

The Mill Status Report provides the latest information on mill openings, closures, disruptions, investments, and other mill events in British Columbia (B.C.). For the latest available list of active mills, please refer to the “Major Primary Timber Processing Facilities in British Columbia” report online at:

<https://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/forest-industry->

Mill Opening/Re-opening:

- In November 2018, Pinnacle started operation at its new Smithers pellet plant and was expected to reach its full production of 125,000 metric tons in Q3 2019.
- In December 2018, Tolko announced it would reopen its Lakeview sawmill in Q1 2019. This mill was damaged by fire in November 2017.

Mill Curtailments/Shift Reductions:

In Q4 2018 and early 2019, Canfor, West Fraser, Interfor, Conifex and Catalyst Paper announced curtailments at some of their B.C. mills. High log costs, challenging markets and log supply constraints combined to cause the mill downtime. All mill curtailments/shift reductions and associated impacts are listed in the Table 1:

Table 1: Major Mill Curtailments / Shift Reductions

Company	Product	Location of Mill	Details	Reasons	Impact	Effective Date/Period
Canfor	Lumber	All B.C. Lumber Mills	Reduce production by 10% in Q4 2018 through a decrease in operating days	Log supply constraints, log costs and current market conditions	Estimated production capacity loss ~ 93 mmbdft for Q4 2018	Q4 2018
Canfor	Lumber	All B.C. Lumber Mills	Temporary curtailment extension and reduction in operating hours at some sawmills	Continue declining in lumber prices in addition to high log costs and log supply constraints	Estimated production capacity loss ~ 55 mmbdft for Q1 2019	Q1 2019
Canfor	Lumber	Houston	Temporary curtailment for 10 days in November 2018 and returned to full operation in late Jan 2019	Respond to the previously announced corporation's production reduction	Affected employees - 319	Nov 2018 - Q1 2019
Canfor	Lumber	Prince George	A temporary shut down	Northern B.C. natural gas pipeline explosion	N/A	25-Oct-18
Canfor	Pulp	Three pulp mills in Prince George	A temporary shut down	Northern B.C. natural gas pipeline explosion	Reduced 85,000 tonnes of NBSK capacity in Q4 2018	25-Oct-18
Catalyst Paper	Pulp/Paper	Port Alberni and Powell River	Temporary reduction of two mills	Reduced Asian markets, high cost of natural gas and shortage of economic fibre	Affected employees -140	Dec 1-10, 2018
Catalyst Paper	Pulp/Paper	Powell River				
Catalyst Paper	Pulp/Paper	Crofton	Temporary 8-day curtailment	Weakness in Asian markets, shortage of economic fibre and high natural gas prices	Affected employees - 50	Dec 14 - Dec 22, 2018

Quarterly Mill Status Report - Oct. 2018—Jan. 2019

Company	Product	Location of Mill	Details	Reasons	Impact	Effective Date/Period
Conifex	Lumber	Fort St James	Temporarily shut down for four weeks	Log costs and current lumber market conditions	Estimated production capacity loss ~ 57 mmbdft for four weeks Affected employees - over 180	Nov 2018 - Jan 2019
Conifex	Lumber	Fort St James	Temporarily moved to a single line, resulting in 25% production reduction	Log costs and current lumber market conditions	Estimated annual output capacity loss ~70 mmbdft	Jan 1, 2019 - Mid-2019
Domtar	Pulp/Paper	Kamloops	Temporarily curtailed operations due to northern BC pipeline explosion	Northern B.C. natural gas pipeline explosion	N/A	15-Oct-18
Interfor	Lumber	Grand Forks	Temporarily reduced production across three interior mills by 20% for the quarter through reduced operating days and extended weekends and holiday breaks	Declining lumber prices and increasing log costs	Estimated production capacity loss of 38 mmbdft for Q4 2018	Q4 2018
Interfor	Lumber	Adams Lake				
Interfor	Lumber	Castlegar				
Tolko	Lumber	Quesnel	Temporarily curtailed production operations, but maintenance continued to operate for future operations	High log costs and poor market conditions	Estimated annual production capacity loss of 197 mmbdft and affected 100 employees	15-Oct-18
Tolko	Veneer/Plywood	Heffley Creek	Temporarily shut down	Northern BC natural gas pipeline explosion	N/A	11-Oct-18
Tolko	Lumber	Armstrong	Took downtime	Market and high log costs	N/A	Nov 30, 2018 - Dec 11, 2018
Tolko	Lumber	Kelowna				Dec 24, 2018 – Jan 4, 2019
Vaagen Fibre Canada	Lumber	Midway	Curtailed from two shifts to one shift of production	Unprecedented high costs of open-market logs, combined with a record collapse in the framing lumber market	Estimated annual capacity loss ~ 74 mmbdft	05-Nov-18
West Fraser	Lumber	Chetwynd, Williams Lake, 100 Mile House, and Clinton	Temporary curtailment of their operations through eliminating the third shift	Challenging lumber markets and high log costs coupled with log supply constraints	Reduction of SPF production by 25 mmbdft in 2018	Q4 2018
West Fraser	Lumber	Chetwynd, 100 Mile House, and Clinton	Temporary curtailment of three weeks of production	Price declines, high log costs and log supply constraints	Estimated production capacity loss ~ 43 mmbdft for three weeks	Q1 2019
West Fraser	Lumber	Williams Lake	A temporary one-week shut down	Capital upgrades	N/A	Q1 2019
West Fraser	Lumber	LeJac and Quesnel	Permanent curtailment of 300 mmbft	Timber supply shortage owing to the mountain pine beetle infestation	Annual production loss - 300 mmbdft and affect 135 employees	Q1-Q2 2019

Notes:

1. Production impact was estimated based on the prorated annual output capacity published in the annual mill list report.

2. Employment impact was estimated based on company press releases.

3. All mill survey related estimates are based on preliminary results from the 2017 Mill List Survey and are subject to further changes.

Investments/Upgrades and Ownership Changes

All major investments, upgrades, and ownership changes are listed in the Table 2. Key highlights include:

- In October 2018, Paper Excellence Canada entered an agreement to purchase Catalyst Paper's Crofton, Port Alberni and Powell River pulp and paper mills.
- In October 2018, Mercer International invested over US \$359 million to acquire 50% stake of the Cariboo Pulp and Paper Mill in Quesnel.
- In November 2018, Canfor announced its plan to invest over CA \$720 million to purchase two sawmill companies in Sweden and the U.S.
- In November 2018, Western Forest Products invested about US \$31 million to purchase a sawmill company in the U.S.
- In November 2018, Tolko invested over CA \$35 million in facility upgrades at its Armstrong planer and sawmill.
- In Dec 2018, Western Forest Products and Huu-ay-aht First Nation entered an agreement for the Huu-ay-aht First Nation to acquire a 7% interest in TFL 44 for CA \$7.2 million.

Table 2: Major Mill Investments/Upgrades and Ownership Changes

Company	Division/Areas	Details	Impact	Date/Period
Canfor	International	Announced a plan to invest CA\$580 million to purchase a 70% share of Sweden's largest privately-owned sawmill company, the VIDA Group of Sweden	To bring Canfor's global production capacity to 7.2 billion bdf	Target: Q1 2019
Canfor	International	Announced a plan to invest US\$110 million to purchase Elliott Sawmilling in Estill, South Carolina, USA	To add over 210 mmbdf to Canfor's global production capacity	Target: 2019/20
Hampton Affiliates	Babine Forest Products and Decker Lake Forest Products (Sawmills)	Tested facilities to process more timber species (e.g. poplar)	To diversify the mill's fibre supply	Target: 2019
Mercer International	Cariboo Pulp & Paper Mill in Quesnel	Invested US\$359.2 million to acquire the 50% stake of the mill owned by the Daishowa-Marubeni International. West Fraser owned the other 50% of the mill	An ownership change	Target: Q4 2018
Catalyst Paper	Crofton, Port Alberni and Powell River Pulp and Paper Mills	Subject to regulatory approvals, Paper Excellence Canada entered an agreement to purchase Catalyst Paper's facilities in Crofton, Port Alberni and Powell River.	An ownership Change To keep mill operations open and secure 1,500 local forestry jobs	News released on Oct 9, 2018
The San Group	Coulson Sawmill in Port Alberni	Added a third shift	Added 45-50 jobs	Oct 22, 2018 - Dec 5, 2018
The San Group	Coulson Sawmill in Port Alberni	Signed an agreement to purchase 25 acres on the Catalyst Paper site to build a new Lumber mill to utilize smaller diameter logs to produce wood products for domestic and international markets	Phase 1 - Expect to create 50 jobs Phase 2/3 - Expect to create 85 jobs	Target date to commence construction in Q1 2019



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Company	Division/Areas	Details	Impact	Date/Period
Tolko	Armstrong Sawmill/Planer Mill	CA\$35-million capacity upgrades	The mill is able to process more species	Started in Nov 2018
Western Forest Products	International	Invested US\$30.5 million to acquire the Columbia Vista Corporation in Vancouver, Washington, USA	Adding 60 mmbdft of lumber production and 90 employees to WFP's global operations	Target: Q1 2019
Western Forest Products	Port Alberni	Western Forest Products and Huu-ay-aht First Nation entered an agreement for the Huu-ay-aht First Nation to acquire a 7% interest in TFL 44 for CA \$7.2 million.	A positive step towards increasing First Nations' participation in the forest sector	Agreement reached on Dec 14, 2018

Contact: This report is prepared by the Economic Services Branch of the Ministry of Forests, Lands, Natural Resource Operations and Rural Development. Please email your questions to mill.survey@gov.bc.ca.

Sources: Company news releases, media reports, analytical information, and government contacts. Please note this list is not comprehensive and may miss some events that occurred in small mills. Image courtesy of valli_mark / [CC BY 2.0](https://creativecommons.org/licenses/by/2.0/).