

Quarterly Update: B.C. Mill Status Report

Q4: October 2010-January 2011

The following is the latest B.C. mill status report, which provides a current list of re-opened and closed timber processing facilities in the province. For a current list of active mills, please refer to the Ministry's "Major Primary Timber Processing Facilities in B.C." report available at: <http://www.for.gov.bc.ca/het/>.

The distribution of this quarterly report is slightly delayed from the last report developed in Sept.2010, and consequently this overview and list covers the period from Oct.2010 to Jan.2011.

Overview

Mill Closures:

- **One permanent closure** was announced this quarter: On January 7, Tolko Industries Ltd announced the permanent closure of its Kelowna veneer operation, citing the reason for its decision as "a long term reduced availability of high quality peeler logs, which has been further impacted by the mountain pine beetle infestation."
- **One indefinite closure** was reported: The Mackenzie Bridgewater Mill in Surrey, which was closed temporarily in November because of small fire, is now closed indefinitely because of a major fire on January 25.
- **Two temporary closures** occurred due to fires, but are back in operation with no worker lay-offs involved (Ainsworth, 100 Mile House, and Pacific Bio-energy, Prince George).

Mill Openings:

- **Four mill re-openings** were announced:
 - Conifex, on November 1, reopened one of its McKenzie lumber mills recently acquired from Abitibi-Consolidated. 60-70 people were put back to work on a one-shift basis, with an estimated output of 110 million board feet per annum.
 - National Choice Specialty Woods, reopened in late October, the McBride Mill it acquired from Dore River. The mill will produce 25,000 - 35,000 board feet per day, and half of the rough-cut metric dimension lumber is destined for China.
 - TRC Cedar Mills also reopened its McBride Mill in early October, employing 30 people.
 - Western Forest Products, in mid November, reopened its Nanaimo lumber mill on a one shift basis employing 30 people.
- **Two mills announced progress towards re-opening:**
 - Aspen Planers expects to open, in the very near future, its Savona Mill purchased from Ainsworth Lumber which closed the mill in June, 2009.

- Core investors in Midway, Rock Creek and Greenwood are raising further capital to purchase the Midway Mill and have announced the appointment of Vaagen Brothers Lumber, a Washington based company to operate the mill.

Mill Investment:

- West Fraser and Canfor announced **major reinvestment programs** for 2011.
 - In late September, West Fraser announced a \$125 million capital spending program to expand and upgrade its solid wood operations in BC, Alberta and the U.S. South over the next 18 months.
 - In December, Canfor indicated it will spend \$120 million on mill improvements and \$25 million on maintenance.
- On January 7, the Federal Government announced the final grants under **the Pulp and Paper Green Transformation Program**. In BC, three companies benefited to the extent of \$159 million. The economic objective of the program is to improve the energy efficiency of the mills.
 - Canfor's Northwood mill in Prince George, \$100.2 million.
 - Domtar's Kamloops mill - \$17.3 million.
 - Cariboo Pulp and Paper, Quesnel - \$41.5 million.