

# STOPPING THE CYCLE: BOOM AND BUST FOREST INDUSTRY HARD FOR NORTHWEST LOGGERS



The Pacific Northwest has always experienced boom and bust cycles. I recall that even in the 1970s and 80s as a log truck owner, when a slowdown in the forest industry occurred; we were the first area to shut down and the last to start up. This was due to our higher cost of fibre extraction, steeper terrain and higher pulp content.

In the early 1980s when the entire province—and especially the forest industry—followed the rest of the developed countries into a recession, the Northwest was almost at a standstill. My logging truck sat idle for over a year and when I did go to work it was in the Interior. You could shoot a cannon down the main corridor of our local shopping mall and not hit anybody.

**What we need is the political will and climate to encourage the logging industry to contribute to the Northwest's economy once again.**

The economy picked up in the mid to late 80s and good times and prosperity returned to the area until the collapse of Repap (the major employer in the area) in 1997 and the subsequent demise of the then NDP government rescued Skeena Cellulose a few years later. Millions upon millions of dollars were lost by contractors, suppliers and employees here in the Northwest. Repap problems in BC had been apparent since 1990. A letter from our association to then Forest Minister Andrew Petter in 1995 proved to be very prophetic. In it we stated, "The trickledown effect through the Pacific Northwest's economy of a delayed pay schedule will be devastating. What might be even more devastating is if Repap decides to abandon its BC division and leave millions of dollars in unpaid bills to its unsecured creditors."

In 2002, the Liberal government sold Tree Farm Licence #1 and its assets to New Skeena Forest Products for \$6 million. The company was unable to secure financing to get off the ground and in the fall of 2004 was forced into receivership.

The pulp mill and its related sawmills once accounted for over 10,000 direct and indirect jobs in the Northwest area. Over this seven year period millions of dollars were left unpaid to contractors, suppliers and governments causing hardship not only to the affected communities but to employees and families relying on a thriving forest industry.

Due to this collapse, Tree Farm Licence #1 was apportioned out to local First Nations and the City of Terrace now has a community forest. The harvesting community evolved into market loggers. Our wood is marketed throughout the world. Our logs were exported to China and Korea. Our pulpwood was shipped to pulp mills in the Lower Mainland. There are many small sawmillers in the area

who now have easier access to wood.

The other large forest employer in the area was West Fraser with its sawmill in Terrace and its Eurocan pulp mill in Kitimat. After many years of operating at a loss, the company announced on October 2009 that it would permanently close the pulp mill on January 31, 2010. The reasons given for the closure were higher exchange rates, 40 per cent lower prices for the products manufactured and a shortage of low cost fibre. This closure resulted in over 600 direct and indirect job losses and officially marked the end of any large forest related manufacturing in our area.

Our contracting community has always seemed to adapt to the changing times. Contractors have downsized or right-sized to accommodate the amount of work that comes their way. Small blips in the economy come along and keep people working. A Chinese company, Roc Holdings, purchased the old Skeena sawmill in 2012 and reopened it after it had been mothballed for five years. This provided jobs for approximately 50 mill workers and 40 or so

loggers. Earlier this year, the mill closed down citing poor market conditions.

The Terrace economy is more diverse than ever before. It has relied on the Alcan modernization in Kitimat to provide jobs. The Highway 37 hydro line provided jobs for contractors to clear the right-of-way. The site preparation for the up and coming LNG projects has provided employment. The area is a trading hub for the new mines that have started or are about to start production in the area. New hotel and housing construction are causing a flurry of activity within the region.

However, with the low demand for export logs the harvest community is once again almost at a standstill. With the closure of one of the purchasers of our pulpwood, another door has closed. What seems to be lacking in the area is a constant and reliable entity to provide the forest sector with some sense of surety. We need new investment and entrants into the business; however, relying on the export market is not the answer. We are at the beginning of cutting mature second growth here in the Northwest. With the reductions of AAC in the Interior due to the beetle infestation, we need a manufacturing facility to accommodate our good fortune. Wayne Drury from Coast Tsimshian Resources spoke three years ago about creating a facility to utilize the high pulp content in our area; however, there have been no updates since.

While we in the region appreciate the diversification in the economy—the prospect of steadier jobs through the proposed LNG industry and the initiation of some of the long shovel-ready projects—for those in the logging industry continuity and initiative would also be appreciated. We have the resource, the people, the ability and the drive. What we need now is the political will and climate to encourage the logging industry to be a significant contributing factor to the Northwest's economy once again.

Bust won't add to the provincial coffers. Boom might be a stretch. But a solid echo would sure provide a lot of jobs in the industry. ▲