January 30, 2020

To: Mr. Garry Merkel and Mr. Al Gorley
Old Growth Review Committee

Re - Old Growth Submission by BC Pulp & Paper Coalition (industry members)

On behalf of the BC Pulp & Paper Coalition, we would like to provide the following written submission to the Old Growth Committee. This is a supplemental document to the session we attended with the committee on November 20th which was primarily focused on the BC Coast.

Role of Pulp & Paper Industry in BC:

- Pulp & Paper mills consume the residual products from sawmills, harvesting and other forest related activities. Almost half of the volume of timber harvested in BC is converted by the Pulp & Paper mills into high value pulp, paper, bioenergy and other bio-based products.
- Our supply chain for fiber reaches to all regions of BC and rural communities are highly dependent on the steady operations of our mills and supply of inputs and transportation of products.

Importance of the BC Pulp & Paper Sector to BC:

- 20% of the forest sector GDP
- 34% of the total value of forest products exports
- Supports 11,000 high paying jobs throughout BC
- Generates $4.4 billion in annual sales
- Largest producer of bioenergy in North America
- Major user of trucks, rail and marine shipping facilities in BC

Fiber Supply Situation in BC:

- Vitally linked to the forest sector as an outlet for pulp logs and sawmill wood chips, sawdust, hog fuel from sawmills
- AAC reductions, Interior Wildfires, beetle kill areas and sawmill closures creating critical wood chip and hog fuel supply shortages and driving up high costs for delivered fiber to our mills.
- Additional high cost pulp fibre brought in from northwest U.S., North BC Coast and Alaska to maintain operations for BC Coast pulp & paper mills. For BC Interior pulp & paper mills accessing additional high cost pulp fibre from forests long distances from the facilities.

- Currently, the poor lumber market condition coupled with high log costs, has led to unprecedented curtailments by the sawmills and harvesting activities throughout BC which has exacerbated the supply shortage for BC mills. As a result of all these factors, over the last 2-3-years, fiber costs are up at least 30% reaching new levels as a % of operating costs.
- There have been significant Pulp & Paper curtailments taken in 2019 and more expected in 2020
- Should be noted that downtime at pulp mills is extremely costly, especially in winter months, and that most mills operate until cash flow becomes negative.
- If a pulp or paper mills was to close permanently due to fiber shortages, direct job losses would be in the hundreds and multiples of those would occur for all the services and indirect jobs. These would be concentrated in the vulnerable, rural communities.

Old Growth Forests:

- There are about 13.2 million hectares of Old growth Forests in BC of which about 4.4 million hectares are fully protected. The THLB with old Growth forests comprise about 3.6 million Ha or 18%. Of the annual BC harvest area, about 27% is from Old Growth Forest stands.
- The working forest (THLB) needs to be protected from further erosion for non-commercial purposes or the forest industry will slowly lose its economic and environmental contribution to BC. New and thriving forest lands are an important solution to address global climate change.
- The industry will continue to find solutions with multi-party, stakeholder groups who target non-commercial uses for Forest lands that are in the THLB with agreed upon objectives of balancing value creation from industry with social / environmental goals for the overall benefit of BC. This should be a dynamic process where the key values of Forest Management are considered and where compromises are required, remedies may include changing protected forest land designations in one area for another where greater economic and social good is created.

BC Coast – Key messages regarding Old Growth Timber areas

- Analysis of BC coast fibre supply and demand indicates pulp fibre supply gap of more than one million m3/yr. based on sawmill closures. BC Coast has been dependant on the Southern BC Interior region as part of their wood chip supply base.
- Priority should be to maximize harvest levels (AAC) to increase volume of sawlogs going to all sawmills and extract all the economic pulp fiber from logging sites. This includes pulp fiber currently left at roadside as avoidable waste.
- Old Growth forest logging operations generate up to 20 - 25% pulp fiber versus 5-10% pulp fiber from second growth (experience based)

- There are no pulp fiber supply alternatives to the loss of old growth logging. If old growth logging is further reduced for non-commercial reasons, mill shutdown(s) and resulting job loss would be the direct impact on the sector. There are no other feasible options.
- Based on the extent of the existing protected Old Growth Land base, the High and Medium productive Old Growth Timber Forests should be protected for future timber harvesting, respecting the essential ecological objective and culturally important values.
- Today, from a pulp & paper sector perspective, there are sufficient Old Growth timber stands from multiple representative age and site classes to meet the bio-diversity requirements. If additional old growth stands are targeted for the retention of Old Growth for non-commercial reasons, then there needs to be a process to find other, unencumbered high and medium old growth timber forests to replace any new old growth retention areas or alternatively, target low / poor productivity Old Growth forests sites for future retention areas.
- We support the iconic tree protection and other First Nations' culturally important areas.

BC Interior – Key messages regarding Old Growth Timber Areas

- Analysis of the BC Interior fiber supply and demand indicates a pulp fiber supply gap of 1-2 million m3/yr. on AAC reductions and sawmill closures.
- As noted above, priority should be to maximize harvest levels (AAC) to increase volume of sawlogs going to all BC sawmills and extract all the economic pulp fiber from logging sites. This includes pulp fiber currently left at roadside as avoidable waste.
- The BC interior primarily logs mature timber, a portion of which is deemed to be Old Growth.
- There have been extensive consultations in previous years with stakeholder groups to define Old growth retention areas as part of the LRMP processes. Although done with the best of intentions and based upon information of the time, some defined areas may need to be reconsidered for Forest Health reasons.
- For example, the forest area affected by the spruce beetle is expanding quickly – see figure 1. When assessing harvest plans, particularly in the Omineca area, there is not enough harvesting planned to address the spruce beetle infestation. When the current retention areas (primarily old growth and Caribou) are shown – see figure 2, the attack of the spruce beetle into the retention areas is expected to become a much bigger issue for BC.
- For Forest health reasons, retention areas for old growth purposes need to be re-assessed through a formal consultation process with all key FNs, community leaders and stakeholders to address the spruce beetle. The accessible, affected stands needs to be harvested in the near term before the wood quality deteriorates where it becomes uneconomic to log. Efforts should be made to maximize total value extraction in conjunction with science based, forest management practices.

Prepared by:
Bob Lindstrom
BC Pulp & Paper Coalition (Industry member submission)

CC:	Diane Nicholls	Chief Forester
	Meggin Messenger	Executive Director
	Stew Gibson	Paper Excellence
	Quinton Haywood	Paper Excellence
	George Kosteckyj	Paper Excellence
	Cam Milne	Nanaimo Forests Products
	Walter Matosevic	Canfor
	Andrew Lavigne	Domtar
	Stan Hadikin	Mercer International
	Jason Mattioli	West Fraser

Figure 1

2019 Accumulated (2013 to 2019) Spruce Beetle (IBS) Infestation by (AOS) Severity Class

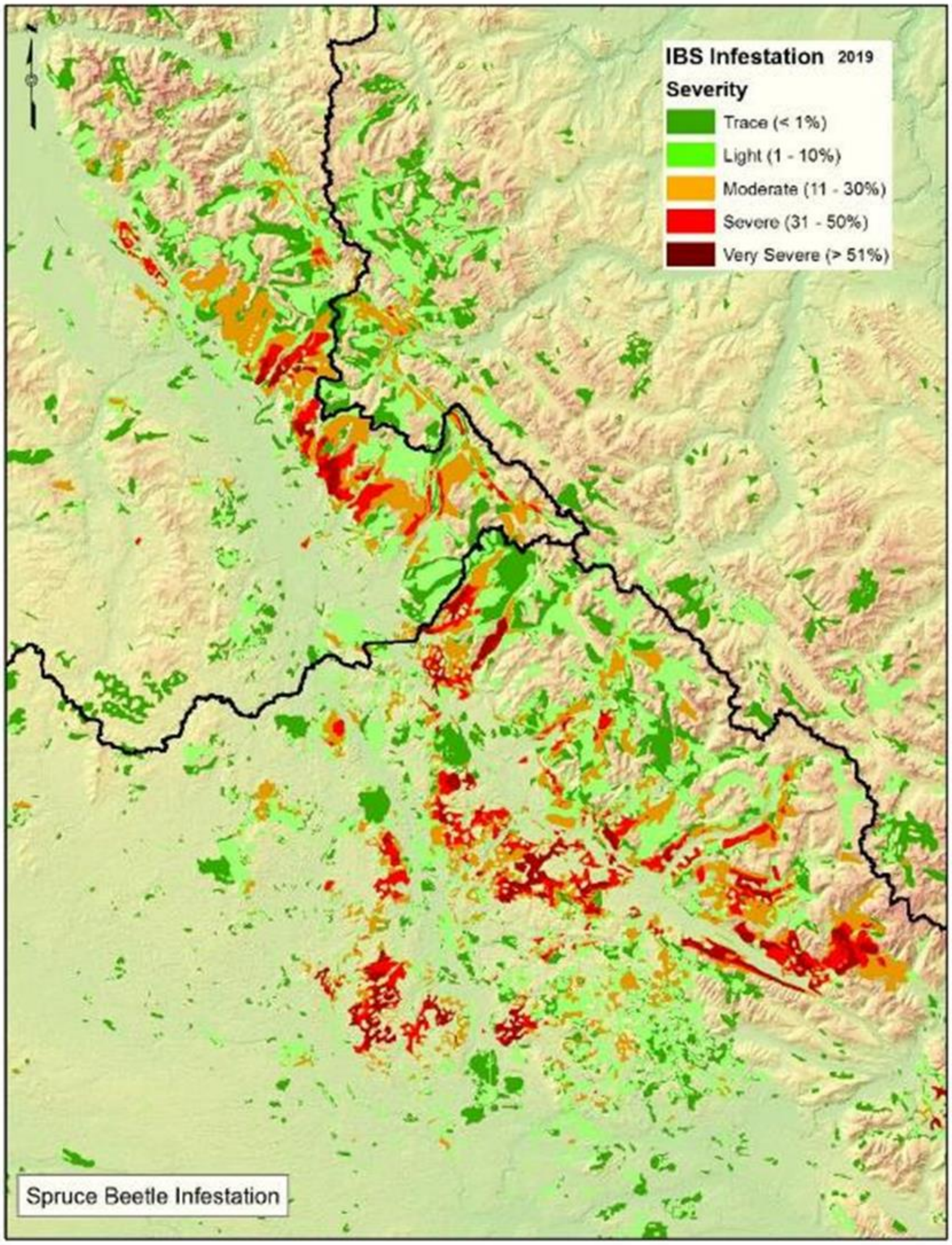

Figure 2

Planned Retention (2019 to 2021 - 3 years - in light blue) reported in Licensee Action Plan
Base: 2019 Accumulated AOS THLB