Western Forest Economists 2024

May 2024



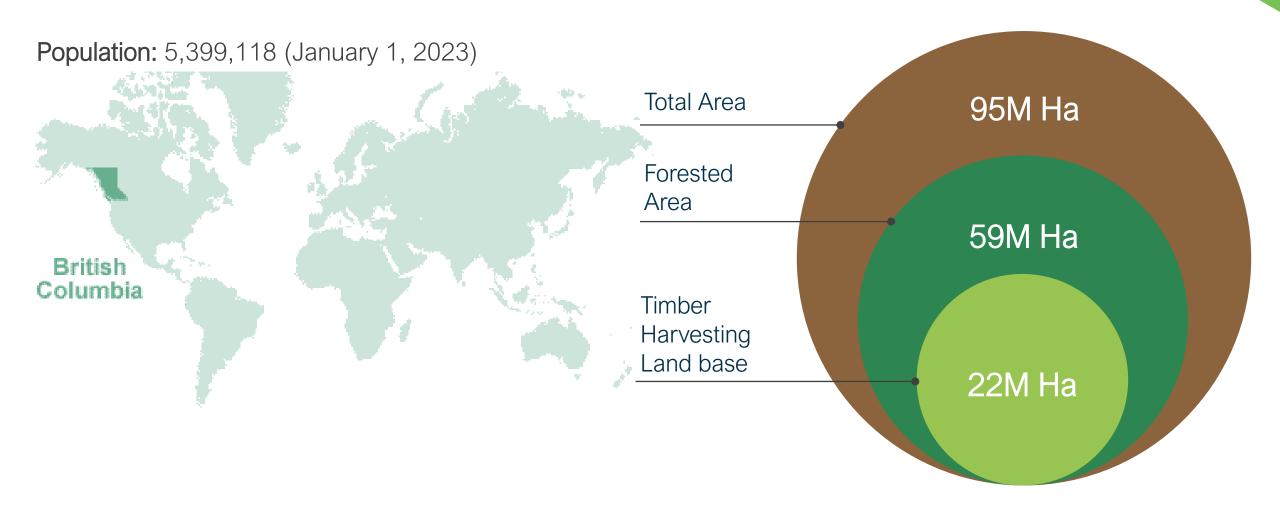
FORESTRY FOR THE PLANET.
FOREST PRODUCTS FOR THE WORLD.

COFI.ORG

Regional Round Up



Background



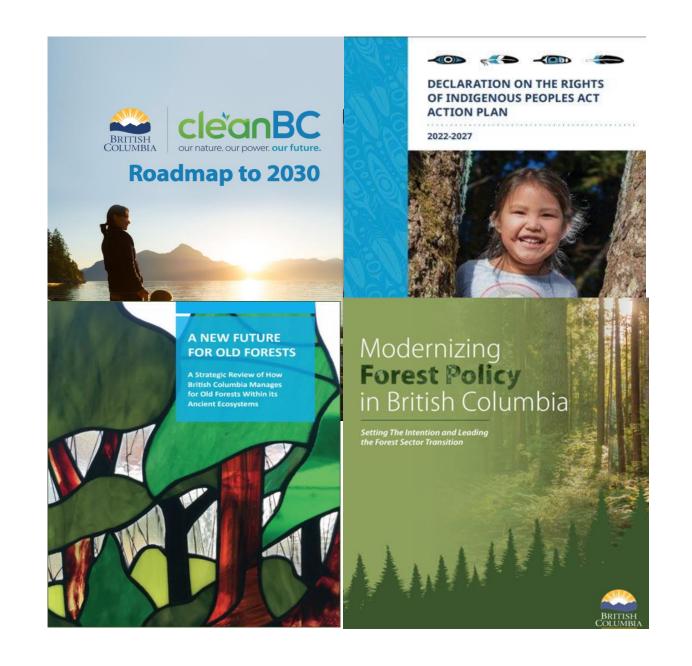




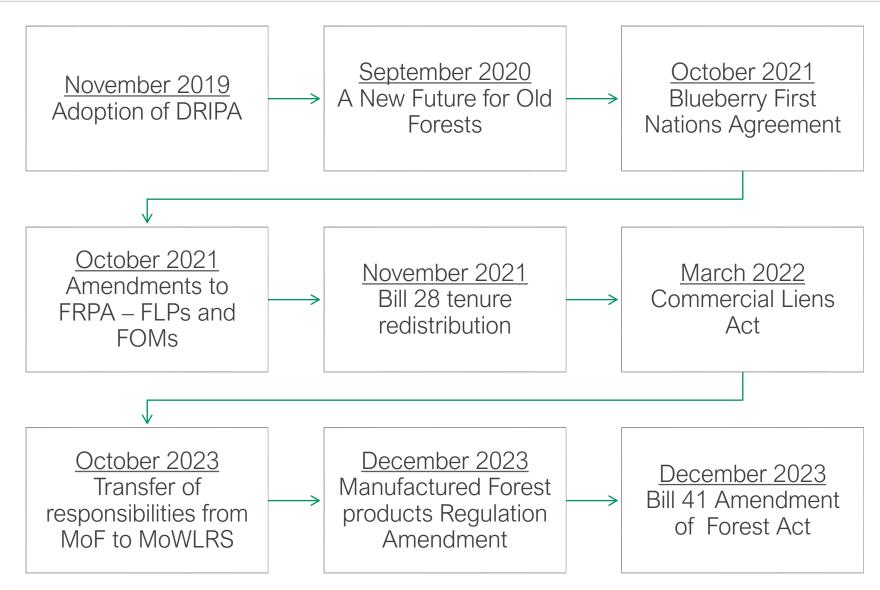
A CHANGING FOREST RESOURCE BASE: Natural Disturbances & Challenges

Broad Policy Transition

- DRIPA Implementation & Indigenous Forest Revenue Sharing
- Modernizing Land Use & Forest Landscape Planning
- Old Growth Protection and Management (Strategic Review & Action Plan)
- Framework on Biodiversity & Ecosystem Health
- Value Added Manufacturing & Innovation
- CleanBC & Net-Zero



Recent Forest Policy Changes





Recent Forest Policy Changes

Other Regulatory Changes include amendments to:

Wildfire Act

Great Bear Rainforest (Management Act)

Forest Revenue Audit Regulation

Forest Accounts Receivable Interest Regulation

Timber Harvesting Contract and Subcontract: Regulation amended June 2021

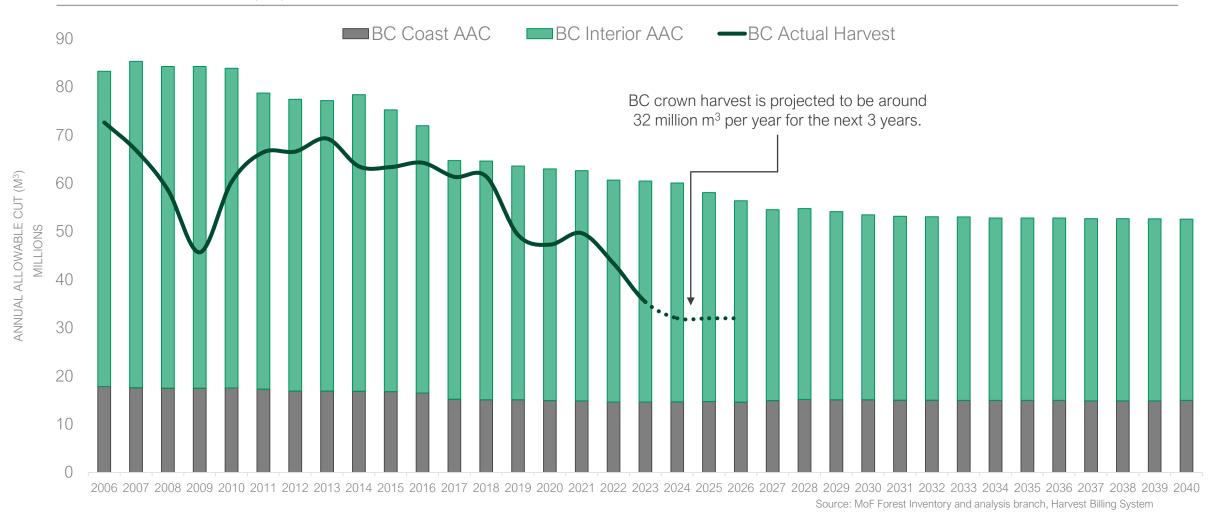
Changes to BCTS Cat 2- new value-added sales category



Supply Constraints

AAC and Harvest continues to decline, with harvest projected to decline to 32M.

Millions of Cubic Meters (M³)



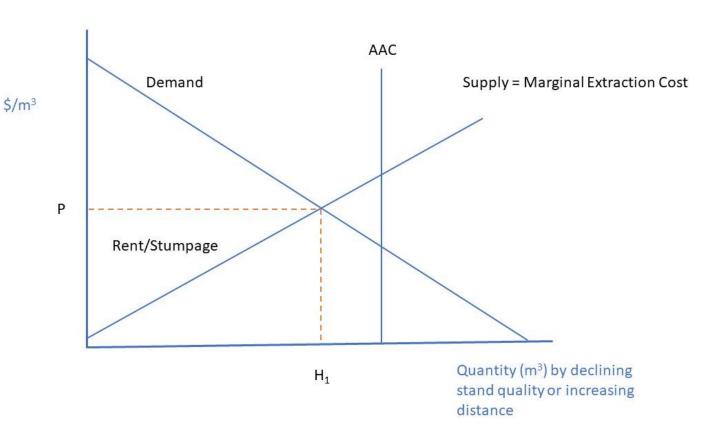


Limitations of Traditional Timber Supply Analysis (AAC)

Primarily biophysically based

- Lacking economics
 - Cost of supply (e.g., distance to market, terrain etc.)
 - Derived demand for timber (end-product prices, manufacturing capacity etc.)

Harvest Economics – Supply and Demand for Logs

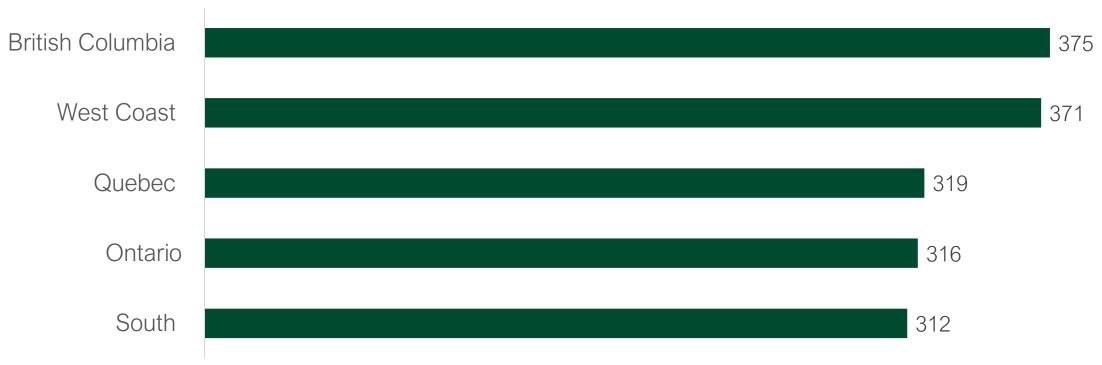




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BC Cost Structure Uncompetitive - Highest in North America

Softwood Lumber Average Variable Cost - [USD/Thousand Board Feet]



Source: Forest Economic Advisors (Feb 2024)



Closures, Curtailments & Shift Reductions

BC has been battered with 70+ announcements of closures, curtailments & shift reductions since 2020

Fibre supply, market conditions, transportation and natural disturbances cited as the main causes

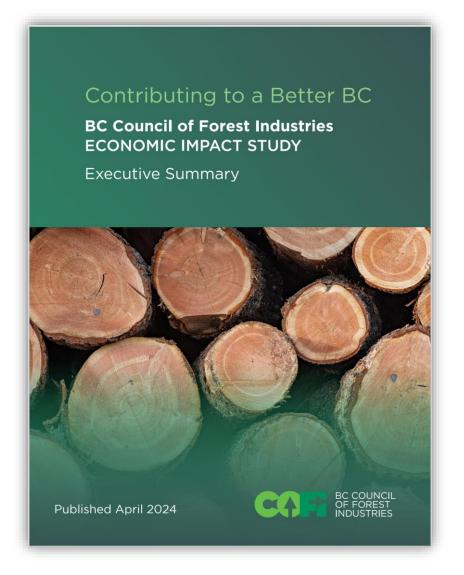
Company	Location	Date Am	Facili 🔻	Reason(s)	Jobs 🔻	Curtailment Status (Permanent Clo	Source of Info
Paper Excellence	Crofton	2020-02-14	Pulp/Paper	Fibre Access	450	Temporary Curtailment	https://vancouversun.com/business/local-business/b-c-pulp-and-paper-mill-faces-30-day-closure-due-to-lack-of-wood/
Western Forest Products	Ladysmith	2020-03-22	Lumber	COVID-19/Market Conditions		Temporary Curtailment	https://www.westernforest.com/wp-content/uploads/2020/02/NR-Temporary-Production-Curtailments-2020_03_22-Final.pdf
Western Forest Products	Cowichan Bay	2020-03-22	Lumber	COVID-19/Market Conditions		Temporary Curtailment	https://www.westernforest.com/wp-content/uploads/2020/02/NR-Temporary-Production-Curtailments-2020_03_22-Final.pdf
Carrier	Prince George	2020-03-27	Lumber		120	Temporary Curtailment	https://www.woodbusiness.ca/carrier-lumber-temporarily-closing-big-river-mill-tabor-planer/ (can't find NB)
Paper Excellence Canada	Powell River	2020-04-15	Paper	COVID-19/Market Conditions		Temporary Curtailment	https://www.paperexcellence.com/post/paper-excellence-canada-announces-temporaru-curtailments
Paper Excellence Canada	Crofton	2020-04-15	Paper	COVID-19/Market Conditions		Temporary Curtailment	https://www.papersxcellence.com/post/paper-excellence-canada-announces-temporaru-curtailments
Atco Wood Products	Fruitvale	Ongoing/interr		Market Conditions		Temporary Curtailment	https://www.grandforksgazette.ca/news/west-kootenau-mills-weathering-perfect-storm-in-industry/
Canfor	Western Canada	2021-07-20	Lumber	Forest fires		Temporary Curtailment	https://www.confor.com/docs/default-source/news-2021/nr2021-07-20-confor-announces-production-curtailment-in-canada.pdf?sfvrsn=238ee031_2
Interfor	Chase, Castlegar, and Grand Fo		Lumber	Forest fires		Temporary Curtailment	https://interfor.com/wp-content/uploads/2021/07/2021-07-29-interfor-Announces-Production-Impacts-in-British-Columbia-Due-to-Loa-Supply-Constraints.pdf
Conifex	Mackenzie	2021-08-24	Lumber	Market conditions	_	Temporary Curtailment	https://coniex.com/wp-content/uploads/2021/03/Coniex-NB.Tomporary-Curtailment.pdf
			Edilloci	Market conditions	<u> </u>		
Canfor	BC sawmills (exception of Wyn		Lumber			20% reduction of production capacity	https://www.canfor.com/investor-relations/investor-news-press-releases/news-detail/2021/08/25/canfor-announces-reduced-operating-schedules-at-bc-sawmills
West Fraser	British Clumbia SPF, US South			COVID-19/forest fires/market conditions		5-10% reduction of production capacity	$\underline{https://www.westfraser.com/investors/news/news-releases/west-fraser-declares-dividend-and-provides-operational-update}$
Paper Excellence Canada	Catalyst Crofton	2021-10-26		Logistics challenges and maintenace of biomass boiler		Temporary curtailment/Temporary Shift Reduction	
Paper Excellence Canada	Catalyst Tiskwat	2021-11-19	Pulp/paper	Flooding		Temporary curtailment	https://www.midlandpaper.com/paper-excellence-announces-temporary-curtailment-of-catalyst-paper-tiskwat-mill-in-powell-river-bc/
West Fraser	Quesnel (Cariboo Pulp and Pap	2021-11-29	Pulp/Paper	Flooding		Temporary curtailment/Temporary Shift Reduction	on .
Paper Excellence Canada	Catalyst Tiskwat	2021-12-01	Pulp/paper	Market conditions	206	Indefinite Curtailment	https://paperexcellence.com/paper-excellence-announces-indefinite-curtailment-of-catalust-paper-tiskwat-mill-in-powell-river-bc/
Canfor Pulp	Northwood Pulp	2021-12-02	Pulp	Supply Chain Challenges		Temporary curtailment	https://www.canfor.com/docs/default-source/news-2021/nr2021-12-02-canfor-pulp-announces-production-curtailments.pdf?sfvrsn=27dfe091_2
Canfor Pulp	Taylor Pulp	2021-12-02	Pulp	Supply Chain Challenges		Temporary curtailment	https://www.canfor.com/docs/default-source/news-2021/nr2021-12-02-canfor-pulp-announces-production-curtailments.pdf?sfvrsn=27dfe091_2
Western Forest Products	Chemainus Sawmill	2022-02-02	Lumber	Log supply		Temporary curtailment	https://www.vancouverislandfreedailv.com/news/lenath-of-chemainus-sawmill-production-curtailment-unknown/
Canfor	Plateau Sawmill	2022-02-02	Lumber			Permanent curtailment	incpair www.renormerationrecommerating commercial and a second commercial and
				Log supply			
Canfor Pulp	Taylor Pulp	2022-02-16	Pulp	Transportation challenges	240	Temporary curtailment	https://www.canfor.com/investor-relations/investor-news-press-releases/news-detail/2022/02/17/canfor-pulp-announces-production-curtailment-at-taylor-pulp
West Fraser	BC Lumber mills	2022-03-01	Lumber	Transportation and inventory challenges	740		https://www.castlegarnews.com/news/west-fraser-temporarily-adopts-three-day-work-week-at-b-c-lumber-mills/
/estern Forest Products	Chemainus Sawmill	2022-03-22	Lumber	Log supply		Temporary curtailment	https://www.ladyamithchronicle.com/news/another-production-curtailment-at-the-chemainus-sawmill-this-week/
anfor Pulp	Taylor Pulp	2022-03-29	Pulp	Transportation challenges		Temporary curtailment	https://www.canfor.com/investor-relations/investor-news-press-releases/news-detail/2022/03/23/canfor-pulp-announces-extension-of-production-curtailment-at-taylor-pulp
inclar Group	Vanderhoof/Fort St. James/Prin	n 2022-04-19	Lumber	Supply Chain Challenges		Temporary curtailment	https://sinclar.com/wp-content/uploads/2022/04/SGFP-Press-Release-14-04-22.pdf
West Fraser	Fraser Lake/Williams Lake/Ques	2022-08-03	Lumber	Access to timber and transportation challenges	147	Permanent curtailment	https://www.westfraser.com/sites/default/files/AugustX203X2CX202022X20NewsX20ReleaseX20regardingX20BCX200peratingX20Strategu.pdf
Conifex	Mackenzie	2022-08-22	Lumber	Supply Chain Challenges		Temporary curtailment	Email
Canfor	BC Lumber mills	2022-09-19	Lumber	Market Conditions		Temporary curtailment	https://www.canfor.com/docs/default-source/news-2022/nr2022-03-19_canfor-reduction-production-capacity-in-british-columbia-through-end-of-2022.pdf?sfvrsn=b69cc131_2
Vest Fraser/Mercer	Quesnel (Cariboo Pulp and Pap		Pulp/Paper	Chip availability	160	Temporary curtailment	https://www.quesnelobserver.com/news/16-day-curtailment-planned-at-cariboo-pulp-and-paper-due-to-forestru-challenges/
aper Excellence Canada	Crofton	2022-10-06		High cost and Market Conditions	150		https://biv.com/article/2022/10/scofton-paper-mill-be-indefinitely-curtailed
	01011011				150	Temporary curtailment	
onifex	Mackenzie	2022-10-10	Lumber	High Cost & Market Conditions		Temporary curtailment	https://www.nipimpressions.com/conifex-timber-temporarily-curtails-production-at-mackensie-sawmill-in-british-columbia-cms-14417
anfor	Prince George (Intercontinental)		Pulp/Paper	Fibre shortage		Extension of Temporary Curtailment	https://biv.com/srticle/2022/10/confor-extende-prince-george-pulp-mill-curtailment
terfor	Across NA Operations	2022-10-20	Lumber	Market Conditions		Temporary curtailment	https://interfor.com/wp-content/uploads/2022/10/Interfor-Announces-Temporary-Production-Curtailments-in-9422.pdf
Vestern Forest Products	Port Alberni Sawmill	2022-10-15	Lumber	Market Conditions & Log SUpply	30	Permanent closure	https://www.cheknews.ca/operations-temporarily-curtailed-st-port-alberni-sawmill-impacting-90-employees-1110867/
Vestern Forest Products	Across BC Operations	2022-11-30	Lumber	Market Conditions & Log SUpply		Temporary Curtailment	https://www.westernforest.com/wp-content/uploads/2017/10/NR-2022-11-30-Temp-Production-Curtailment.pdf
Canfor	Across BC and AB operations	2022-12-05	Lumber	Market conditions		Temporary Curtailment	https://www.canfor.com/docs/default-source/news-2022/2022-12-05-canfor-temporarily-curtailing-canadian-production-capacity-frinall.pdf?sfvrsn=Tbfe191_2
Canfor	Prince George (Intercontinental		Pulp	Fibre shortage due to sawmill curtailments		Temporary Curtailment	https://www.canfor.com/docs/default-source/news-2022/intercon-curtailment.pdf?sfvrsn=c4b5c191_2
olko Industries	Soda Creek/Armstrong	2022-12-28	Lumber	Market Conditions & Log SUpply	350	Temporary Curtailment	https://tolko.com/tolkocpt_news/isn2023-downtime-sc-srmstrong/
Vaagen Fibre	Midway	2022-12-06	Lumber	Market conditions and fibre availability	86	Indefinite Curtailment	https://www.pontictonvesternnews.com/news/waagen-fibre-canada-indefinitely-shuts-down-midway-mill-operation/
					00		https://www.ponteconversemens.commowsragaemens-consensementeposites-conversementeposites-conv
Skeena Sawmills	Terrace	2022-01-06	Lumber	Market Conditions		Temporary Curtailment	
Canfor	Prince George	2023-01-11	Pulp	Reduction of AAC and challenges accessing cost-competitive fibre	300	Permanent closure	Email (link to come)
iterfor	Outside of Interfor's US South		Lumber	Market Conditions & Log SUpply		Temporary curtailment	https://interfor.com/wp-content/uploads/2023/01/Interfor-Announces-Temporary-Production-Curtailments-in-Q123.pdf
Mercer International	Castlegar	2023-01-18	Pulp/Paper	Lack of Residual Fibre for Pulp		Temporary Curtailment	https://www.pulpandpapercanada.com/mercer-international-to-curtail-celgar-mill-in-b-c/
Sinclar Group	PG, Vanderhoof, Fort St. James	2023-01-23	Lumber	Market Conditions & Log Supply		Temporary curtailment	Email
Canfor	Chetwynd	2023-01-25	Lumber & pe	Market Conditions & Log Supply	157	Permanent Closure	https://www.canfor.com/investor-relations/investor-news-press-releases/news-detail/2023/01/26/canfor-restructuring-b.coperations-to-create-a-more-sustainable-footprint
Canfor	Houston	2023-01-25	Lumber	Market Conditions & Log Supply	<333 (Num	l Re-tooling mill	https://www.canfor.com/investor-relations/investor-news-press-releases/news-detail/2023/01/26/canfor-restructuring-b.coperations-to-create-a-more-sustainable-footprint
Aercer/West Fraser	Quesnel	2023-02-07	Puln/Paper	Lack of fibre		Temporoary curtailment	https://mercerint.com/news/2023/mercer-international-inc-announces-downtime-at-its-cariboo-mill-for-eight-weeks/
onifex	Mackenzie	2023-02-22	Lumber	Unsustainable inventory levels due to rail transportation challenges		Temporary curtailment	https://www.woodbusiness.ca/conifex-temporarily-shuts-mackengie-sawmill-in-b-c/
keena Sawmills		2023-02-22		high operating costs and fibre supply	170		intpast in www.woodoobininess.carpoint in might intermine announces temporary-closure! https://www.terracestandord.com/news/ekeens-aswmillesin-terrace-announces-temporary-closure/
	Terrace					Temporary curtailment	ntps://www.terrscestandard.com/newsreteasta-sawminis-in-terrsce-sanounces-temporary-incours- https://www.nerrscestandard.com/newsreteasta-sawminis-in-terrsce-sanounces-temporary-incours- https://www.nerrscestandard.com/newsreteasta-sawminis-in-terrsce-sanounces-temporary-incours- https://www.nerrscestandard.com/newsreteasta-sawminis-in-terrsce-sanounces-temporary-incours- https://www.nerrscestandard.com/newsreteasta-sawminis-in-terrsce-sanounces-temporary-in-terrsce-in-terrsce-sanounces-temporary-in-terrsce-sanounces-temp
inclar Group	Prince George, Fort St. James,		Lumber	High cost of fibre, poor market conditions. Necessary to maintain log in		Temporary curtailment	
olko Industries	Vernon	2023-05-15	Lumber	Significantly high log costs in BC and a lack of available economic fibre		Temporary curtailment	https://tolko.com/tolko.cpt_news/lakeview-downtime-may-2023/
onifex	Mackenzie	2023-05-19	Lumber	Low water levels in Williston Reservoir, reduced demand for lumber and			https://ckpgtoday.ca/2023/05/31/conifex-announces-mackenzie-lumber-production-will-take-unscheduled-downtime/
rink (Pleasant Valley Remanufacturing)	Houston	2023-05-29	Lumber	Canfor, the provider of the rough inventory it wer to produce value-added prod-	k 75 Direct +	* Temporary curtailment	https://getfea.com/mill-capacity-changes/brinkman-forest-products-to-temporarily-close-pleasant-valley-remanufacturing
aper Excellence Canada	Crofton	2023-05-30	Pulp/Paper	Global demand for paper has declined sharply, driving up inventory leve		Curtailment	https://www.timescolonist.com/business/crofton-mill-to-be-idled-for-30-daus-port-alberni-for-two-weeks-7069801
Paper Excellence Canada	Port Alberni	2023-05-30		Global demand for paper has declined sharply, driving up inventory leve		Curtailment	https://www.timescolonist.com/business/srofton-mill-to-be-idled-for-30-days-port-alberni-for-two-weeks-7063801
Western Forest Products	Across BC Operations	2023-06-12	Lumber	Weak Market Conditions		Temporary curtailment	https://linancialpost.com/globs-newswire/western-forest-products-inc-announces-temporary-production-curtailments-in-british-columbia-2
anfor Pulp	Northwood Pulp	2023-07-12		Port/Labour Dispute	450	Temporary curtailment	https://www.chrfm.cg/2023/07/12/canfor-pulp-mill-in-prince-goorge-est-for-further-outsilments-prompted-by-port-strike/
Sanror Pulp Mercer International	Celgar/Castlegar BC	2023-01-12		Port/Labour Dispute	430	Temporary curtailment	ncps://www.cntrm.csrcusory/intersorror-pupilinterprince/george-sector-princer-curaliments-prompted-py-port-estiner https://www.cntrm.csrcusory/intersorror-pupilinterprince/george-sector-princer-curaliments-prompted-py-port-estiner https://www.cntrm.csrcusory/intersorror-pupilinterprincer-pupilinterprincer-pupilinterprincer-pupilinterprincer-pupilinterprincer-pupilinterprincer-pupilinterprincer-pupilinterprincer-pupilinterprincer-pupilinter-pupil
Mercer International Sinclar Group	Vanderhoof/Nechako	2023-07-25		Lack of economic fibre		Permanent Shift Reduction	Industrial way would be a second and the curtails colds to pure militime to the curtails colds to the curtails cold to the cur
			Lumber				https://pgdailynews.ca/index.php/2023/08/03/sinclar-group-forest-products-reducing-operations-at-nechako-lumber-in-vanderhoof/
Canfor	Bear Lake (Polar Sawmill)	2023-11-14	Lumber	Market conditions & fiber availability		Extended Curtailment	https://getfea.com/mill-capacity-changes/canfor-announces-extended-curtailment-plan-for-its-polar-sawmill-in-bear-lake-be
//est Fraser	Fraser Lake, BC	2024-01-22	Lumber	Lack of economic fibre	175	Permanent closure	https://getfea.com/mill-capacity-changes/west-fraser-timber-co-ltd-announces-permanent-closing-of-fraser-lake-b-c-sawmill
Paper Excellence Canada	Crofton	2024-01-25	Paper	Markets, lack of domestic fibre supply	75	Indefinite curtailment	https://www.paperadvance.com/news/industry-news/paper-excellence-canada-to-indefinitely-curtail-paper-operations-at-catalyst-crofton-mill.html
Dunkley	Prince George, BC	2024-02-02	Lumber	Unknown		Shift Reduction (one shift only)	Hamir Patel - Trade sources also reported that, in a rare move, Dunkley Lumber has reportedly only been running one shift at its Prince George, BC sawmill ("485 mm/bm/yr) since Monday, tempor
olko Índustries	Williams Lake (Lakeview Mills)	2024-02-05	Lumber	Cost of operations in BC and challenging economic conditions	60		https://www.pentictonwesternnews.com/news/shift-idled-at-williams-lake-mill-as-rough-run-continues-for-bc-forestry-7313586
nterfor	BC Operations	2024-02-16	Lumber	Weak market condition, low log inventory and warm weather		Indefinite Curtailment	https://actica.com/mill-capacity-changes/interfor-announces-indefinite-curtailment-at-its-pilonath-or-asymill-and-reduced-production-at-be-operations
Vestern Forest Products	Chemainus Sawmill	2024-02-16	Lumber	Market conditions & log avaialbility			https://getfea.com/mili-apacity-changes/western-forest-products-announces-two-wesk-shutdown-at-its-cha-maning-be-easymil/2-doing_wp_crons-f10775526.5901339054107666015625
		2024-03-16	Lumber		60		maparagenessessimism expenses summer investigation of the control
Western Forest Products	Alberni Pacific Division			Macroeconomic coniditons & financing markets.	60	Indefinite Curtailment	https://www.wosternslopenow.com/business/press-releases/globenowswire/3030673/western-forest-products-announces-indefinite-curtailment-of-alberni-pacific-division/
Interfor	North America Operations	2024-04-30	Lumber	Weak market conditions (IFP exposed to 45% US South)			https://interfor.com/wp-content/uploads/2024/04/Interfor-Announces-Lumber-Production-Curtailments-Across-All-Regions-of-North-America.pdf
Canfor Pulp	Prince George (Northwood)	2024-05-09	Pulp/Paper	Decline in availability of economic fibre in northern BC		Indefinite Curtailment of one production line	https://getfea.com/mill-capacity-changes/canfor-pulp-to-indefinitely-curtail-one-production-line-at-northwood-facility-in-prince-george-bs
Canfor	Bear Lake	2024-05-09	Lumber	Persistent shortage of economically available timber.	180	Permanent Closure	https://getfea.com/mill-capacity-changes/canfor-announces-permanent-closure-of-polar-sawmill-and-suspension-of-planned-reinvestment-in-houston-bc?doing_wp_cron=1715371329.537616014
Canfor	Houston	2024-05-09	Lumber	Cumulative impacts of policy changes and regulatory complexity.		Suspension of Planned Investment	https://www.canfor.com/investor-relations/investor-news-press-releases/news-detail/2024/05/03/canfor-announces-permanent-closure-of-polar-sawmill-and-suspension-of-planned-reinvestme

Economic Impact Study 2024



Forestry's Impact on British Columbia





Forestry's Impact on BC - 2022









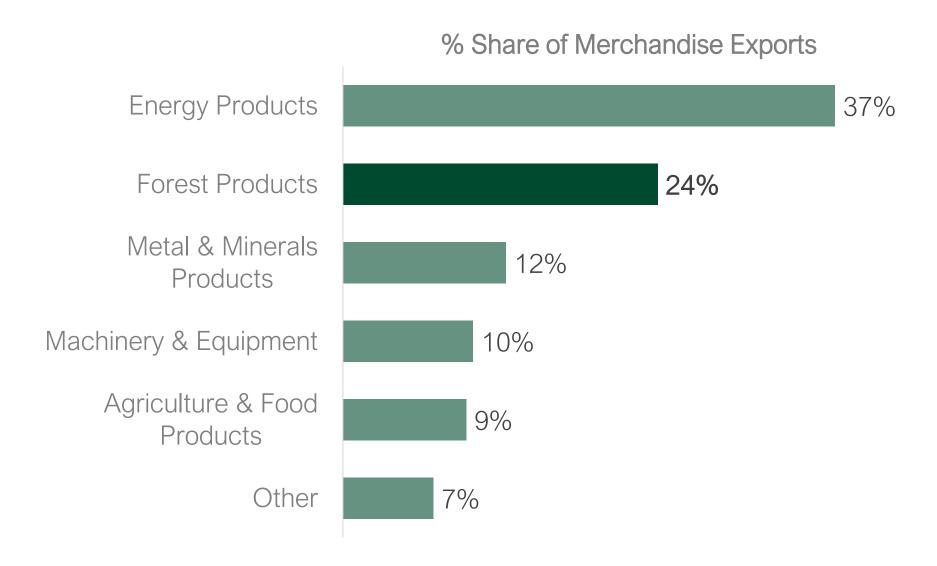
\$17.4B

100,000

\$15.8B

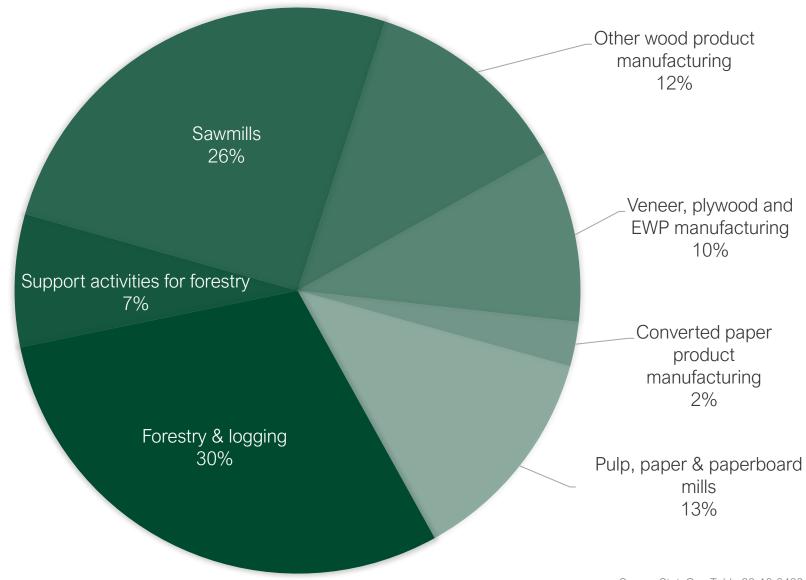
\$6.6B

Forest products are BC's second-largest export category



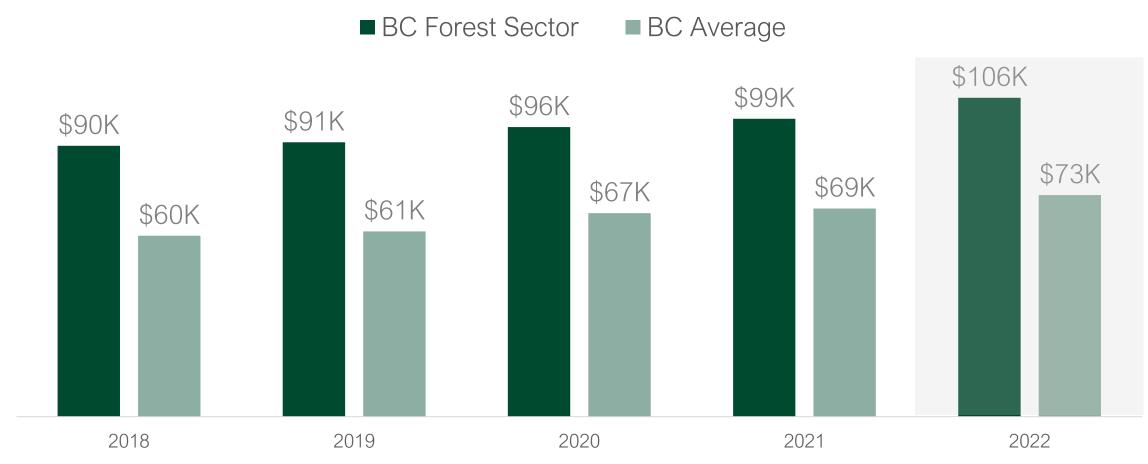


Value added occurs at each stage along the supply chain





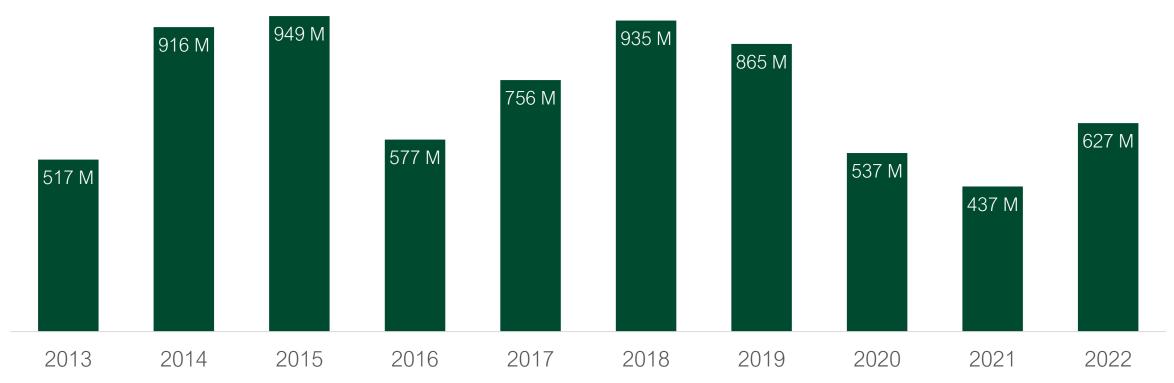
The forest sector supports good living standards



Source: Statistics Canada Table 36-10-0480-01



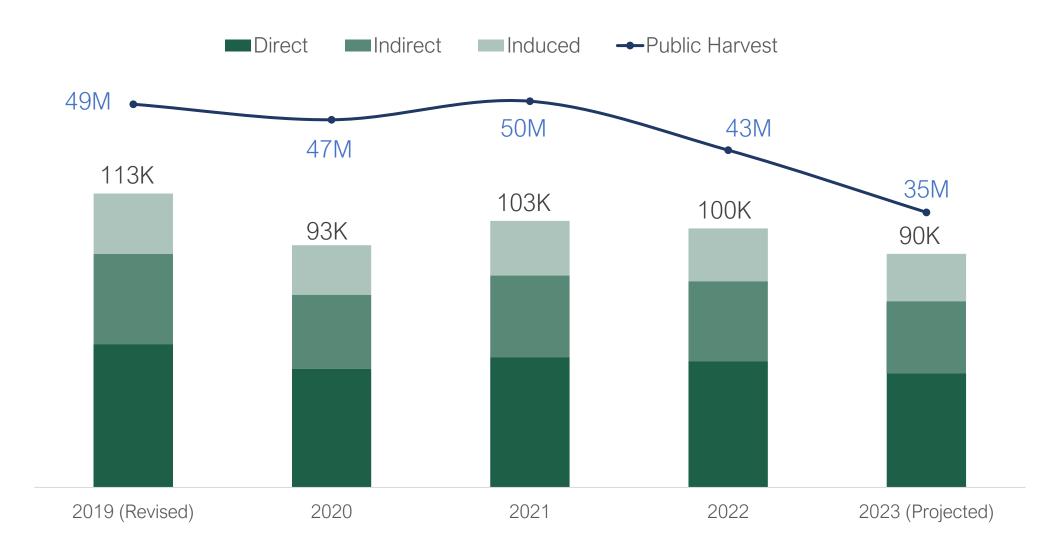
\$7.1B of capital expenditures spent across BC from 2013-2022







Jobs & Harvest Levels are Highly Correlated





Source: Harvest Billing System

Takeaways

Economic Overview:

- Forestry contributed \$17B+ to BC's economy & \$6B+ in government revenues in 2022
- Job Levels are tied to Harvest Levels

Current Situation:

 Policies and natural disturbances are influencing the fiber supply dynamics.



FORESTRY FOR THE PLANET.
FOREST PRODUCTS FOR THE WORLD.



BC COUNCIL OF FOREST Canadian Lumber Production Report Data Last Updated: Mar 11, 2024

YTD Data Thru: Feb-2024

BC Harvest Billing System - Revenues & Volumes

Get Data &
Insights on the
Dynamic Forest
Sector with
COFI Connect



VISIT - www.cofi.org/connect







Softwood Lumber Exports

Forest Product Exports

Softwood Lumber Production

Harvest Billing System