Life After the Beetle - Fibre Supply and the Future of the BC Coastal Forest Industry

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Life After the Beetle

Predictions for the Interior in 2010 – and then in 2012
- 16 BC sawmills will close by the mid-term - 2018
- Sawlog timber harvest will drop by almost 20 million m³
- The economics of MPB ‘Shelf-Life’ are a major variable on the future of harvesting MPB logs in BC
- BC lumber production will fall significantly by the end of the decade but should see higher prices

Net Outcome: The BC lumber industry will see a permanent downsizing by the end of the decade and a lumber "supply gap" with rising prices in North America is forecast to occur.
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**BC Interior Residual Chip Supply Vs Demand**

**British Columbia Interior Sawdust & Shavings Supply vs Demand**

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**BC Interior Summary:**
- 25 mills closed since 2005
  - 8 since 2010 – more to follow
- Mid-term BC Interior lumber production 9.3 billion
  - Down from 15 billion (2005)
- Less residual chips – more whole log chips
  - Is it sustainable? ... Depends on the mill
- Sawdust Demand – intense
  - Is it sustainable? ... Depends on the business model

**Life After the Beetle – What About the Coast?**

**Region 9 (Coast) Log Supply Vs Demand**

**Region 9 (Coast) Coniferous Log Availability Forecast vs AAC (Crown + Private)**
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Coastal Log Demand Forecast

Region 9 (Coast) Chip Supply Vs Demand

Region 9 (Coast) Sawdust & Shavings Supply vs Demand

Sawmilling on the Coast?
- 25 Primary Sawmills Remain
  - 3 to 5 at risk in the medium term
- 2 Plywood/1 Green Veneer
  - Solid markets
- Shake and shingle in decline
  - Markets disappearing
  - Cedar in the timber profile declining
- Export of logs to China, Japan and Korea should continue at 25% of demand

Pulp and Paper Mills on the Coast?
- Neucel Pt Alice
  - New owner- Fulida
  - Dissolving pulp
  - Age and infrastructure an issue
- Harmac
  - Against all odds- employee owned success story
- Howe Sound Pulp & Paper
  - New owner- Paper Excellence
  - Less market pulp/more corporate use
  - Power production key new market
- Catalyst
  - $ losses an issue
  - Decline in paper markets

BC Coastal Summary:
- No new sawmill capacity forecast
  - Unless the export profile (and higher log cost) can be utilized
- Pulp mill consumption of (higher cost) whole log chips inevitable
- Impact of MPB
- Coastal pulp/paper mills at risk- paper, yes
  - Market pressures, social media and shift to electronic
  - Fibre supply pressures
- Coastal sawdust/shavings surplus continues
  - Sawdust opportunity for pellets or power
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Questions

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