



Also Serving – Interior Logging Association (ph 250-503-2199) & North West Loggers Association (ph 250-635-6801)

Issue # 545 Week of January 18, 2010

## **Coast stumpage rate cut**

The province cut coastal stumpage rates to \$5 per cubic metre this week, prompting the U.S. lumber lobby to call the move “possibly the most egregious violation to date” of the 2006 Softwood Lumber Agreement. Premier Gordon Campbell, announcing the change at the Truck Loggers Convention in Victoria, said the rate change is market-driven, and Forests and Range Minister Pat Bell said it was based on the market price for timber and reflected the current economic reality on the coast.

## **Log exports in focus again**

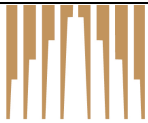
The issue of log exports came up again at the TLA convention this week, with TLA Executive Director Dave Lewis calling for better public understanding of the circumstances hammering the forest industry.

He zeroed in on the need to export raw logs as a key tool to keep forestry workers employed and tax dollars flowing.

Forests Minister Pat Bell said he is personally against raw log exports, but acknowledged there are limited times when the practice is acceptable. “The broad public view at this point is that we should try and manufacture as much as possible in B.C. I respect that view and we’re trying to rebuild the coastal forest industry on that basis.”

## **Expo space going fast!**

If your company wants to display its products or services at Resources Expo June 3-5 in Prince George, connect right away. Inside booth space is 70% booked (95% of main trade floor booked!), and outside exhibit space is 45% booked. Early Bird pricing on exhibit booths is still available until Jan. 31; to view a map showing booth availability, visit the Expo website at [www.bcresourcesexpo.com](http://www.bcresourcesexpo.com)



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## **Govt. to update WW Lien Act**

An updated Woodworkers’ Lien Act to provide loggers with better security and payment for their work if and when a forest company hits financial difficulty “is a priority,” Premier Gordon Campbell told the TLA convention this week.

“We expect legislation to be introduced this spring to deal with that,” he said. “We hope the framework will be passed and we can get that behind us.”

Forests Minister Pat Bell confirmed that government is “very engaged right now with the TLA and other logging associations in B.C. as well as industry to come up with something we can table.”

## **Diversity a big key to success**

Creating a bioenergy industry in B.C. won’t be quite the walk in the park many had hoped. U.S. agriculture subsidies of up to \$45 per ton for collecting and harvesting biomass give U.S. power producers a big advantage, says analyst Don Roberts, managing director of CIBC World Markets. Integrating bioenergy production with traditional forest industries and capturing extra value from biochemicals are key steps to success, says Roberts, who pointed out the cost of quality biomass feedstock is 50% to 80% of variable costs for bioenergy producers. Translation: B.C. will have to do everything it can to ensure that biomass feedstock is available to pellet producers and other bioenergy customers at competitive prices.



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A week ago, government announced an important first step toward providing better access to that fibre – special licences what will allow biomass producers and hopefully other successful licence applicants to go onto forest company tenured land to harvest and move biomass.

Competitive bidding for those licences will be one factor in establishing a market price. The other is for government to ensure there is no constriction in the supply.

Terms of these licences, yet to be set, will be the deciding factor in how effectively they can be used to build strong investor, harvesting and hauling alliances, and to ensure a smooth flow of biomass, whether or not forest companies are having blocks harvested.

This is a great opportunity to diversify the industry, strengthen financing for biomass/bioenergy businesses, and create wider markets for contractor/trucking services. We can't afford to miss it.

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### ***News from around the industry***

**General Biofuels** wants to build a wood pellet-producing plant in the Terrace area and has an option to buy 20 acres from the old Terrace Lumber Company site. The plant would produce 150,000 tons of pellets a year, drawing about 300,000 cubic metres of fibre from area First Nations forest companies and other forest licence holders. The company has biofuel projects in other parts of the world.

**45 Ministry of Forest and Range staff** are among 233 government employees being laid off due to “significant budget pressures.” Forests Minister Pat Bell said the cuts represent a fraction of his ministry's 3,600 full-time-equivalent employees. "Our annual allowable cut is 70 million cubic metres and we didn't cut 50 million last year, so I think it is the responsible thing to look at where we can balance our staffing needs out."

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