



COFI convention to cover the challenges—and opportunities—ahead for B.C.’s forest industry

There are challenges and new opportunities ahead for the B.C. forest industry, and both will be covered off at the Council of Forest Industries’ annual convention, being held in Kelowna, B.C. April 6-8.

By Jim Stirling

China is changing and as it does so shifts are occurring in the market demands for British Columbia’s wood products. This presents both challenges and new opportunities, observes Susan Yurkovich, the new president and chief executive officer the Council of Forest Industries (COFI).

That message, along with other topics focused on the theme of industry competitiveness, will be expanded upon and developed during COFI’s annual convention, being held in Kelowna, B.C. April 6-8.

Late in 2015, Yurkovich participated in a trade mission to China and Japan led by Steve Thomson, B.C.’s Minister of Forests, Lands and Natural Resource Operations. More than 30 other forestry executives took the opportunity to accompany the minister for a first-hand look at what’s happening in China today and to solidify contacts and co-operation with their Chinese counterparts.

“China has been a big success story and the result of concerted hard work by a partnership of senior levels of government and the forest industry,” outlines Yurkovich by way of background.

Much of China’s demand for B.C. wood products came in the form of lower grades of product. But it was the timing that proved so serendipitous. The Chinese appetite for lower grades of wood coincided with the recession and collapse of the United States lumber market while at the same time the B.C. Interior was awash in salvaged mountain pine beetle-ravaged wood. The Chinese demand for product kept more than one B.C. Interior sawmill from permanent closure and thwarted all the accompanying negative social ramifications.

Yurkovich had the opportunity to listen to customers, builders, architects and designers while in China. One of the conclusions she came away with: “There’s an opportunity (for B.C. producers) to move up the value chain.” She cited the example of furniture manufactured in China, demand for which has been steady or increasing while demand for lower grades of wood has recently declined, as B.C. sawmills can attest. B.C. and Canada’s most promising opportunity might prove to be increasing wood use in mid-rise buildings, multi-family dwellings, institutional buildings, schools and universities, suggests Yurkovich.

Elsewhere, multi-storey wood buildings in Japan have the advantage of being able to withstand significant seismic activity, compared with other building materials, she notes. And India—looking to join Japan and China



as a market for B.C. wood products—offers intriguing potential. “The logistics are different,” she concedes. The challenge is to identify specific wood products that could be successfully exported to India in the future.

The COFI annual convention routinely attracts up to 500 delegates, including forest industry executives from around North America as well as offshore. Trade—in one form or another—will be front and centre on the minds of many attendees at Kelowna’s Delta Grand Okanagan Resort.

Canada and B.C. are in the standstill period guaranteeing no trade action after the expiry last October of the latest Softwood Lumber Agreement with the U.S. The standstill period is set to expire October 13 and no formal talks between the two countries have been announced at the time of writing.

The Canadian position has been clearly stated. “While free trade would be preferable, managed trade has benefited both countries by providing reliable, affordable, high quality lumber supply from Canada to the United States, and maintaining certainty of market access for Canadian producers,” summarizes Yurkovich, who is also president of the B.C. Lumber Trade Council.

Both parties have learned from past experience that any litigation launched surrounding the bilateral lumber trade is hugely costly and time consuming. Then there’s the uncertainty factor, not knowing how the issue will be resolved. “Capital doesn’t like uncertainty and that’s true for any business, anywhere,” states Yurkovich. “Uncertainty is not great for investment in the sector on either side of the border and there are about 145,000 direct and indirect forest industry jobs in B.C.”

The impacts of fewer and more expensive sawlogs as a result of the mountain pine beetle epidemic will be discussed at sessions on competitiveness during COFI’s convention. “Our allowable annual cut in B.C. is going to be lower and we’re going to have to adjust to a new normal,” predicts Yurkovich. “We have to deal with capacity issues. It’s going to be a different sector, probably slightly smaller.” But the outcome of the process will, she believes, be a sustainable industry that can compete in a global context.

The competitiveness umbrella at the COFI convention also encompasses First Nations and business partnerships. “Our industry has worked hard to develop partnerships with First Nations,” says Yurkovich. First Nations have been granted tenures in B.C. and native-owned companies are bidding on and winning contracts. She notes the forest industry/First Nations relationship is in transition regarding legal frameworks and expectations surrounding land access. What the industry wants is to continue to make quality wood products and keep the communities in which it operates going and healthy, she adds.

A feature of recent COFI annual conventions has been building the opportunity for good old face to face communication and networking into the event’s formal program. The 2016 convention includes a networking reception and generous time around the business sessions for delegates to intermingle and visit the booths of more than 40 exhibitors of forest industry goods and service providers at the convention’s trade show.



COFI annual conference organizers have always made the effort to be inclusive with their invitees to the event. This includes local politicians and others drawn from B.C. communities with an economic reliance on the forest industry. Taking that initiative a step further, an interesting exercise in role reversal is scheduled to be part of this April's event in Kelowna. The forest industry executives and experts will vacate the stage and leave the speakers' podium to others, including four elected mayors—chosen from communities between Prince George and Cranbrook—who will address the delegates from their perspectives.

For further information about this year's COFI convention, guest speakers and full program detail check cofi.org