

British Columbia Mill Status Report

July – September, 2017

The Mill Status Report provides updated information on openings, closures, disruptions, investments, and other news of major timber processing facilities in British Columbia (B.C.). For the latest available list of active mills, please refer to the Ministry of Forests, Lands and Natural Resource Operations’ “Major Primary Timber Processing Facilities in B.C.” report at:

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

Fire Disruptions:

The early and active wildfires in the B.C. Interior forced the shutdown of several forestry operations in the third quarter of 2017. Ten mills owned by West Fraser, Tolko, Canfor and Weyerhaeuser were closed due to severe wild fire conditions. West Fraser and Tolko experienced the most immediate impact with six sawmills curtailed along with a plywood mill. All major fire caused mill closures are detailed in the table below:

Company Name and Division	Start Date and Length of Closures	Details	Causes of Closures	Impacts	Estimated Annual Output Capacity and Employment
Tolko Lakeview and Soda Creek sawmills in Williams Lake	Start Date- July 10 Uncertain length of closure	Tolko announced that both the Lakeview and Soda Creek divisions in Williams Lake shut down on Monday July 10	Evacuation orders due to wild forest fires	No injuries	Estimated Annual Output Capacity was about 466 MMBF (Mill list data) Estimated 326 hourly workers were impacted (Media release)

Company Name and Division	Start Date and Length of Closures	Details	Causes of Closures	Impacts	Estimated Annual Output Capacity and Employment
Norbord 100 Mile House OSB mill	July 10- July 24	On July 10 - Norbord temporarily suspended production due to the wild fires burning nearby in the region and in order to comply with evacuation orders in the 100 Mile House and surrounding areas. July 24 - Resumed production	Evacuation orders due to forest fires	The impact to its production schedule was under assessment. All employees safely evacuated and no injuries were reported	Estimated Annual Output Capacity was 601 Million Square Feet, 3/8' Basis (Mill list data) Estimated 150 workers were impacted (Media release)
West Fraser Mills Williams Lake, 100 Mile House, and Chasm	Start Date- July 10 Uncertain length of closure	West Fraser temporarily suspended operations in 100 Mile House, Williams Lake and Chasm. Many employees were deployed to fight surrounding forest fires.	Evacuation orders due to forest fires	Unable to assess the impact on lumber and plywood production.	The effected facilities represent annual production capacity of 800 MMBF of lumber and 270 million square feet of plywood (Media release) Estimated employment was about 876 for four mills in total (Media release)
Pioneer Log Homes Williams Lake (150 Mile House) Log Home Mill	Start Date- July 13 Uncertain length of closure	A wildfire swept through one of their work yards in 150 Mile House destroying four finished cabins, a crane, and one shop.	Wildfires raging across the Interior	Destroyed four finished cabins, a crane and one shop	Unknown
Canfor Vavenby Sawmill	Start Date- July 16 Uncertain length of closure	Although Vavenby division was not in immediate danger from the fire, the employees/contractors needed to focus on their families and their safety by preparing to evacuate the region.	Evacuation alerts due to forest fires	No immediate danger	Estimated Capacity was about 211 MMBF (Mill List Data)

Company Name and Division	Start Date and Length of Closures	Details	Causes of Closures	Impacts	Estimated Annual Output Capacity and Employment
Weyerhaeuser Princeton Sawmill	Start Date- July 18 Uncertain length of closure	The mill operations were curtailed due to the forest fire situation.	Wildfires raging across the Interior	Unknown	Estimated Capacity was about 214 MMBF (Mill list data)
Tolko Quest Wood Products Quesnel	Start Date – July 24 Uncertain length of closure	With wildfires burning and the fire risk still at extreme levels, the company was unable to conduct logging activities, resulting in a fibre shortage.	Fire activity in the Cariboo caused log shortage	Financial impacts on the company's employees and their families With the curtailment of Quest Wood, and the closures of our Lakeview and Soda Creek mills due to the evacuation order in Williams Lake, approximately 3 MMBF of lumber per day had been removed from the market	Estimated Capacity was about 197 MMBF (Mill list data) Estimated 200 employees were affected (Media release)
Precision Custom Lumber Abbotsford Remanufacturing Plant	Start Date- August 9	A huge mill fire caused the losses of two buildings and materials on site. The fire caused traffic delays on both Highway 1 and Fraser Highway.	Mill fire	No reported injuries	Unknown

Permanent Mill Closure:

- On July 27, Western Forest Products (WFP) announced the indefinite closure of the Somass mill where operations have been curtailed since February 2017 due to the extended shortage of the specific cedar log supply used at this mill and uncertainty from softwood lumber duties. This mill closure resulted in the removal of 65-million board feet of capacity from the lumber market¹ and 77 job losses. WFP expects to redirect

¹ Estimated based on the latest B.C. Mill List Survey

fibre and increase production at its other Vancouver Island operations to offset lost production and encourage workers to seek employment at other WFP mills.

Temporary Mill Shutdown/Shift Reduction:

- According to the news as of August 21, Tolko's Soda Creek sawmill had low log inventory because logging operations had been shut down in the Cariboo-Chilcotin since July 7 due to the fire danger risk. This plant had only a few days of logs in the bush but it had lost many cubic metres of decked wood to the fires. Some jobs might be affected if the low log inventory situation continued.
- West Fraser's Williams Lake Plywood plant had low log inventory due to the fire danger risk. This plant sourced logs from Quesnel and from east of 100 Mile House to ensure there was sufficient wood to run the plant. Some jobs might be affected if the low log inventory situation continued.
- According to the news as of August 22, Gorman Brothers Lumber's current log supply would run out very soon if the weather was too dry for logging contractors to safely enter the forest. If cooler and wetter weather did not arrive soon, this mill would shut down.
- On September 13, the Long Hoh Enterprises Canada Ltd. had experienced a shutdown and shift reductions since August due to a log shortage. Similar issues might occur at WFP's Ladysmith sawmill. Nearly 160 sawmill jobs in both mills might have been affected or at risk.
- The production of Aspen Planer's Merritt sawmill was cut in half from July to mid-September due to the halted logging operations caused by fire danger negatively impacting log inventory. Both logging and mill operations were ramping up in late September.

Mill Investments/Upgrades

- Skeena Sawmills started the company's mill upgrade project with a budget of CAD\$10 million. This project would allow the company to shift to harvest second-growth timber.
- On July 21, Sumitomo Corporation of Japan acquired 48% ownership in the Pacific Bio Energy Corporation to establish a steady wood pellet supply for the company's power generator plants in Japan.
- On July 26, Canfor announced the plans for capital projects at their Northwood pulp mill in Prince George and at the Bleached Pulp mill in Taylor. The Northwood project would install a new 32 megawatt condensing turbo-generator for an estimated cost of CAD\$65 million. The Taylor project would upgrade the refining line for an estimated cost of CAD\$40 million. Both projects would yield a significant improvement in overall mill energy efficiency and result in a reduction in total fuel consumption.
- The Princeton, B.C. sawmill of Weyerhaeuser Canada sawmill turned out upwards of 300 million board feet of SPF lumber annually, and was undergoing a multi-year upgrade. The mill ran two 10-hour shifts a day between Monday and Thursday as well as a 12-

hour afternoon shift a day between Friday and Sunday. The upgrading had been done without shutting the mill down.

- In August/September, the Gilbert Smith Forest Products' sawmill in Barriere, B.C. completed a lumber grading/sorting project that combined the lumber flow from the mill and planer through the same system. After mill upgrades, about 60% of the additional equipment was used and about 40% was new. Tapping into the latest in technology, all of the controls and optimization equipment was new.

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

SOURCES: The sources include company news releases, media reports, information provided by analysts, and government contacts. Please note this list is not comprehensive and may miss some events that occurred at small mills.