

INSPIRATION

FACT

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B.C. WILL EXPORT MORE THAN FOUR BILLION BOARD FEET OF LUMBER TO CHINA IN 2011

China's appetite for lumber is a growing factor in B.C.'s forestry industry, helping fill the **gap** left by U.S. tensions.

New opportunities abound for B.C.'s lumber industry

HOW WE MADE IT

When Pat Bell, British Columbia's minister of forests, mines and lands, took office twenty months ago he predicted the province to export four billion board feet of lumber to China in 2011.

"Everyone thought I was crazy," says the minister. "We will do four billion this year—no question."

The key driving force has been the eastern country's appetite for B.C.'s wood.

"Up until recently, China had never been a factor in the equation," says Bell.

But the entrance of China over the past few years has boosted the province—and Canada's—lumber sales.

"There are about 8000 people working because of China," Bell says.

The province itself produces 15 to 17 billion board feet of lumber in a good year.

Bell points out that emerging markets have helped to pick up some of slack created by the United States.

Our southern cousins

"We have been so dependent on the U.S. market," says Bell.

In mid-January the U.S. government

filed for arbitration under the U.S.-Canada 2006 Softwood Lumber Agreement about British Columbia's timber pricing policies.

In January, Bell told The Kimberley Daily Bulletin that the arbitration is an attempt to slow down export of B.C. lumber to boost the success of its own mills.

"At this particular time they are claiming that dead pine beetle wood should be graded as high grade saw logs. Clearly that is not the case. If you went out in the bush and looked at this wood you would see that if you could get any lumber out of it, you'd be lucky," says Bell.

But with increased interest in Canadian lumber from China, prices have remained strong.

B.C. itself has opened 20 sawmills in the last 14 months, says Bell.

According to Don Demens, senior vice president of sales and manufacturing for the B.C. coast-based Western Forest Products, over 60 percent of the volume WFP produces goes offshore.

"About 25 percent of our production currently goes to China," says Demens. "The growth in China allowed us to restart two sawmills in 2010."

Demens also notes that China "presents a bigger opportunity than just

construction materials."

This year China expects a 100 million cubic meter shortfall in domestic wood fibre production.

Going green

Avrim Lazar, president and CEO of the Forest Products Association of Canada and chair of the Advisory Committee on Paper and Wood Products (ACPWP) to the United Nations, also touts the benefits of increased trade of lumber with China.

"There's no doubt that the amount from China is going to keep growing," says Lazar. "And there's no question it's part of our economic survival."

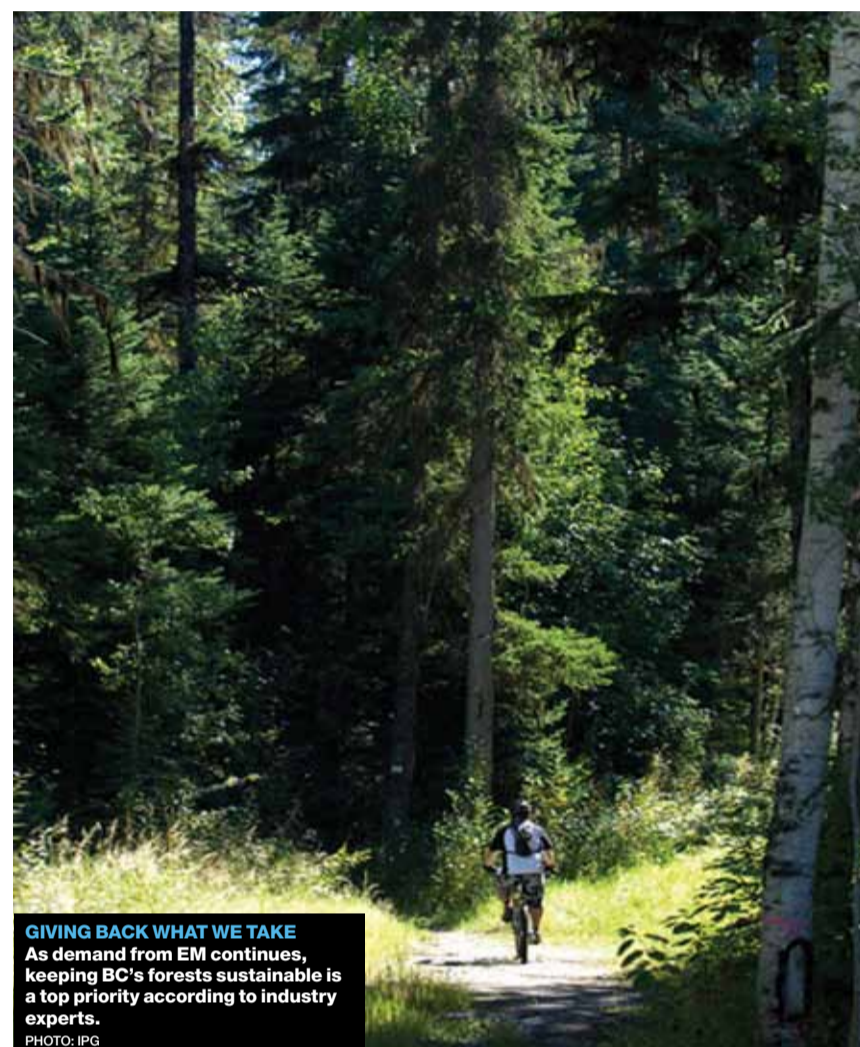
But Lazar says as emerging markets like Brazil, Russia, India and China grow hungry for resources, sustainability will take an unprecedented role in determining who buys what from where.

"The global GDP will be pretty much doubling," says Lazar. "This will cause huge amounts of stress on the environment."

"We're assuming that in that kind of scenario, people are going to be looking for products whose footprint is smaller," adds Lazar.

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GIVING BACK WHAT WE TAKE
As demand from EM continues, keeping BC's forests sustainable is a top priority according to industry experts.
PHOTO: IPG

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