman
Minister of Forest and Range
PO Box 9049
Stn Prov Govt
Victoria BC.
V8W 9E2
June 29, 2006

Dear Minister.

The Campbell River Courtenay and District Labour Council is comprised of 28 local affiliated unions that represent some 5000 members in both the public and private sectors.

At the June 26, 2006 regular business meeting of this Council the following resolution was unanimously passed.

Raw Log Exports

- Whereas:** Due to the changes in the forest practices code the export of raw logs has reached unprecedented historical levels; and
- Whereas:** This has resulted in the closure or threatened closure of a number of coastal mills including Field Saw Mill and Timber West Saw Mill; and
- Whereas:** Coastal Communities that rely on this industry for their economic well being will be severely challenged to survive as a community; and
- Whereas:** Other Coastal Communities will feel the strain the negative long term effects will generate on their tax base, compromising the stability of their social structure; now

Therefore be it Resolved:

The Campbell River Courtenay and District Labour Council call on the Minister of Forest and Range Rich Coleman to:

- 1) Immediately impose a moratorium on the export of raw logs.
- 2) Rescind legislation that allows forest companies to circumvent the legislation.



COMMUNICATIONS, ENERGY & PAPERWORKERS UNION OF CANADA

WESTERN REGION

October 13, 2006

Mr. Don Wright and Mr. Bill Dumont
Log Exports Review Panel
Ministry of Forests and Range
Government of British Columbia
Victoria, BC

BY ELECTRONIC MAIL: s.22

Dear Mr. Wright and Mr. Dumont:

Thank you for this opportunity to submit our concerns and recommendations regarding the crisis of increasing raw log exports from British Columbia.

In our view, the expanding volume of exports is a strong expression of a deteriorating forest industry. We believe that there are a large number of negative influences but that the "top three" include the changes to the Forest Act and other related legislative and regulatory changes, changing markets and global competition, and climate change.

In 2002, with great expectations, the previous Forest Minister Rich Coleman announced sweeping changes to regulations and legislation pertaining to the forest industry. CEP was skeptical at the time, but was determined to take a "wait and see" approach.

Clearly, enough time has passed to demonstrate the utter failure of these changes. The coastal industry remains in tatters, sawmill closures are increasingly a common occurrence, pulp mill operations remain under threat, and raw log exports have increased dramatically.

According to the government's own data, the export of raw logs has increased by 1000 percent in the period 1996 to 2005. In the same period, 27 mills closed and 13,000 workers lost employment. Some of this happened prior to the legislative changes, but what has become obvious is that the changes have not improved the circumstances of workers or communities, nor have they improved economic opportunities in the forest sector.

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In fact, what we are seeing very clearly on the coast is the deliberate shift of corporate strategy from a lumber industry to a log export industry.

This shift, while continuing to provide jobs in falling, trucking, road engineering and reforestation, does little to provide stable employment within rural communities. It is the mill jobs that allow for families to build lives within these communities. In addition, the municipal taxes paid by industries help to provide stable funding for the public services that make these communities good places to live.

In BC, the CEP represents about 6000 pulp and paper mill workers. Today those jobs are in serious jeopardy, particularly on the coast, due to the increasing level of log exports. When logs are no longer milled, the residual products are no longer available for use in pulp and paper mills.

On average, about half of each log milled in BC results in residuals such as wood chips, sawdust and hog fuel (waste including bark mulch) that are utilized by the pulp and paper industry. As each saw mill ceases production, these products are no longer available.

If the pattern of exports and closures continue, we will witness the domino effect of pulp mill closures in BC. At this time, the newly re-opened mill at Port Alice is on a desperate search for pulp logs, and the four mills owned by Catalyst are under increasing pressure to find new suppliers of chips.

A recipe for economic and social disaster has been fuelled by government changes to forest policy, and we must immediately make some significant changes before thousands more forest industry workers lose their jobs.

We share and stand by the position of the BC Federation of Labour that the export of raw logs should be eliminated, whether or not the timber originates on public or private land. In addition, we also support the following recommendations:

- The province should impose an export tax that levels the playing field between Canada and export countries so that there's no economic advantage to the company that exports logs.
- The province should impose a moratorium on issuing permits to export logs off Crown lands.
- The provincial government must immediately take steps to develop and implement an industrial strategy for the forest sector.
- The provincial government should provide tax incentives for companies doing value-added manufacturing of timber in BC.

- The provincial government must ensure that no private land currently under provincial jurisdiction be released, and steps be taken to bring private lands previously released back under provincial jurisdiction.
- The provincial government must reintroduce the Appurtenancy Clause to forest licenses.

Please do not hesitate to contact me if you require any further information regarding our opinion.

Yours truly,

Dave Coles

Dave Coles
Vice President, Western Region

DC:ss/cope 343

October 11, 2006

A Longshore Perspective on Log Exports

Historically, three Vancouver Island ILWU locals served the ports of Victoria, Chemainus, Port Alberni and many sites in between. These ports handled cargo such as grain, fish, steel, scrap, general goods, lumber, pulp, logs, newsprint, heavy equipment and project cargos. Each port employed 300 or more workers as well as foremen.

Then, as is now, forest products were the mainstay of the export markets, supported by numerous mills across Vancouver Island. Time, competition, market conditions, soft wood disagreements and encroachment of expanding communities have all contributed to the decline in the number of producers to supply forest products to the port sites located on the Island.

Terminal sites in Victoria, Duncan, Crofton, Nanaimo and Port Alberni are all under used and lacking a through put of goods to maintain efficiency of scale. This is the effect of the many mill closures such as Youbou mill in Cowichan, Sooke Forest Products on the south Island, Fields mill in Courtenay and many more.

As these mills closed, IWA members and officers supported campaigns to cease log exports; which succeeded in removing from the public eye the log export that still goes on today from Prince Rupert to Tacoma and Olympia in Washington State.

Ship loading of logs for export on Vancouver Island ceased, it went on to find a new home at mainland ports and in the North. Simultaneously tug and barge operations grew to pick up the slack.

Today the Island membership for ILWU workers is at about 125, the minimum number required to continue port operations. The hours of work continues to decline from 337,429 in 1997 to 232,000 in 2005. This decline is accompanied by a reduction in the variety of cargos to the extent that we are entirely dependent on forest products as our source of employment.

However, part way through 2006 with log vessels again being loaded for the first time in years, hours have increased for Island longshoreman workers on a year to date basis. Loading of logs is a labour intensive operation resulting in a boost in hours verses a conventional lumber operation. Log operations employ up to 34 workers per shift compared to 12-14 working a gantry vessel for lumber.

There is no doubt that longshore workers benefit from the additional work log vessels bring. For the full benefit we enjoy from this enterprise to be spread around the community, the operations need to expand and be viewed as a component of our forest industry rather than vilified by some as 'stealing' BC jobs.

The jobs we see that are 'stolen' are the ones that force Vancouver Island workers to watch, while tug and barge operations with American crews tow untold cubic meters of timber south. Once the timber arrives in Olympia or Tacoma it's re-graded, resorted for domestic or export and then exported in direct competition with Canadian operations.

Export is vital to our Vancouver Island Ports, unfortunately our current situation is conducive only to the 'export' of our jobs. There is a solution to this dilemma if all parties are willing to coexist and work together so that everyone benefits from the management of our forest lands.

This statement is submitted on behalf of Local 508, I.L.W.U. (International Longshore and Warehouse Union.) by Brett Hartley, President and Business Agent.

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To Mr. Wright and Mr. Dumont:

The Pulp, Paper and Woodworkers of Canada believe that a total ban on log exports from both public and private lands should be enacted immediately.

It is our position that a ban on log exports would:

- (a) Enable the much needed transition to smaller second growth fir mills on the coast.
- (b) Expand the kiln dried technology to process hemlock in British Columbia.
- (c) Encourage a high tech value added sector enabling investment to rely on a continuous log supply.
- (d) Provide increased and stable supplies of residual wood waste for the pulp and paper industry in the form of affordable chip and hog fuel.
- (e) Provide stability and economic opportunities for communities that rely on forestry as the main economic driver.

The study done by the BC Competition Council is accurate when it concluded that a healthy solid wood manufacturing sector is needed for a healthy pulp and paper sector. It is our firm position that banning log exports is the only way that we will see a revitalized forest industry in British Columbia.

The current shortage of hog fuel to run the power boilers in the pulp and paper mills is directly linked to decreased sawmilling and increasing log exports.

As a union representing sawmillers and pulp and paper workers raw log exports have a direct negative effect on energy production in British Columbia. Keeping logs in British Columbia and milling them here would open opportunities for pulp and paper plants to invest in co-gen facilities that would directly benefit all sectors of the British Columbia economy.

We believe that the O.I.C. decision of 35% log exports in the mid-coast region is short-sighted and will do nothing to encourage long term economic activity for First Nations who now hold approximately 10% of the 20% tenure take back that was legislated in 2003. This alone will have a huge impact on employment levels.

for the workers we represent as this was and is part of the provincial A.A.C. that the industry relied upon as fibre supply for their manufacturing facilities. It is unacceptable at any level to allow this to continue.

As forest workers within forest dependant communities we've seen the industry morph from integrated manufacturing companies to single plant fragmented facilities to major shareholder control by income trusts and real estate companies with little or no interest in manufacturing facilities in British Columbia.

- Raw log exports will perpetuate this trend until there are no manufacturing facilities left.
- Employment and apprenticeship opportunities will be lost forever.
- A huge opportunity to move in the direction of a solid "green" based economy will be lost forever.
- A huge opportunity to develop a bio-mass based energy future will be lost forever.
- A huge opportunity for First Nations to develop long term economic sustainability will be lost forever.
- A huge opportunity for forest dependant communities to derive maximum benefits from the forest will be lost forever.
- A huge opportunity for increased investment in capital intensive pulp and paper facilities will be lost forever.

We appreciate the opportunity to put our positions before the minister.

Sincerely,



Arnold Bercov
Forest Resource Officer
PPWC National

AB:aj

VIA E-MAIL (original in mail)

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PULP, PAPER AND WOODWORKERS OF CANADA

National Office



Affiliated to the Confederation of Canadian Unions

SUBMISSION TO LOG EXPORT COMMISSION

The Pulp, Paper and Woodworkers of Canada is an independent Canadian union representing approximately 5,000 member at the following locations:

Local 1, Castlegar	Local 15, Kimberley
Local 2, Crofton	Local 16, New Westminster
Local 3, Squamish	Local 18, Mackenzie
Local 4, Prince Rupert	Local 25, Prince George
Local 5, Vancouver	Local 26, Castlegar
Local 8, Nanaimo	Local 29, Prince George
Local 9, Prince George	

Mills that have been shutdown permanently:

Gold River Pulp Mill	1998 shut
Prince Rupert Pulp Mill	2002 shut
Squamish Pulp Mill	2006 shut
Island Phoenix Sawmill	2006 shut

Partial Shutdowns:

Ladysmith Mill (U.S. Market)
- has ran sporadically over the last five years due mainly to log shortages and softwood lumber dispute.

Long Hoh Enterprises (Asian market)
- currently on one shift and have informed us that they have markets for two shifts but cannot secure log supplies for second shift.



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District 3

Stephen Hunt
District Director

October 13, 2006

VIA EMAIL: s.22

Dear Don Wright and Bill Dumont:

I am writing to provide you with the USW District 3 submission and position on the issue of raw log exports from British Columbia. I thank you for taking the time to meet representatives of at least some USW locals, as well as my staff and colleagues at USW District 3.

We have many concerns about the direction forest policy has taken in BC, particularly on the Coast, over the past number of years. While log exports are the main matter at issue in this exercise, log exports cannot be understood outside the broader context of government policy and industry economics.

Companies export logs largely because it is in their economic advantage to do so and because current legislation and government policies allow and even encourage them to do so. Both of these facts must change. And, in addition to making it less advantageous to export logs, we need to make changes to make it more advantageous to process them in British Columbia.

The results of not making these necessary changes are devastating: more job loss; reduced revenues to the Crown and communities, advantages to our competitors that may never be recovered, and foreclosing future opportunities for the coastal industry, our children and our grandchildren.

We have made a number of general and specific recommendations that can be summarized as follows:

- Implementation of an "export equivalency tax" that adds to the export price the difference between the prevailing average domestic market price for a log and its export price.
- Companies, provinces and Parliamentarians should work strenuously to oppose and scrap the proposed Harper-Bush lumber agreement, which, among its other flaws, will encourage log exports by further widening the difference between the respective prices of domestic and exported sawlogs and forcing increasing log exports in Interior BC as a result of the pine-beetle infestation.
- Notwithstanding the SLA, the provincial and federal governments should ensure that a significant portion of any duty returns and/or taxation as a result of a softwood settlement are dedicated to investment in the forest sector, earmarked for:
 - Upgrading of plant and equipment;
 - Research into new products, new types of processing and new markets;
 - Diversification of labour processes and markets;
 - Labour-force training, upgrading and skills development;
 - Industry infrastructure; and
 - Community and workforce adjustment.

October 13, 2006

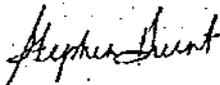
Page 2

- The provincial government should consider ways of shifting the collection of the resource-rents to rely less on stumpage and more on relatively-flat "backdoor" taxes that are assessed on the value of the finished product rather than on the log at the stump. This will allow the use of resource taxation as a way of encouraging more processing of a larger proportion of the province's timber.
- The province should:
 - Restore the appurtenancy clause to forest licenses or alternately consider other measures to restore the link between timber harvesting, resource-based communities and forward processing of larger quantities of BC timber;
 - Ensure that BC Timber Sales and First Nations with harvesting rights send logs harvested under their jurisdiction for sawmilling and further processing in BC;
 - Actively oppose any lobbying, legal or legislative efforts to eliminate the federal surplus test for log exports or any other effort by companies or the federal government to relax export restrictions;
 - Demand federal measures that encourage firms operating on private lands to increase their domestic manufacturing capacity or to provide them to domestic processors before they are permitted to export any additional timber;
 - Actively consider the pros and cons of the same sort of export restrictions and "non-substitution" rules currently in place in the US Pacific Northwest; and
 - Demand that the federal government to immediately cease any programs or end agreements that help companies to relocate manufacturing facilities to China or any other external location.

In my travels across the province I have found few if any British Columbians who think the current situation with respect to the export of our unprocessed forest resources is an acceptable situation. It is incumbent upon all of us to find solutions that keep logs in BC for value-added production and open-up opportunities for a successful, vibrant forest industry in the province.

I urge you to consider our submission and make the bold recommendations that are needed to turn this situation around.

Yours truly,

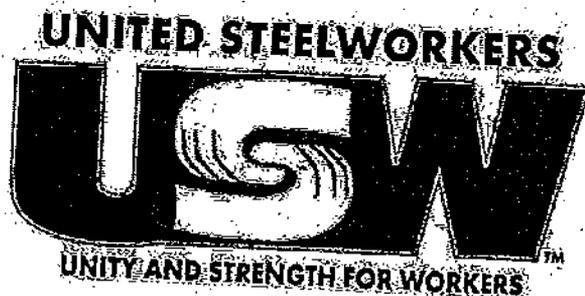


Stephen Hunt,
Director

SH/sml
cope 343

cc: Bob Matters, Chair, Steelworkers—IWA Council
USW BC Provincial Negotiating Committee
BC Federation of Labour
All USW District 3 Staff (BC)

**BRIEF TO THE
BC GOVERNMENT'S
LOG EXPORT REVIEW**



SUBMITTED BY:

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OCTOBER 15, 2006

How did we get here?

It seems that nearly everyone in British Columbia says they oppose raw log exports:

"We're not in favour of raw log exports. We believe that if we get the industry healthy and our regulatory codes healthy that we will be able to secure those logs and use them in the most effective way in the Province of British Columbia. We don't want to export logs and export jobs along with them."

- Gordon Campbell, *CBC DayBreak*, November 6, 2000

But it is now nearly six years since Gordon Campbell, who soon after he spoke became our province's Premier, made this statement. Similarly, it has now been nearly five years since Dr. Peter Pearse wrote these words about the state of the BC Coastal forest industry:

"...capital spending has been insufficient to maintain the industry's capital stock, which has declined as a result."

- Peter Pearse, *Ready for Change*, November 2001

We believe enough time has now passed to fairly evaluate the success or failure of the policies enacted in response to Dr. Pearse's report. After all, it has been four years since former forest minister Mike de Jong introduced his so-called Forest Revitalization Program with these words:

"The market-based forest regime that these announcements in their entirety create...eliminate any ability anyone has anywhere to suggest that we are not an industry in BC that is guided by market principles".

With de Jong's announcement in 2002, the provincial government began a substantial policy overhaul. It was aimed in part, as he indicates, to deal with the US government's imposition of duties and tariffs, which at the time totaled over 27 percent on Canadian lumber shipments to the US; it was also partially intended to respond to Dr. Pearse's findings. Finally, it has been just over three years since minister de Jong told the Legislature that the changes he introduced meant that:

In the long term, we believe this industry is going to revitalize itself and that there are going to be additional job opportunities — perhaps different opportunities than what have historically existed, and opportunities in the value-added sector. They may not be opportunities of the historical variety and primary breakdown



facilities, but we think that through a diversified fibre flow and an expansion of the opportunities available for participants to get involved in forestry, those employment levels are going to return to where they once were. That's the objective. That's why one embarks upon an exercise like this.

Accordingly, the province changed the *Forest Act* to:

- allow companies to harvest public timber without any requirement to carrying on manufacturing;
- eliminate cut control;
- permit the partition and sale of licences and tenure;
- remove ministerial oversight of license changes and tenure transfers;
- eliminate the mill-closure review process;
- eliminate the so-called "5-percent clawback" and other measures aimed at leveraging job creation;
- take back 20 percent of companies' licenses and turn them over to BC Timber Sales for auction and to First Nations as a means toward settling outstanding treaty obligations and land claims;
- compensate companies for their lost harvesting rights.

At the same time, the government eliminated the office of the *Jobs Commissioner*. As well, the province replaced the *Forest Practices Code* with the so-called "results based" *Forest and Range Practices Act*, creating *BC Timber Sales* to administer a market-based timber allocation and stumpage system in coastal BC. This regime is now being implemented in the Interior, as well.

Meanwhile, a collective agreement imposed under legislation permits companies to extend hours of work and lengthen the working week almost at will within the bounds of a 40-hour work week, contract out more bargaining-unit work and eliminate travel time.

While these changes were taking place, CEOs of three major coastal forest companies, the so-called "Three Amigos," launched a high-profile public relations campaign aimed at convincing British Columbians that in return for these changes the investment taps would finally be turned back on: they promised to invest a billion dollars in the coastal industry over the next decade.



In total, this represents an ambitious government and corporate program, as well as some mighty promises. But what have been the results? Today, of the three major firms involved in the "Three Amigos" campaign, for instance:

- **Weyerhaeuser** has left coastal BC and appears to be in the process of leaving Canada after the recent amalgamation of its Canadian assets with **Domtar**.
- **Interfor** spent a small amount improving production at its Queensborough sawmill – but has also spent over \$112 million US on a value-added mill and four sawmills in Washington and Oregon, while at the same time closing Fraser Mills, Field Sawmill, MacKenzie Seizat and Squamish Mills.
- **TimberWest** has repeatedly boasted that it is actively disinvesting in BC and in fact, has reduced investments by \$17.4 million from January 2005 to July 2006. **TimberWest** has become a log-export specialist, increasing exports while reducing domestic processing and closing all but one of its sawmills.

The other major solid-wood company in coastal BC, **Western Forest Products (WFP)** continues to struggle with a large debt load, even though its financial picture continues to improve under new management. Western has gained from the rising Canadian dollar since its US-owned debt has shrunk as our dollar rises in value. Still Western closed three plants in the past year and half and **Cascadia**, with which it recently merged, closed another. In the meantime, **WFP** has not reopened or upgraded any of its facilities. It invested a modest \$7 million last year and about the same amount in the first six months this year.

Significantly, according a recent article written by Ben Parfitt of the **Canadian Centre for Policy Alternatives**, while Western enjoys harvesting rights to 7.7 million cubic meters annually, its current sawmill capacity totals only 4.6 million cubic meters. Unsurprisingly, notes Parfitt, the gap "means that there's plenty of room to agitate for more log exports, which is precisely what **WFP**, other forest companies and local First Nations succeeded in doing as recently as March (2006)," when forest minister Rich Coleman approved additional log exports from the Mid Coast.

Meanwhile, in spite of the government's intentions, the lumber dispute with the US has persisted over the entire five year period. If the Harper-Bush agreement winds up being implemented, it is an extremely questionable deal for Canadian workers and communities; in any event, it cannot reasonably be attributed to the BC government's policy initiatives. Indeed, it seems not unfair to agree with the former - **IWA Canada** when we warned the government against the folly of trying to "capitulate its way to an agreement with the Americans."



The proposed lumber agreement, meanwhile, contains no provisions that will ensure future investments in Canada; in the absence of such measures, Canadian firms are likely to continue to use their profits primarily to merge and consolidate with one another, buy foreign assets, invest outside the industry or reward their shareholders – but not to invest significantly in expanding or diversifying the domestic industry.

A Bold Policy – that hasn't worked...

In other words, if the government's program was truly intended to increase investment or halt the flow of log exports, it seems fair to conclude that it has been a massive failure:

- The lumber dispute has not been settled or has been settled only on terms that are not only highly disadvantageous to Canada but actually worse than those we had already won through legal challenges at **NAFTA**, the **WTO** and the **US Court of International Trade**. In the meantime, US firms have illegally collected over \$5.2 billion from Canadian lumber exporters and are now demanding draconian terms for settlement of the deal, including continued control over \$1 billion in Canadian duties, a cap on our lumber exports and a 15 percent border tax.
- In spite of massive concessions to companies by government, Coastal firms stubbornly continue to refuse to invest in desperately needed new Canadian plant and equipment. Companies remain locked in a chicken-and-egg vicious circle of logic: "No profits, no investment," they say. But any unbiased observer might reply: "No investment, no profits."
- Log exports have skyrocketed from a tiny proportion of the cut in the late 1990s to over 7 percent today, including fully 15 percent of the harvest on Vancouver Island.

Log exports are, of course, the main matter at issue here today. However log exports cannot be understood outside the broader context of government policy and industry economics. Companies export logs largely because it is in their advantage to do so and because current policy allows and even encourages them to do so. They will continue to export as many logs as they can until policies are changed to make it less advantageous to export logs and more advantageous to process them in British Columbia. However, it is in the interest of British Columbians – perhaps with the exception of a handful of self-interested companies – to make those changes.



TimberWest's recent second-quarter report provides a good starting point in understanding the policy and economic forces that are at play. After all, CEO Paul McElligott has become the corporate poster-boy for log exports from coastal BC. His firm has been allowed to close all of its manufacturing facilities but one -- and that plant is for sale. The company's lumber manufacturing output has consequently declined, falling by 30 percent in the first six months of 2006.

But log exports have flourished and along with them, **TimberWest's** profits. In 2005, the company's income came primarily from the log sales. According to a recent report by the **BC Federation of Labour, USW and Communication, Energy and Paperworkers:**

In its 2006 first quarter report, TimberWest declares that it generated over \$50 million in revenue by exporting 422,000 cubic meters of logs to Asia and the United States. That works out to \$119 per cubic meters. In comparison, TimberWest generated \$35 million by selling 467,000 cubic meters to the domestic market. That works out to only \$76 per cubic metre.

In the first half of 2006, this trend accelerated: **TimberWest** reported exports of 1.8 million cubic meters of logs, up by 30 percent over the same period last year. Exports to Japan and other Asian markets are up by 44 percent. The company made more profits in the first half of 2006 than in all of 2005. Yet **TimberWest** continues to disinvest from production, contracting out its logging operations with the same predictable worker-safety effects that have impacted many other firms and as we have noted, closing most of its manufacturing plants.

We estimate that **TimberWest's** log export program alone currently costs our province some 2100 potential jobs, a huge portion of the 3300 jobs the **BC Federation of Labour, Steelworkers and Communication, Energy and Paperworkers** estimate that log exports at current levels cost BC annually.

Why are companies doing this?

Exporting logs is extremely profitable and companies are allowed to do it by existing law and policy, as we have noted. Meanwhile, coastal BC in particular increasingly lacks the right configuration of milling capacity to process the logs we are currently harvesting.

TimberWest's domestic log sales averaged \$78 per cubic meter. Sales to the US, meanwhile, averaged \$93 per cubic meter, Asian sales \$132. Unsurprisingly, then, domestic sales were actually stagnant or falling during the first half of the year, while US sales were up by about 6 percent, Asian sales up by 44 percent.



Companies get more for exported logs than for logs sold domestically because:

- Domestic sawmills face export restrictions on lumber sales to the US, putting downward pressure on their log purchases;
- Sawlogs sold to US mills are typically "incremental wood" – the relatively small amount needed to bring those mills to peak efficiency – so sawmill owners are willing to pay a premium for them, compared to Canadian mills, which are purchasing their entire wood complement;
- Many exported logs are premium-quality wood used for specialty products, for instance cedar or second-growth Douglas fir, which fetch relatively high prices compared to the hemlock most domestic mills use to make lumber.

Meanwhile, the continued lack of investment is hurting our ability to process the logs we harvest. Most of the harvestable coastal forest profile consists of hemlock. BC firms have long encountered market resistance to undried hemlock lumber. Yet companies have proven extremely slow to invest in kiln drying facilities for such lumber. At Fraser Mills meanwhile **Interfor** actually built kilns – then promptly closed the plant.

On South Vancouver Island, in particular, meanwhile, in the near future increasingly-large volumes of second-growth Douglas fir is coming available for harvest or will soon be available. However, the industry has been remarkably slow to make the transition to small-log sawmills that can process such wood. Meanwhile, huge timber volumes are being exported, aided by reductions in the rotation age that allow the firm to export 38-year-old fir. This lowering of rotation age will reportedly allow Island Timberlands, for example, to add an uplift of 600,000 cubic metres of timber over the next 10 years.

In addition, a growing number of organizations with timber-harvesting rights currently lack manufacturing capacity. First Nations, in particular, are increasingly gaining harvesting rights on their lands. But few First Nations own or enjoy access to sawmills and at the same time many First Nations are under strong pressure to generate immediate cash. Unless steps are taken to generate or transfer access to appropriate manufacturing capacity, this is a combination that will raise pressure for log exports.

In spite of the disadvantages this presents to the BC economy, then, companies allowed to meet their own economic interests by continuing to export growing quantities of logs. The current government's response to developments of this sort has been to stand aside and allow the market to decide. Unfortunately, though, the government was elected not by the market but by British Columbians. Its responsibility is to us, not to global economic outcomes. Markets might deliver results that are reasonable and justifiable on some abstract or global level. But they generally only *accidentally* deliver



outcomes that are good for people living in a specific jurisdiction. Markets, after all, are good servants but poor masters.

...With devastating results

In our view, government must act immediately to offset some of the disadvantages created by over-reliance on market outcomes. These disadvantages include:

- **Job loss.** As we have indicated job loss in British Columbia currently results from foregone opportunities to manufacture lumber and to use it to produce value-added products, pulp and paper. It is important to recall that while logging generated output of \$5.2 billion in 2001, according to *BC Stats*, the solid wood and pulp and paper sectors added value of \$11.2 billion and \$6.5 billion, respectively, to the logs they processed. This gives us some idea of the potential employment foregone when we ship out unprocessed logs, given that every \$1 million in investment in forest-sector production creates 3.19 direct jobs and another 5.05 indirect jobs, according to *BC Stats*.

According to a study that agency released in March 2006, in spite of the massive increase in log exports over the same period BC forest-sector employment fell by 12.8 percent between 2001 and 2005. We might expect that at least the logging sector grew but in fact even it lost jobs: logging employment fell by 12.5 percent, compared to 6.8 percent in wood manufacturing and 30.9 percent in pulp and paper. Many of those jobs were literally being exported due to rising log exports.

When we send our logs out of the province without processing them, we forego a large portion of both the direct job creation – for instance, sawmilling, pulp and paper and secondary manufacturing employment – as well as the indirect job creation. The **BC Federation of Labour** report notes that as a result of burgeoning log exports:

Using the 2005 export figures, the number of jobs lost in the forest industry reached 3,300. In direct income to workers, the export of jobs from British Columbia costs \$250 million annually in lost earnings to workers living in forest communities. Using traditional economic models, for every job created in the direct resource industry, an additional 2.5 jobs are created in suppliers and the service sector. That amounts to a loss of an additional \$625 million from the British Columbian economy.

- **Revenue loss.** Job loss and squandered manufacturing opportunities also mean a loss of revenue to all levels of government. *BC Stats* indicates that due to



spending multipliers created by an increase in employment, a \$1 increase in the value of production in the logging sector produces tax revenues of:

- \$.58 to the federal government;
- \$.60 to the provincial government;
- \$.15 to municipal governments.

But if production is foregone in the forward processing sectors, the following revenues will also be foregone:

- From the solid wood sector: \$.35 to the federal government; \$.36 to the province; \$.09 to municipal government;
- From the pulp and paper sector: \$.31 to the federal government; \$.45 to the province; \$.13 to municipal governments.

Obviously, this means foregoing a large share of the tax dollars that support our children's educations; our health-care system; childcare for working families or the social and neighborhood services that make our communities healthy and livable. Log exports literally make us poorer, unhealthier, less well educated, less well brought up; they makes our communities more uncomfortable and more dangerous.

- **Our competitors benefit at our expense.** British Columbia competes with sawmills in the US Pacific Northwest. Those mills used to buy incremental wood – the small percentage of total wood requirements that sawmills sometimes buy to allow them to run at peak efficiency and take advantage of market opportunities -- from federal lands that are now largely unavailable for harvest due to environmental restrictions. They have therefore begun purchasing large volumes of logs from BC. Since they are buying incremental wood, they are able to pay higher prices for logs than BC mills, which are purchasing domestically their entire wood basket. The Americans can afford to pay a premium for a small number of high quality logs; BC mills cannot pay the same premium for all the wood they need.

It is no accident, then, that a sharp rise in the Pacific Northwestern industry's support for protectionist measures against Canada coincided with the loss of US federal lands to spotted-own protection. When the Japanese market collapsed in 1997, BC coastal producers were unable to ship the resulting sudden glut of lumber to the US, a shift they had made historically when Asian markets fell off. That was because they enjoyed very little quota under the Canada-US Softwood Lumber Agreement: firms that had historically shipped most of their lumber to Japan were allocated virtually no quota under the agreement. They therefore



could not ship lumber to Asia because of the collapse of those markets and they could not ship it to the US for want of quota. But they could ship raw logs, which they began to do in increasing amounts.

But the huge takeoff in exports came after the softwood lumber agreement ended. When it in 2002, it suddenly became highly advantageous for sawmill owners in the Pacific Northwest to support duties on our lumber, which they alleged was "subsidized" by Canadian forest policy. But they were nonetheless perfectly happy to import logs from those same "subsidized" forests and the logs were allowed to enter the US duty free. Voila! At one and the same time the Americans found a solution to their incremental wood problem and a way to hamper their BC competitors into the bargain. It was a win-win situation for the Americans, a lose-lose situation for BC forest companies, workers and resource-based communities.

Ironically, of course, US states maintain their own log export restrictions: firms that export logs from their private lands are restricted from access to equivalent amounts of public-lands timber. Exports are generally not permitted from public lands and firms are not allowed to substitute private-lands exports for logs they might otherwise harvest and export from public lands.

- **Foreclosing Future Options.** For years, British Columbians have counted on achieving two important objectives which are widely seen as the keys to a viable future for our Coastal forest sector: a transition to the harvesting and processing of huge amount of oncoming second-growth timber and the expansion and diversification of our secondary manufacturing sector. Log exports foreclose both of these options. In the words of former **Doman Industries** CEO Rick Doman:

"We'll be creating forest jobs in other countries and losing jobs here where workers actually get fair wages. They call it restructuring of coastal BC but I call it the destruction of coastal BC."

Any potential transition to second-growth timber depends on investment in small-log sawmills. Many observers believe the Pacific Northwest already has a 10 to 15 year head-start in this regard, so it's not surprising that while our industry languishes, PriceWaterhouse Coopers shows that the Pacific Northwest is one of the four most profitable forest-sector regions in the world.

Our ability to move in the direction of more second-growth processing is particularly dependent on the availability of second-growth Douglas fir from Southern Vancouver Island. It is disturbing therefore to hear from **TimberWest**



that it is currently stepping up its harvest of second-growth Douglas fir, now about 70 percent of its total harvest, which it is determinedly exporting in large volume to the US and Japan. For BC as a whole: "In 2005, the majority of logs exported were Douglas fir (55 percent), hemlock (25 percent) and cedar (7 percent), not low-value species," notes the earlier-cited **BC Federation of Labour** report.

The growth of the value-added sector, meanwhile, depends on the health of our domestic sawmill industry and the availability of lumber and logs on the domestic market. Obviously, log exports push up the price of domestic sawlogs and remove large quantities of premium logs such as Douglas fir and cedar, leaving largely hemlock – which requires kiln drying, which in turn requires investments that firms seem reluctant to make, even though they clearly cannot hold or increase their Asian market share if they don't do it. The more companies expand their logs exports, meanwhile, the more the sawmill sector is threatened and along with it, British Columbia's value-added producers.

That sector is already under threat, in spite of huge investments and efforts by agencies like Forest Renewal BC to build it up in the 1990s. Western Diversification Canada reports that "the secondary manufacturing sector saw a net decline of just over 900 businesses over the five-year period" from 2001 to 2005. "The drop in value added manufacturing is likely due to a combination of factors including increased global competition, political and economic uncertainty and for those firms manufacturing wood products, the lingering softwood lumber dispute that has driven some value added manufacturers south of the border to avoid duties." One of the effects of the lumber dispute, as we have noted, is the tendency to export increasing numbers of good sawlogs, putting upward pressure on the prices that domestic secondary manufacturers pay for logs and lumber and aiding the US at our expense.

Sadly, with log exports growing in Coastal BC, we are now on the verge of enacting policies that would increase the export of logs from the province's Interior, as well. That's because of the combined effects of the proposed Harper-Bush lumber agreement, coupled with current intensive harvesting due to the mountain pine-beetle infestation. Together, these policies will ensure a massive increase in the volume of unprocessed sawlogs.

The beetle-related harvesting uplifts mean that companies and contractors *must* harvest millions of cubic meters of beetle-damaged timber. But because of the Harper-Bush deal, at current lumber prices Interior sawmills will almost certainly pay not only a 15-percent border tax – higher even than the 10.8 percent combined duty rate, a levy ruled illegal by the US Court of International



Trade – but also because of the high efficiency of Interior sawmills, the 7½ percent “surge penalty”: this is essentially a *tax on productivity* designed to punish the most highly-efficient Canadian sawmills. The surge penalty creates a built-in disincentive to improve sawmill efficiency, since whenever a firm considers upgrading mill productivity, other firms will do everything they can to discourage investments that will lead them to pay more in border taxes.

The most efficient Interior mills will doubtless survive and even profit – these are the same mills, after all, that actually increased output in spite of the more than 27 percent duty initially imposed in May 2002! But less-efficient mills will have a much harder time operating profitably under these circumstances. Where will the beetle-damaged logs go? We suggest that many will be exported.

It's an intolerable situation – but what can we do?

In our view, then, this is an intolerable situation. Log exports mean that we are losing jobs; sacrificing much of the revenue that support quality services to people and communities, losing additional ground to our competitors and foreclosing future options for the growth and diversification of our industry.

Steelworkers believe that the current government's approach, which seems to be to stand aside and let the market effectively decide major questions of forest and economic policy, is unacceptable. We believe that five years of this policy has now proven to be a complete failure. At the same time, however, we believe it is irresponsible to simply say “stop log exports” without dealing with the larger economic conditions and policy requirements that currently encourage exports and discourage domestic manufacturing.

What then can be done about it?

First, we believe we need to take away the economic incentives to exporting logs. We recommend:

- An “export equivalency tax” that adds to the export price the difference between the prevailing average domestic market price for a log and the export price. This would take away firms' economic incentive to export logs.

We believe that any tax aimed at stopping log exports must be high enough to actually create a disincentive to export unprocessed timber. When the US placed tariffs and duties of 27 percent on Canadian lumber imports in May 2002, for instance, IWA Canada proposed a tax of 27 percent. We recommended against the BC government's



proposal for a 10-15 percent tax because we believed that it was too low to deter exports and would have the perverse effect of giving the government a vested interest in the continuation of exports.

Second:

- **We urge companies, provinces and Parliamentarians to work strenuously to oppose and scrap the proposed Harper-Bush lumber agreement. Aside from its other obvious economic flaws, the deal would almost certainly encourage log exports by further widening the difference between the respective prices of domestic and exported sawlogs.**

In the Interior, as we have noted, the combination of intensive, mountain pine-beetle related harvesting and the likely imposition of both a 15 percent border tax and 7 ½ surge penalty will greatly raise pressure for log exports. Elsewhere, the lumber deal will simply make worse the current forces that encourage log exports.

Third:

- **Regardless of whether illegally-collected US duties are ultimately returned to firms via a negotiated settlement or through legal processes, the provincial and federal governments should ensure that a significant portion of those returns are dedicated to investment in the forest sector and earmarked for:**
 - **Upgrading of plant and equipment;**
 - **Research into new products, new types of processing and new markets;**
 - **Diversification of labour processes and markets;**
 - **Labour-force training, upgrading and skills development;**
 - **Industry infrastructure;**
 - **Community and workforce adjustment.**

Without measures to improve our competitiveness and productivity, transform processing facilities and diversify the industry, a reduction in sawlogs will simply create a glut of domestic sawlogs, which would soon lead to layoffs in the timber-harvesting sector. Therefore it is crucial that we stimulate investment, research and training in the industry, allowing British Columbians to fully use the logs we harvest to make and market a wider variety of wood and paper products. In the past, our union has proposed a streamlined process for reviewing and approving such investments such as the arrangement currently in place in Alberta.



We further recommend that:

- **The provincial government should consider ways of shifting the collection of the resource-rents to which it is entitled as the owner of 95 percent of our province's forests. Specifically, the government might rely less on stumpage and more on relatively-flat "backdoor" taxes that are assessed on the value of the finished product rather than on the log at the stump.**
- **Firms would pay less for sawlogs and by adding value pay a smaller percentage of total revenue in tax, even though the province's revenue take would remain the same or even grow with increased volumes of timber processed and value added. This way we might use resource taxation as a way of encouraging more processing of a larger proportion of the province's timber.**

The removal of long-standing measures to encourage forward processing of Crown timber, known as appurtenancy, has now proven to be a failure. These measures were put in place from the early 1950s onward by a succession of governments interested in creating viable, vibrant communities in what were remote logging camps and sawmill towns. Removal of appurtenancy and other measures that have gutted the so-called "social contract" between workers, governments, companies and communities have in turn encouraged companies to close processing facilities in communities close to where timber is harvested. But these measures have not often encouraged investments in any new domestic processing facilities. Instead, they have often provided increased opportunities to export logs that would otherwise have been processed in BC.

We therefore recommend that:

- **The province should restore the appurtenancy clause to forest licenses;**
- **The government should also look into ways to ensure that BC Timber Sales and First Nations with harvesting rights must send logs harvested under their jurisdiction for sawmilling and further processing in BC.**
- **Alternately, the province should consider other measures to restore the link between timber harvesting, resource-based communities and forward processing of larger quantities of BC timber. When the Forest Act changes were proposed in 2002, IWA Canada suggested an "accountability clause," essentially a strengthened mill-closure review process that would not allow mill closures until companies, government, workers and communities had**



an opportunity to meet and consider to avoid shutdowns, whether through transfer of the ownership of the threatened facility or its reconfiguration, as well as providing an opportunity to ensure that workers and communities would land whole should a shutdown prove unavoidable.

The provincial government should also work with the federal government to encourage firms owning federally-administered lands to process more of their timber domestically. In particular, the province should:

- **Actively oppose any lobbying, legal or legislative efforts to eliminate the federal surplus test for log exports or any other effort by companies or the federal government to relax export restrictions;**
- **The BC government should clearly indicate to the federal government that the province does not support changes to the surplus test and that removal of log-export restrictions is not in the economic interests of British Columbians;**
- **Demand federal measures that encourage firms operating on private lands to increase their domestic manufacturing capacity or to provide them to domestic processors before they are permitted to export any additional timber;**
- **Consider the pros and cons of the same sort of export restrictions and "non-substitution" rules currently in place in the US Pacific Northwest;**
- **Demand that the federal government to immediately cease any programs or end agreements that help companies to relocate manufacturing facilities to China or any other external location.**

"When you reach a fork in the road, take it"

British Columbia's forest sector is at a turning point. Log exports are one of the dramatic symptoms of a failed forest policy experiment. We need aimed at helping workers, companies and communities make the transition to a more diversified forest industry, one that gets greater value out of the timber we grow and harvest. This is, after, all, still our leading source of employment generation, economic output and export revenues. British Columbians expect our forests to underpin our communities and pay for quality services to people.



Current policy says "let the market decide," an approach we have shown has failed. What we need instead is a proactive policy. Government must encourage stakeholders in the industry and community to agree on goals and objectives for our forests and our industry. Then it must help them reach those goals. Most British Columbians would agree that one of those key goals would be to dramatically reduce and hopefully soon stop log exports. As well, we believe people in our province want a more diversified and competitive forest industry that both creates more jobs per hectare of forest harvested and per unit of output. They want an industry that increases BC's share of global export earnings. We believe our province urgently needs policies that will assure we move in that direction. Clearly, this includes steps to reduce the volume and value of raw log exports.

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The Forest Solutions for Sustainable Communities Act: A Summary of Draft Citizens' Legislation

For a full copy of the draft legislation, see www.forestolutions.ca

Background: The BC government is steamrolling through the most significant change in BC public forests in half a century, having designed it behind closed doors with industry and without public consultation. The government plan abandons the social contract that has tied local forests to local communities and local jobs.

In contrast, this citizens' legislation, proposed by the BC Coalition for Sustainable Forest Solutions, puts public forests under greater local control within a context of sustainability and respect for First Nations rights. It provides communities with tools to help keep and add jobs while minimizing the impact of transition on existing workers. It establishes regional log markets to provide a secure and steady supply to local mills and to ensure that BC taxpayers receive full market value for the public resource. These measures form the foundation of an enhanced social contract for BC's forest communities.

This Act affirms the right of Canadian governments to structure their legal and policy regimes in the best interests of communities, workers and the environment.

Preamble: The preamble sets out the *Forest Solutions for Sustainable Communities Act's* broad purposes and objectives, to:

- Reconcile Aboriginal and Crown title
- Create, implement, and enforce forest management standards that promote the long-term health of BC's forest ecosystems
- Enhance public control and oversight of our forest resources, including rebuilding the public service
- Redistribute a majority of tenure at the lowest taxpayer cost in order to create a new social contract in BC's forests and to provide greater opportunities for First Nations, communities and local jobs
- Ensure the public gets full value for forest resources through transparent regional log markets and related timber pricing reforms
- Ensure broad access to the timber supply and strengthen raw log export restrictions for the development of a strong, diverse value-added industry

A Public Trust for Sustainability: The Act affirms that the provincial government holds public forests in trust for current and future generations. The Act entrenches important rights in law, including: a right to clean water, to clean air, and to ecological integrity. The Act entrenches democratic decision-making over public resources in order to ensure equitably distributed benefits over time. The Act sets out these rights, requires government to give effect to them and provides mechanisms for citizens to directly enforce these rights. The Act requires thorough, effective public monitoring and enforcement to ensure that the rights are fully realized and maintained.

BC Coalition for Sustainable Forest Solutions

BC Government and Service Employees' Union • BC Carpenters Union • BC Horseloggers Association • BC Watershed Stewardship Alliance • Blewett Conservation Society • Bonaparte Indian Band • Bulkley Valley Communities Coalition • Canadian Eco-Lumber Coop • Canadian Parks and Wilderness - BC Chapter • Canadian Reforestation Environmental Workers Society • Cariboo Chilcotin Conservation Society • Council of Canadians - Vancouver & Victoria Chapters • Council of the Haida Nation • David Suzuki Foundation • Dogwood Initiative • East Kootenay Environmental Society • Ecoforestry Institute • Ecotrust Canada • Elaho Trail Society • ForestEthics • Forest Protection Allies • Fraser Headwaters Alliance • Friends of the Rainshadow • Granby Wilderness Society • Hospital Employees' Union • Indigenous Network on Economics and Trade • International Longshore & Warehouse Union Local 400 • International Network of Forests and Communities • Irving Fox, Professor Emeritus Community and Regional Planning • Kamloops People's Voice Coalition • Kootenay Conference for Forestry Alternatives • Labour Environmental Alliance Society • Lillocet Peace and Ecology Group • Michael, McGonigle, POLIS, Eco-research Chair of Environmental Law and Policy, University of Victoria • Neighbours of the Little Qualicum River • Okanagan Similkamsen Parks Society • Penikton Indian Band • Public Service Employees for Environmental Ethics • Pulp, Paper & Woodworkers of Canada • Reach for Unbleached • Roberts Creek Forest Resources Board • Shuswap Environmental Action Society • Sierra Club of Canada - BC Chapter • Silva Forest Foundation • Skwel'kwel'well Protection Centre • Sunshine Coast Forest Watch • T. Buck Suzuki Environmental Foundation • Union of BC Indian Chiefs • Valhalla Wilderness Society • West Coast Environmental Law Association • Yakalom Ecological Society • Youbou Timber/Less Society ••

BILL M xxx
FOREST SOLUTIONS FOR SUSTAINABLE COMMUNITIES ACT
DISCUSSION DRAFT

Preamble

WHEREAS BC's rural communities are hard hit by continuing provincial government cutbacks, environmental rollbacks and forest policies that favour corporations at the expense of local economies, community security and self-determination;

WHEREAS only a handful of corporations control BC's public forests despite calls for redistribution of tenure to support First Nations, local communities, workers and small businesses;

WHEREAS BC's public forests are a magnificent resource that belong to all the people of the province, subject to the prior interests of Aboriginal people;

WHEREAS Aboriginal title and rights in BC are recognized and affirmed by the Canadian Constitution;

WHEREAS poor logging and road building can adversely affect drinking water, fish, wildlife, biodiversity and other ecological and cultural values;

WHEREAS the export of raw logs continues to increase while local mills shut down or stand idle;

WHEREAS British Columbians want full value from their public resources;

WHEREAS fully functioning log markets (many sellers, many buyers) are required to establish fair market value and create the transaction base necessary for attracting investment;

WHEREAS fair access to wood supply is critical to the development of a added value industry that supports jobs and economic activity in all of BC's regions;

WHEREAS democratic local control combined with large, regional log markets that provide a secure and steady supply to local mills will provide a new social contract that keeps jobs in BC communities, minimizing impacts on existing workers and enhancing local employment;

** July 18, 2003 Discussion Draft --Release of this draft private members bill by the Coalition for Sustainable Forest Solutions should not be taken to imply that each member supports every element of the bill taken individually, but rather that there is broad support for the draft Forest Solutions for Sustainable Communities Act as a package of reforms which, taken together, embody the principles set out in the Forest Solutions Citizens' Declaration.*

serviced communities with the capacity to carry out local management of resources;

“full value” means the market value, or a minimum stumpage rate that reflects all Crown costs including planning, administration, operating costs, reforestation and restoration, road maintenance and the opportunity costs foregone by not retaining the resource to provide ecological services, whichever is greater;

“independent businesses” means a person who qualifies or would have qualified to be registered under categories 1-3 of the small business forest enterprise program set out in the *Small Business Forest Enterprise Regulation*, B.C. Reg. 265/88, and who, except in circumstances set out in section 21, has not entered into any agreement with the holder of a major licence who owns or leases processing facilities in British Columbia with respect to the disposition of timber harvested pursuant to a timber sale licence;

“local buyers” means persons whose residence or place of business is located within commuting distance from the area where wood was harvested or where the log yard is situated, or a First Nation on whose territory the harvesting occurred or the log yard is situated;

“log transactions” means all ways in which logs are transferred from one party to another including bartering, trading, selling, or exchange for benefit, monetary or otherwise;

“log yard” means a site where incoming logs are unloaded, spread out, scaled, bucked if necessary, graded, marked, cleaned, and sorted into the various species and grades of product;

“maintenance and restoration of ecological integrity” means that the biological richness and the ecosystem services provided by natural terrestrial and marine processes are sustained at all scales through time (e.g., species richness, vegetation diversity, soil productivity, water quality, predator-prey interactions, nutrient cycling, hydrology, disturbance regimes, succession, carbon storage), including maintaining the structure, function, and composition of natural ecosystems, and more specifically:

- (a) representing the biological diversity of the region in a system of protection areas according to the principles of conservation biology;
- (b) maintaining the natural diversity of species, ecosystems, seral stages and ecosystem functions including biological legacies (e.g., bear dens, wildlife trees, snags, coarse woody debris) across the landscape;
- (c) restoring damaged or degraded ecosystems;
- (d) ensuring that streamflow, channel characteristics, and water quality are within the range of natural variability;
- (e) protecting and restoring red- and blue-listed species and their habitats;

- (c) Schedule A or Schedule B land referred to in any of the agreement listed in section 12 of the *Forest Act* and entered into under that Act, subject to existing Aboriginal title.

(2) Words and expressions not defined in this Act have the meaning given to them in the *Forest Act*, R.S.B.C. 1996, c. 157 and the *Forest Practices Code of British Columbia Act* R.S.B.C. 1996, c. 159 except where the context indicates otherwise.

The Government of British Columbia is bound

- 2. This Act binds the Government of British Columbia.

PART 2 PUBLIC TRUST

- 3. In relation to tenured and public forest lands the people of British Columbia, both present and future generations have the right to:

- (a) the maintenance and restoration of ecological integrity;
- (b) clean water and the protection of domestic use watersheds;
- (c) clean air;
- (d) the application of the precautionary principle in the case of imperfect information or uncertainty;
- (e) payment of the full value of forest resources when they are logged;
- (f) a fair share of the benefits from the ecosystems in which they live;
- (g) full disclosure and unfettered public access to information regarding public lands and waters, their biological and physical resources and management thereof, with the exception of sensitive First Nations cultural information;
- (h) be involved in land use decision-making in a manner that is broadly participatory, respects the diverse values, traditions, and aspirations of local and First Nations communities, and incorporate the best of existing knowledge (traditional, local, and scientific).

4(1) The Government of British Columbia shall give effect to the rights set out in section 3 in the allocation, transfer, replacement, designation, planning, management and use of tenured and public forest lands by any person, and in any related legislation or policy.

(2) Without limiting the generality of subsection 4(1), the Government of British Columbia

- (a) shall not privatize or deregulate tenured and public forest lands, and
- (b) shall maintain oversight of transfer, replacement, consolidation and subdivision of tenures through:
 - (i) a requirement for prior consent,
 - (ii) requirement for public hearings and First Nations accommodation prior to granting consent, and

- (e) order that the Minister of Water, Land and Air Protection conduct a review of the environmental impact of a land use decision, designation, plan, objective, target or forest practice;
- (f) order the defendant to provide financial assurance for the performance of a specified action;
- (g) order the defendant to present proof of compliance with the order of the Supreme Court; and
- (h) make any other order that the Supreme Court considers just.

(3) Where the Supreme Court makes an order under subsections (1) or (2) it must direct the Minister of Water Land and Air Protection to monitor compliance with the order.

PART 3 RECONCILIATION OF CROWN AND ABORIGINAL TITLE

8(1) The Government of British Columbia shall give effect to the following principles in the allocation, transfer, replacement, designation, planning, management and use of tenured and public forest lands by any person, and in any related legislation or policy:

- (a) Crown title must be reconciled with Aboriginal title;
- (b) Aboriginal laws and tenure systems define Aboriginal title, which is held collectively by a First Nation;
- (c) the process of allocating resources and the actual allocation of the resource must reflect the prior interest of First Nations with Aboriginal title to the land;
- (d) the Government of British Columbia must consult with affected First Nations in good faith, with the intent of substantially addressing their concerns, and endeavour to seek workable accommodations, regardless of the existence of judicial recognition or a treaty;
- (e) first priority must be given to avoiding infringement of Aboriginal title and rights, not justifying infringements;
- (f) Aboriginal title has an inescapable economic component, thus, in keeping with the duty of honour and good faith on the Crown, remuneration must be provided to First Nations for resources extracted from their territories;
- (g) where Aboriginal title has been infringed, fair compensation will ordinarily be required;
- (h) Aboriginal title is subject to an inherent limit that does not allow uses of the land that would prevent the land from sustaining future generations of Aboriginal people; this limit must be respected by both Aboriginal and non-Aboriginal people;
- (i) based on recognition of Aboriginal title, the Government of British Columbia and First Nations will develop new mechanisms to share at least equal decision-making authority regarding lands and resources on First Nations

timber licences and the volume authorized in other major licences are reduced to meet or exceed that threshold.

(2) Additional reductions to meet or exceed the desired minimum threshold for forests under local control shall be proportionally distributed amongst all major licensees unless a local management authority referred to in section 12 officially requests an alternative approach.

11. In entering into an agreement under the *Forest Act* granting rights to harvest Crown timber in relation to land or volume made available through reductions under sections 2, 3 and 5 of the *Forest Revitalization Act*, or made available pursuant to section 9 of this Act, the minister or a person authorized by the minister, on behalf of the government, shall prioritize the following in reallocating such land or volume:

- (a) long-term area-based tenures designed to accommodate First Nations;
- (b) community forest agreements that require the holder to sell all or a representative portion of logs harvested through a log yard;
- (c) timber sales licences of volumes less than 10,000 cubic metres to independent businesses who do not hold major licences;
- (d) timber sales licences structured as harvest and haul contracts in which the Crown retains its title to the trees after harvesting;
- (e) woodlot licences that require the holder to sell all or a representative portion of logs harvested through a log yard.

Local Management Authorities

12. Local management authorities may be established in order to give effect to the Government of British Columbia's public trust obligations and its fiduciary obligations to First Nations.

(1) Local management authorities shall:

- (a) provide for a government-to-government role for First Nations in their respective territories;
- (b) include a number of First Nations appointees from their respective territories at least equal to the number of Provincial Government appointees;
- (c) undertake jurisdictional and management responsibilities within the context of the public trust and the constitutionally protected rights of First Nations; and
- (d) be subject to the right of action set out in section 5 of this Act.

(2) The Provincial Government appointees to the local management authority must:

- (a) be drawn from sectors of interest that are broadly representative of the full range of forest values to present and future generations;
- (b) commit themselves to operating within the parameters of the rights and principles outlined in sections 3 and 8 of this Act; and

14. (1) No major licensees with manufacturing facilities shall have allowable annual cut under tenure that exceeds 50% of their total BC processing capacity, or their actual processing averaged over the previous five years, whichever is less.

(2) The Minister of Forests, by written notice, must require the holder of a major licensee with manufacturing facilities to take such steps as are necessary to meet the requirements of subsection 14(1).

15(1) The BC Timber Market is hereby established, and is comprised of

- (a) a Timber Sales Exchange
- (b) a Log Exchange

(2) The BC Timber Market shall be arms length from any person who sells logs to, or buys logs from the Log Exchange, and from any tenure holder.

16. The purposes of the BC Timber Market include

- (a) providing transparent, credible values for all grades and all species of logs in a manner appropriate for calculating stumpage for non-market wood;
- (b) maximizing the value of the timber supply, including providing broad access to the timber supply for non-tenured processors;
- (c) encouraging a profitable, competitive, forest industry in BC;
- (d) supporting a variety of tenure types across BC;
- (e) providing access to markets, marketing expertise and distribution channels for primary wood producers;
- (f) encouraging the value-added utilization of logs of all qualities; and,
- (g) securing reliable markets and supply.

17 (1) To ensure values provided by the BC Timber Market are accurate the Ministry of Forests shall retain responsibility for all scaling.

(2) With respect to log yards established as part of the Log Exchange:

- (a) scalers are responsible for scaling, sort coding and determinations with regard to bucking or cutting to maximize the value of the log;
- (b) a minimum of one scaler at each log yard must be trained in the Scribner system;
- (c) a random selection of representative logs in each market must be scaled according to both the BC scaling system and the Scribner system and resulting sales prices tracked separately.

Timber Sales Exchange

18(1) The Timber Sales Exchange is responsible for the management of an orderly competitive market in timber sales licences made available by the Ministry of Forests on tenured and public forest lands.

(2) The functions of the Timber Sales Exchange include, but are not limited to

- (a) setting minimum bids;

PART 6 FAIR AND JUST TRANSITION

24 (1) Given major changes ahead in British Columbia's forestry industry that cannot be fully predicted or addressed through this Act, the Government of British Columbia is responsible for the development, and where necessary, implementation of a proactive strategy for just and fair transition for forest communities, both Aboriginal and non-Aboriginal, and workers.

(2) Principles that shall inform the development and implementation of the strategy for just and fair transition include:

- (a) all relevant levels of government must be involved, according to the relevant mandates of their various ministries and agencies;
- (b) an active role in the development and implementation of the strategy must be available to:
 - i) workers and their unions;
 - ii) communities, including local elected officials, non-governmental organisations, community service providers, community economic development organisations, local management authorities under this Act; and,
 - iii) other interested parties affected by the transition strategy;
- (c) components of a just and fair transition strategy may include:
 - i) reinvestment of forest revenues back into the forest, consistent with the rights set out in section 3 of this Act, to create enhanced employment and forest sustainability;
 - ii) use of new and existing human resource and labour adjustment agencies to provide support to any displaced forest workers (e.g., support for reemployment; job placement in comparable employment; training and education for career development; income support; bridging to pension);
- (d) any specific components of the strategy must be adaptable enough to accommodate a wide variety of needs;
- (e) workers and communities should not bear the costs of transition alone.

(3) The transition strategy must address approaches to implementation funding from sources that may include, but are not limited to the BC Forestry Revitalization Trust, Employment Insurance, programs of Human Resources Development Canada, employers, and revenues from stumpage or log market sales.

PART 7 CONSEQUENTIAL AMENDMENTS

64.1 Maximum cut control limits set out in subsections 64(1), 64(2), 64(3.1) and 64.2 also apply on per species basis in relation to portions of the allowable annual cut available to be harvested from specified species of timber as provided for in subsection 8(5.2).

7 The following section is added

No overharvesting during transition to democratic local control

64.2 Until the tenure redistribution set out in sections 9-11 of the *Forest Solutions for Sustainable Communities Act*, S.B.C. 2003, c.x is accomplished

(a) the holder of a replaceable agreement, other than a tree farm licence or community forest agreement must ensure that the volume of timber harvested during a calendar year under the agreement is not more than 100% of the of the allowable annual cut authorized in or for the agreement;

(b) the holder of a tree farm licence must ensure that the volume of timber harvested during a calendar year under the licence is not more than 100% of the allowable annual cut available to the holder during that calendar year.

8 Repealing section 65 and substituting the following

Excess Harvesting

65. (1) If the volume of timber harvested under an agreement

(a) exceeds, if section 64 (1) or (2) applies, either of the maximum limits specified in paragraph (a) or (b) of that subsection,

(b) exceeds the maximum limit specified in section 64 (3.1), (4) or (5) where that subsection applies,

(b.1) exceeds the maximum limit specified in section 64.2, or

(b.2) exceeds species specific maximum limits

then

(c) in respect of the volume harvested in excess of the maximum limit, the holder of the agreement must pay to the government, in addition to other stumpage payable under this Act or any other penalty under this Act, a penalty at the rate or rates required by subsection (2).

(2) A penalty payable under subsection (1) (c) is to be at a rate that is twice the average stumpage rate that was applicable to timber harvested under the agreement

- (vi) peeled poles and piles having top diameters less than 28 cm and fence posts,
- (vii) Christmas trees, or
- (viii) sticks and timbers having diameters less than 15 cm, ties and mining timbers

Forest Practices Code of British Columbia Act

14. Section 18 of the Forest Practices Code of British Columbia Act, R.S.B.C. 1996, c. 159 is amended by adding the following subsection

(2.1) A forest development plan referred to in subsection 18(1) includes a previously approved forest development plan, or portion thereof, for an area deleted from or affected by an allowable annual cut reduction pursuant to sections 9 and 11 of this Act.

15. Section 22.1 is amended by adding the following subsection

22.1(1.1) A silviculture prescription referred to in subsection 22.1(1) includes a previously approved silviculture prescription for an area deleted from or affected by an allowable annual cut reduction pursuant to sections 9 and 11 of this Act.

Forest Revitalization Act

16. Section 3 of the Forest Revitalization Act, S.B.C. 2003, c. 17 is amended by adding the following subsections

3(7) In making an order under this section, the Minister must take into account the rights and principles outlined in sections 3 and 5 of the *Forest Solutions for Sustainable Communities Act*, S.B.C. 2003, c. x.

3(8) In making orders under this section the Minister must prioritize licensees who have undertaken any of the actions set out in section 9 of the *Forest Solutions for Sustainable Communities Act*

17. Section 6 of the Forest Revitalization Act is amended

- (a) deleting subsections 6(1), 6(2) and 6(3)
- (b) by replacing subsection 6(4) with the following

6(4) Each holder of an ungrouped licence, a timber licence or a licence in a group of licences is entitled to compensation from the government in amount equal to the value, determined under regulations, of improvements made to Crown land that

William Dumont

From: Crisp, Nick FOR:EX [Nick.Crisp@gov.bc.ca]
Sent: Wednesday, September 27, 2006 2:20 PM
To: s.22 Minister, FOR FOR:EX; Wright, Don J FOR:IN; s.22
Cc: gwen@wildernesscommittee.org; webmaster@wildernesscommittee.org
Subject: MRL 97170 - Wilderness Committee

Sending on behalf of Nick Crisp, Manager, International Relations and Trade, Economics and Trade Branch, Ministry of Forests and Range:

Dear s.22

Thank you for your August 9, 2006 email to The Honourable Rich Coleman regarding log exports. I have been asked to respond.

Log exports in British Columbia are governed by law. Controls through public forest policy, on log exports from land under provincial jurisdiction, have been in place for the last 100 years.

Approximately two-thirds of logs exported from British Columbia in recent years have originated from private forest land and not public lands. Most private forest land falls outside of provincial jurisdiction and export approval for timber from these lands is the responsibility of the federal government.

The Honourable Rich Coleman recently appointed two highly qualified individuals to review log exports from British Columbia. Former deputy forests minister, Don Wright and professional forester, Bill Dumont will provide a comprehensive review of British Columbia's log export policy. Their review will examine the rationale for log exports from private and Crown lands and the effect of log exports on the forest industry, forest-dependent communities and forest workers. This log export review will specifically investigate the current provincial log export restrictions. I have forwarded your opinion to Messrs. Wright and Dumont for their consideration.

Thank you again for writing on this important issue.

Nick Crisp, Manager, International Relations and Trade, Economics and Trade Branch, Ministry of Forests and Range

cc: The Honourable Rich Coleman, Minister of Forests and Range
 Bill Dumont, Senior Forestry Consultant, Dumont and Associates 1753 Peerless Rd, Cobble Hill, BC, V0R 1L0
 Don Wright, Principal Consultant, Analytica Consulting
 4505 Tanglewood Crescent, Victoria, BC, V8X 3V3

-----Original Message-----

From: s.22
Sent: Wednesday, August 09, 2006 10:42 PM
To: Coleman.MLA, Rich
Cc: gwen@wildernesscommittee.org; webmaster@wildernesscommittee.org
Subject: Wilderness Committee

I would like to register my opinion regarding the export of raw, unprocessed logs from British Columbia. Although BC's forest legislation should work to forbid unprocessed logs to be exported from British Columbia, politicians keep on granting exemptions to the ban. Raw log exports are rapidly increasing under your government. This is indeed contrary to the Liberals pre-election promises, where your party stated that it opposes raw log exports! In fact, from 2001 to 2003 the provincial government in BC exported more than 10,881,255 cubic meters of raw, unprocessed logs at a time when the forestry rate of cut was unsustainable high. This export of unprocessed logs corresponds to 300,000 full logging trucks, which could have run 6 sawmills and employed nearly 4000 people annually in local communities around the province. The vast majority of these logs went to the US and to Asia.

Opinion

In My Opinion: Please outlaw raw log exports once and for all. Exporting raw and unprocessed logs is an extremely shortsighted philosophy that contributes to the devastation of ecosystems in BC and exports jobs abroad. There is no justification for destroying whole ecosystems for the meager revenue that raw logs generate.

Contact Info

s.22

This email was generated by http://www.wildernesscommittee.org/campaigns/policy/forestry/raw_logs/form/coleman on August 9, 2006 10:42 pm Canada/Pacific.

William Dumont

From: Crisp, Nick FOR:EX [Nick.Crisp@gov.bc.ca]
Sent: Monday, October 02, 2006 11:58 AM
To: s.22 com; Minister, FOR FOR:EX; s.22 ; Wright, Don J FOR:IN
Cc: gwen@wildernesscommitee.org; webmaster@wildernesscommittee.org
Subject: MRL 97276 - Wilderness Committee

Sending on behalf of Nick Crisp, Manager, International Relations and Trade, Economics and Trade Branch, Ministry of Forests and Range:

Dear s.22

Thank you for your September 20, 2006 email to The Honourable Rich Coleman, Minister of Forests and Range regarding log exports. I have been asked to respond.

Log exports in British Columbia are governed by law. Controls through public forest policy, on log exports from land under provincial jurisdiction, have been in place for the last 100 years.

Approximately two-thirds of logs exported from British Columbia in recent years, have originated from private forest land and not public lands. Most private forest land falls outside of provincial jurisdiction and export approval for timber from these lands is the responsibility of the federal government.

The Honourable Rich Coleman recently appointed two highly qualified individuals to review log exports from British Columbia. Former Deputy Forests Minister, Don Wright and Professional Forester, Bill Dumont will provide a comprehensive review of British Columbia's log export policy. Their review will examine the rationale for log exports from private and Crown lands and the effect of log exports on the forest industry, forest-dependent communities and forest workers. This log export review will specifically investigate the current provincial log export restrictions. I have forwarded your opinion to Messrs. Wright and Dumont for their consideration.

Thank you again for writing on this important issue.

Nick Crisp, Manager, International Relations and Trade, Economics and Trade Branch, Ministry of Forests and Range

pc: The Honourable Rich Coleman, Minister of Forests and Range
Bill Dumont, Senior Forestry Consultant, Dumont and Associates 1753 Peerless Rd, Cobble Hill, BC, V0R 1L0
Don Wright, Principal Consultant, Analytica Consulting

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4505 Tanglewood Crescent, Victoria, BC, V8X 3V3

-----Original Message-----

From: s.22

Sent: Wednesday, September 20, 2006 10:28 PM

To: Coleman.MLA, Rich

Cc: gwen@wildernesscommittee.org; webmaster@wildernesscommittee.org

Subject: Wilderness Committee

I would like to register my opinion regarding the export of raw, unprocessed logs from British Columbia. Although BC's forest legislation should work to forbid unprocessed logs to be exported from British Columbia, politicians keep on granting exemptions to the ban. Raw log exports are rapidly increasing under your government. This is indeed contrary to the Liberals pre-election promises, where your party stated that it opposes raw log exports! In fact, from 2001 to 2003 the provincial government in BC exported more than 10,881,255 cubic meters of raw, unprocessed logs at a time when the forestry rate of cut was unsustainable high. This export of unprocessed logs corresponds to 300,000 full logging trucks, which could have run 6 sawmills and employed nearly 4000 people annually in local communities around the province. The vast majority of these logs went to the US and to Asia.

Opinion

In My Opinion: Please outlaw raw log exports once and for all. Exporting raw and unprocessed logs is an extremely shortsighted philosophy that contributes to the devastation of ecosystems in BC and exports jobs abroad. There is no justification for destroying whole ecosystems for the meager revenue that raw logs generate.

Contact Info

s.22

This email was generated by http://www.wildernesscommittee.org/campaigns/policy/forestry/raw_logs/form/coleman on September 20, 2006 10:28 pm Canada/Pacific.



s.22

Printed: November 30, 2006 6:49:07 PM

From : Western Canada Wilderness Committee Victoria -s.22
Sent : November 30, 2006 5:09:18 PM
To : s.22, <rich.coleman.mla@leg.bc.ca>
CC : "Joe Foy" <joe@wildernesscommittee.org>, "Gwen Barlee" <gwen@wildernesscommittee.org>, <bob.simpson.mla@leg.bc.ca>, <shane.simpson.mla@leg.bc.ca>, "Western Canada Wilderness Committee Victoria" s.22
Subject : WCWC's Submission to Log Exports Review Panel

To Bill Dumont, Don Wright, and Rich Coleman:

The following is the Western Canada Wilderness Committee's written submission to the Log Exports Review. For more information contact us at (250) 388-9292 in Victoria or (604) 683-8220 in Vancouver. Thank you.

Ken Wu, Campaign Director, WCWC Victoria chapter

WCWC's Submission to the Log Exports Review Panel

The Western Canada Wilderness Committee (WCWC) would like to go on record calling for a legislated ban by the provincial government on raw log exports off Crown and private lands in BC.

Our main environmental goals in relation to BC's forests include:

- Expanding the protected areas system based on open public input, conservation biology principles, and First Nations land use plans;
- Quickly ending (ie: phasing-out) old-growth logging on Vancouver Island and in southern BC.
- Establishing a sustainable forest industry in non-protected areas based on a slower, sustainable rate of cut and stringent forestry practices based on ecosystem-based management.

In order to obtain these goals, it is vital that the current rate of overcutting, based on 80 year rotations on the coast (or as low as 45 years on some private lands) in forests that are naturally often 200 to 1500 years old, is greatly reduced.

However, in order to maintain forestry employment levels while the rate of cut is reduced and greater protection measures are implemented, it's vital that we increase the jobs-to-harvest ratio in BC's timber industry.

Unfortunately, the BC government's policies have gone precisely in the opposite direction: allowing for a massive increase in raw log exports; allowing coastal mills to shut down; and allowing a rapid liquidation of forests particularly on corporate private lands on eastern Vancouver Island, as well as old-growth western red cedar and hemlock on Crown lands. Since the BC Liberal government came to power they have:

- Allowed a tremendous increase in the export of raw

- logs by issuing greater levels of log export permits for Crown lands and doing nothing about the flow of logs off private forest lands. Well over 20 million cubic meters have left the province since 2001.
- Eliminated the local milling requirement (appurtenancy) for companies with logging tenures, as well as allowing mills to shut down without government review.
 - Allowed Weyerhaeuser (now Island Timberlands) to remove 90000 hectares of private forest lands from their TFL's, thus opening the floodgates to further raw log exports.
 - Eliminated ministerial reviews of the transfer of TFL's between companies, thus allowing corporate concentration to increase on the coast such that one company now holds virtually all of the Crown tenures on Vancouver Island.
 - Eliminated the 5% of the AAC allocated as "first-dibs" to small mills and value-added manufacturers.

All of these policies have exacerbated the increase in raw log exports from BC.

The Wilderness Committee is recommending that the BC government:

- Enacts a legislated ban on raw log exports from Crown and private lands.
- Forces companies to put all logs up for open-bidding at regional log markets for BC mills and manufacturers.
- Redistributes at least 60% of the corporate tenures into the hands of smaller companies, for woodlot licenses, and for First Nations with an exclusion on logging old-growth forests in southern BC.
- Puts Island Timberlands private forest lands back into the TFL's which they were removed from.
- Provides assistance to companies that invest in mills that will take smaller-diameter, second-growth logs and value-added manufacturers of second-growth logs.



Youbou TimberLess Society

LOG EXPORT POLICY REVIEW Youbou TimberLess Society Submission (15 October 2006)

Thank you for this invitation and opportunity for comment. The Youbou TimberLess Society owes its very existence in large part to the increasingly permissive policy of log exports from Vancouver Island and we do have strong feelings about this issue.

To give the panel some historical context, the Youbou TimberLess Society (YTS) was established in December 2000 by the soon-to-be severed workers at the Youbou Sawmill. This profitable manufacturing operation was closed by TimberWest Forest Corporation, who all the while denied that log exports had anything to do with the closure decision.

The political and economic ramifications that followed this decision were significant to the Cowichan region. The collateral human suffering by individual workers, their dependent families, and local communities has been and continues to be profound. To illustrate this human dimension, we wish to formally submit an exhibit for the record. (Published document entitled *Fractured Lives: Results of the 2003 Survey of Youbou Sawmill Workers*, Prudham, PHD and Penfold, PHD, University of Toronto, July 2005)

Our Society, whose membership extends community-wide, has hosted many public events and demonstrations since 2000. These events have been very enlightening and have allowed us to clearly measure the mood and thinking of our community. Although we can't enumerate with statistical precision what the people of southern Vancouver Island think of log exports, we can tell you with confident authority that the vast majority of the public does not approve of this practice and policy.

Please bear in mind that we are informed by real people at the community level and that our efforts are wholly voluntary. We are not paid lobbyists, and we do not reflect narrow or exclusive interests (e.g., Steelworkers, Private Forest Landowners, Truck Loggers, Woodlot Owners).

PO Box 1218, Lake Cowichan, BC, V0R 2G0

www.savebcjobs.com

These real people believe that public policy concerning the forest resource is failing miserably and their belief is reinforced with every loaded log truck that exits every valley everyday on southern Vancouver Island.

Real people have not only lost their livelihoods, but have lost confidence in the BC government's management of the forest resource. More importantly, these people view the forest resource as part and parcel of the "*common wealth*." These are "*our forests*" whether the trees grow on Crown or private land.

Contrary to the province-wide ratio of 95% Crown lands to 5% private lands, the south Vancouver Island land base consists of about 80% private land and this has a crucial influence over the perception and attitudes of people in our communities.

People in our communities increasingly recognize forest land issues and are concerned about how forest policies affect them on a day-to-day basis. They are aware that forest resources must be managed for the long-term sustainability of local communities and generations yet unborn. These people know that the sustainability of local communities encompasses both economic and environmental dimensions. Our experience leads us all to believe that economic and environmental sustainability is not being addressed. The truth is on the ground here in our midst. The evidence is that public policy is failing.

We propose to highlight and share with you some of our community-level observations. This is our evidence and while much of it extends beyond log exports to include other facets of forest policy, we note that the terms of reference for this review are invitingly broad. The problem of log exports cannot be simply separated away from the many other problems that riddle BC forest policy.

Grassroots Observations and Evidence

The evidence is that log exports out of this region are probably the only forest economic indicator showing growth except perhaps for forest sector job loss. The YTS has documentary film proof of the fibre leaving. One YTS counting station recorded 953 trucks over four days in March 2006, which represents 1667 loads per week. This is 58 345 cubic metres based on 35 cubic metres per truck.

To put this in a Youbou Sawmill context:

1999	216 operating days, average two-shift basis
	490 000 cubic metres, annual fibre consumption
	2269 cubic metres per day

2000 198 operating days, average two-shift basis
453 000 cubic metres, annual fibre consumption
2289 cubic metres per day

To measure the significance of these 1667 logging trucks in another way, we know of one small sawmill in the Cowichan valley that is struggling to obtain just two trucks of logs a day in order to survive. In this one instance, 16 direct jobs are on the line.

The evidence is that the last old-growth forests are being systematically liquidated in favour of short-rotation industrial-style tree cropping. This is bad for the long-term economic and environmental health of southern Vancouver Island communities. The loss of residual old-growth is especially senseless to people when it is known to be exported.

Despite much corporate and government speak for more than a decade about the end of old-growth fibre and a need to retool antiquated manufacturing to the smaller-sized, second-growth diameters, lots of old-growth timber is still *mined*, some of it massive. The picture below shows just one old-growth stem trucked through the town of Lake Cowichan on 05 April 2006. This was a second-cut log, the larger butt log—too big for a standard bunk—was hauled out on a flatbed truck later the same day.



B. HAYWARD

The evidence is that the endemic biodiversity of native forests is being sacrificed for industrial, monocultural plantations. Not only are native species being extirpated but in some cases the spread of invasive exotic species poses an additional threat to native species at risk. All of this disturbance to the natural balance puts the ecological services that people and communities ultimately depend upon at risk. People cannot understand why their neighbourhoods should be plundered by absent landlords who export the forest resource to the advantage of distant markets.

The work of ecologist Dr. Neville Winchester on coniferous high-canopy invertebrate associations is but one example of the critical biodiversity shown to be at risk from the loss of southern Vancouver Island lowland temperate rainforests. People recognize the importance of preserving these remnant forests. Aside from a pure scientific interest, the potential pharmaceutical value in sustaining these forests is also recognized. Communities understand that such places also embody increasing economic value as tourist destinations. It does not make sense to cut them down and it makes less sense to export these trees.

The evidence is that other vital forest values, such as slope stability and watershed protection, are being compromised everywhere because of carelessness or lax scrutiny. The eyes and ears of the BC Forest Service have been eviscerated as documented by the Sierra Club of Canada (*Axing the Forest Service*, Parfitt and Garner, November 2004). People do not like to see their forests trashed and they are even more indignant when they know their trees are being exported.

The evidence is that on private forest lands, harvest schedules are being accelerated to sustain investor's quarterly dividends or distributions and not to meet sound principles of ecological stewardship.

The most recent high-profile example of environmental compromise is that provided by our community friends in Port Alberni who have documented the tragic despoliation of their watershed lands in the Beaufort Range by the SFI-certified, TimberWest Forest Corporation.

Ironically, despite TimberWest's scramble to sustain investor distributions on the backs of local communities and the environment, their investment quality continues to be downgraded by market analysts (Roseman, Ellen, Toronto Star, 27 September 2006, Key measures of income trusts).

The evidence is that Government policies, in this new FRPA era, have encouraged corporate concentration in the forest industry at the expense of local investment, diversification, and competition.

Here on Vancouver Island, Western Forest Products has now amassed an unprecedented monopolistic position with respect to Crown lands. This continued pattern will inevitably lead to a shrinkage in employment. People know that as sawmill capacity declines, more logs will be made available for export.

Lavish compensations to big forest companies for marginal harvest take-backs have been followed by deplorably limited concessions of fibre off Crown lands to

community and native groups. These inadequate gestures of short-term timber allocations generally have nothing to do with what is really required at the community level—that is, sustainable ecological stewardship of the forest land base in concert with the fostering of local manufacturing capacity. The spectacle of newly awarded groups petitioning government to export their harvest is discouraging.

The evidence suggests serial appeasements and concessions to the large industrial players by Government as the preferred *modus operandi*—an echo of what used to be termed “*sympathetic administration*” under the old *Forest Act*. One example of this has been the incremental removal of vast tracts of private lands from Tree Farm Licence management. People see that this liberation of lands has allowed still more unfettered log exports.

The evidence is that recent Government policies permitting disengagement by Licensees of their responsibilities and obligations on forest lands have not advanced the public interest. The Youbou Sawmill workers witnessed the disappearance of TFL processing requirements and are now left to watch a continuous parade of trucks exiting the Cowichan valley with their timber wealth.

The evidence is that Government capitulation to the *broken-wing* displays of Licensees has led to such a contraction in manufacturing capacity that any “surplus tests” prior to the issue of export permits have become increasingly meaningless. The community sees that there is no one left to bid and they are angry.

The evidence is that “results-based management” policies have eliminated bothersome prescriptive management codes and lead to a dramatic decline in stewardship, accountability, and even safety. Standards have been relaxed to what end? Coastal communities are now said to be losing fully 20% of the cut to exports.

The evidence is that with the dissolution of appurtenancy provisions, local manufacturing capacity has declined while log exports have expanded. Not only have Licensees been relieved of onerous social obligations, they can now freely buy, sell, and subdivide licences without restriction. Communities are left to suffer on the sidelines while companies wheel and deal the public’s forest wealth and simultaneously export evermore logs.

The evidence is that the number of jobs per cubic metre is falling relentlessly and that BC’s value-added wood exports have stagnated (*Getting More From Our Forests*, Parfitt, Canadian Centre for Policy Alternatives, December 2005). People here are frustrated to see their logs exported south of the border into a jurisdiction that creates more jobs per cubic metre at their expense.

The evidence is that Canada-US softwood tariffs and penalties allow competing US sawmills an unfair trade advantage when bidding on Canadian sawlogs.

The evidence is that despite repeated promises of substantial investment from the forest industry, manufacturing capacity has continued to decline with commensurate job loss in an environment of escalating log exports (e.g., *Embracing the Vision: Rebuilding British Columbia's Coastal Forest Industry*, published by TimberWest, Weyerhaeuser, Interfor, October 2003).

Based on the summary of evidence, both analytical and anecdotal, forest policy in British Columbia is broken and needs radical repair. *Log Export Policy* is but one fault in this crumbling edifice.

An examination and overhaul of fundamental public policy precepts is vital. We offer the following precepts as a starting point.

Public Policy Precepts

It is urgently in the public interest to restore public control over the forests of British Columbia.

It is in the public interest to stop all log exports and eliminate the Timber Export Advisory Committee (TEAC).

It is in the public interest to protect, by permanent moratorium, all remaining ancient forests in coastal British Columbia.

It is in the public interest to insist that practices on working forest land, whether Crown or private, be harmonized to a single, enforceable, and rigorous standard.

It is in the public interest to establish a strong Forest Land Commission, comparable to the Agricultural Land Commission, that will protect the working forest land base.

It is in the public interest that local communities have substantive and meaningful input concerning forest land management, especially for those lands that are sources of community drinking water.

It is in the public interest to establish distributed regional log markets that provide access and opportunity to smaller entrepreneurial ventures and value-added manufacturers without fear of intimidation and reprisal from big players.

It is in the public interest to encourage an end to wholesale forest liquidation and large-scale clearcuts in favour of perpetual management strategies such as *sequential thinning* so that full-profile ecosystems are preserved and site productivity is enhanced.

It is in the public interest to stop special Orders-in-Council that allow wholesale log exports from Crown lands by fiat.