

UNRESTRICTED LOG EXPORTS WILL BE A DEATH BLOW TO DOMESTIC FOREST INDUSTRY

Mosaic Forest Management refuses to end its five-month shutdown while the rest of the Coastal forestry industry works. Why a company with the lowest stumpage and the best logs on the Coast is choosing to stay on the sidelines...

A new agreement by Mosaic Forest Management (Mosaic), the timberlands manager for TimberWest and Island Timberlands, and the United Steelworkers Union (USW), includes a proposal to the government to allow Mosaic to freely export the average volume of logs it has sold internationally over the prior five years.

A diverse group of Coastal Forestry Companies* that support more than 30,000 direct and indirect jobs object strongly to this proposal. Notice 102 that regulates log exports provides a fair mechanism to export logs while securing the fibre supply required by domestic manufacturers. Changing the current laws would betray domestic manufacturers and put the livelihood of thousands of forestry works in jeopardy.

Mosaic's log exports over the last five years were at elevated levels, and therefore, their proposal would further skew the volume they would be able to freely export, and reduce the fibre volume available to domestic manufacturers that protects local jobs.

Mosaic has curtailed the majority of its operations since November 25, 2019, citing poor market conditions, exacerbated by the impact of the corona virus and global supply chains.

We contrast this action, or rather inaction, by Mosaic against how the rest of the coastal logging industry is responding

to today's challenges. The majority of license holders are harvesting their licenses, many at full capacity. With the exception of Mosaic, the vast majority of the harvestable land on the coast is under public tenure, which attracts government stumpage. How is the rest of the industry able to profitably harvest the logs on their lands, while Mosaic is unable to do so? Mosaic benefits disproportionately from not paying stumpage on their private lands, which constitutes the majority of their operations, their superior economies of scale, and the superior quality of their wood basket.

Given our own knowledge of coastal harvesting economics, we find it hard to believe that Mosaic could not have operated its business profitably for 2020 year-to-date, had it chosen to do so. The primary motivation behind Mosaic's prolonged curtailment seems to be to ratchet up political pressure to change the log export laws.

Mosaic has chosen to keep their operations idle at the expense of thousands of direct and indirect jobs. The time has come for Mosaic to stop pressing their advantage and to put their logging contractors and many employees back to work.

If you value the domestic manufacturing industry and the direct and indirect jobs it supports, then please write, email and phone your local MLA to object to the proposed change to log export rules.



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**This open letter was co-authored by CIPA Lumber, Coastland Wood Industries, Jemico Enterprises, Ledcor Forest Products Partnership, Nanaimo Forest Products, Paper Excellence Group, Paulcan Enterprises, Richmond Plywood Corporation, Riverside Forest Products, the San Group, Shannon Lumber, and the Teal Jones Group. Our respective businesses span the full gamut of forestry products, including logs, lumber, veneer, plywood, pulp and paper, and a variety of other value-added wood products. This letter was also unanimously endorsed by the Board of Directors of the Independent Wood Producers Association, representing 57 member companies operating remanufacturing plants that are dependent on domestically produced lumber.*

In aggregate, our companies directly employ more than 7,000 workers, of which approximately 50% are unionized, and support upwards of 24,000 indirect jobs in the communities where we operate, many of which are rural areas where we rank as the top or one of the top employers.