



2010
KELOWNA, BRITISH COLUMBIA
April 8-9

Log Exports: Good for business, bad for the economy?

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ExpoFor 2010





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“Log Exports 101”

Logs must be manufactured in BC unless they are deemed to be surplus to domestic needs

Exemptions via the “surplus test”, Ministerial Order or OIC

Export Fees (in lieu of manufacture)





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Log exports bring greater employment stability to the notoriously cyclical, commodity-based forest products industry

David Haley, UBC Forest Economics. Date unknown





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Exports of private land logs are part of the economic solution for the BC coast wood products industry ... barriers to the export of logs from private lands should be removed immediately ...

BC Competition Council's Wood Products Industry Advisory Committee paper (March 2006)





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Both the federal and provincial governments of Canada severely restrict the export of softwood logs, particularly logs of sufficiently high quality to make softwood lumber. Since these Canadian logs can not be sold abroad, but instead can only be sold to Canadian sawmills, these sawmills can exploit suppressed prices for the logs. The log export ban protects the timber-price subsidies and adds to existing subsidies by artificially depressing Canadian log and timber prices ...

www.fairlumbercoalition.org date unknown





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The system (administrative procedures and timber tax charges that form the basis of the export control system) is found to be based on the arbitrary and unilateral view that domestic processing is the best use of the province's timber....

Log export restriction in British Columbia : an economic examination Author: Duncan Davies, Master of Science - MSc Program Forestry Copyright Date: 1977.
<https://circle.ubc.ca/>





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If the log market in BC were truly an open market (similar to oil, gas, wheat and most minerals), we would have a more robust forest economy as well as a more robust manufacturing economy. We would be harvesting more of the coastal timber profile and we would have higher employment levels in the harvesting sector and in the forest industry as a whole.

Bill Markvoort VP Probyn Log Ltd. Personal Communication, 2010





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Since the mill restarted in 2006 about a third of our requirement (350,000m³) is available because the suppliers are able to export a portion of their harvest. Shutting down log exports would shut our mill down as well and 380 union jobs would cease to exist.

Brian Brown, VP Fibre Procurement Neucel Specialty Cellulose, Personal Communication 2010





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The coastal industry has developed a separation between the harvesting and manufacturing business units. The current surplus test needs to be adjusted to bring better balance between the two sectors. A surplus test allowing the advertisement of all grades before the timber is harvested allows the harvester to have confidence in the timber value before harvest and allows the domestic manufacturer to forecast log flow.

John Mohamed, A&A Trading. Personal Communication, 2010





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The current surplus test works well and should not be changed

Tom Jones, Teal Cedar Group. Personal Communication, 2010





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At this time, the whole value-added issue is a black hole for new entrants. If real strides are to be made on a policy level, we should be pushing for open access to the international log market, because that would increase stand value and economic feasibility enormously ...

**Bill Markvoort VP Probyn Log Ltd, TruckLogger Magazine,
Spring 2010**



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We need a new and progressive approach to log exports as part of the coastal business profile. While we are a domestic manufacturer, we fully appreciate the role of log exports from both an economic and a trade perspective. We therefore need to streamline the process requirements as part of the economic recovery as well as have clear surplus requirements that support local manufacturing.

Ric Slaco, Chief Forester, Interfor, Personal communication
2010





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I have always believed that if your timber was acquired because you had a sawmill, that the timber should go to the mill. If you are an independent logger who acquired timber to sell on the open market, then you should be allowed to market your timber on the world markets. The lumber that a sawmill produces sells at whatever the world price is. Why should the market logger not get the same opportunity at maximizing my product price as the sawmill owner?

Mike Hennigan, Western Fallers Association, personal communication, 2010.





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TaanForest, the forestry arm of the Haida Nation, conditionally supports the export of logs on the short-term in order to have operations that are economically viable and provide the creation of jobs and capacity building for our people..... However, on the long-term, the objective must be for the manufacturing and value creation to be achieved on Haida Gwaii and BC.

Bob Brash, TaanForest. Personal Communication, 2010





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One Community Forest I am aware of is reserving the revenue increase from log export sales in a fund to finance seminars on the community's value added opportunities and to research how to extract more value from their forest".

Dave Clarke, Canadian Overseas Personal Communication,
2010



Log Exports: Good for business, bad for the economy?

Every raw log that is exported represents the potential for more employment, as logs could be processed into quality end products providing more jobs for local communities. In fact, if the 653,819m³. of logs shipped so far this year (1998) were actually turned into value-added end products, then over 1500 jobs could have been created.

The Forest Action Network, 1988





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The latest statistics available show that raw log exports have almost doubled under the Campbell Liberals. Over 4-million cubic metres of raw logs are shipped beyond our borders each year. Right now, when the market is at a low, there are over 80-thousand cubic metres of raw logs in the Fraser River waiting for an export permit. Restricting raw log exports will encourage investment and growth in our manufacturing and re-manufacturing industries.

Carol James NDP Leader, April 2009. www.bcndp.ca



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The BC Liberals have endorsed the March 2009 report from of their own employer-stacked Forestry Roundtable. That means an increase in log exports from BC. That means BC resources don't create BC manufacturing jobs, benefiting BC workers.... BC logs are for the jobs of our direct competitors in the US and Asia. ...

Fraser Valley Labour Council, 2009.





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We started at 6 a.m. and went to five in the afternoon counting trucks. By the end of the week, they calculated that an average 85 log trucks passed them each day, each loaded with trees destined for export to mills far from their own log-dependent town. They say there's no wood for local mills, but it's pretty hard for people to swallow when you can just about get run over by the log trucks." ...

Anger rises over raw-log exports, CanWest MediaWorks Publications Inc. Date unknown





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Exported logs are exported jobs

Various public communications





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The issues surrounding log exports are of fundamental importance to all the people we met, and the implications of our recommendations could have profound significance on their livelihoods and communities.

We went into this project knowing how polarized the positions about log exports in British Columbia are.

While we believe our recommendations work together, they are each directed at different parts of the complex array of issues surrounding log export policy.

The challenge in making good public (log export) policy is to push beyond the pithy “sound bites” and find the durable basis for advancing the overall interests of our society.

Generating More Wealth from British Columbia's Timber: A Review of British Columbia's Log Export Policies Bill Dumont and Don Wright, December 2006

MDT Ltd.: Strategic Support and Analysis for Corporations, Small Business and the Forest Industry





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Norm Macdonald - MLA Columbia River /
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Darshan Sihota RPF - CEO Island Timberlands





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