



## INVESTMENT IS KEY TO GLOBAL COMPETITIVENESS

On the coast of British Columbia, tens of thousands of women, men and children rely on the health and survival of British Columbia's coastal forest industry, which, in turn, relies on the industry's ability to compete in rapidly shifting global markets. In order for forestry companies to successfully compete in these markets, both investment and a regulatory environment which supports credible policies, strong institutions and a stable and a predictable investment climate are needed.

In terms of global competitiveness, investment and political/regulatory climate are interrelated; specifically, investment is highly dependent on stable, predictable access to fibre and reliant on contractual agreements. One of the biggest challenges we face in the British Columbian coastal forest sector is a growing reputation by investors as a jurisdiction where doing business can be unpredictable, slow and cost prohibitive in comparison to other jurisdictions.

This piece addresses the role investment plays in influencing global competitiveness for the coastal forestry context of BC by defining what a competitive industry looks like, examining its importance to British Columbians and the world and, most of all, the steps we need to take today to ensure its realization.

### Defining a Competitive Coastal Forest Industry

A competitive coastal forest industry in BC is reliant upon the exports of goods and services—and inward investment to innovate and meet emerging market demand. Its products include climate-friendly building materials from healthy, sustainable, renewable forests produced by an industry that adheres to some of the strictest environmental standards in the world and provides good, living-wage jobs to its employees.

A globally competitive coastal forest industry is integrated, fostering efficient, working relationships with partners in numerous sectors. This supply chain in-

cludes forest contractors, suppliers such as nurseries, heavy equipment manufacturers and mills that manufacture lumber, pulp and paper and bio-energy. It utilizes the skills and expertise of scientists, academics and economists, statisticians, accountants, insurance experts and many others. It requires solid, mutually-beneficial, respectful partnerships with Indigenous communities and close ties to the people and businesses in non-Indigenous communities that support and rely on the health of coastal forestry for their jobs.

### Why a Globally Competitive Coastal Forest Industry Matters

Companies and investors choose where they operate and invest in the world. A healthy, globally competitive coastal forest industry in BC which practises sustainable forest management, provides British Columbians with good jobs and supports a strong provincial economy can be an attractive jurisdiction.

Coastal BC forestry companies are known worldwide as leaders in sustainable forest management that produce some of the most environmentally friendly forest products on the planet. The companies adhere to strict government legislation and regulation by third party certification bodies. The world-leading *Great Bear Rainforest Agreement* of 2016 signed by industry, government, Indigenous peoples and environmental groups is but one example of this level of collaboration and commitment to forest stewardship in BC.

The overseas customers of coastal BC forestry companies recognize the high value of the logs, lumber, pulp and paper and other forest products that come from the coast of BC. They know that these products are sourced from sustainably-managed forests. In this way, coastal forest products from BC can raise the environmental standard of all forest products on the world market.

From an economic perspective, forestry is a backbone industry for the British

Columbian economy. In a time where there are fewer than ever full-time, living-wage jobs, forestry provides good, middle-class supporting jobs to about 40,000 women and men year-round at an average salary of \$40 per hour.

From a revenue standpoint, the industry provides about \$400 million to the provincial government in taxes and fees every year. This is money that governments use to fund public services and address social needs. Our ability to sustain healthcare and child care services, education, expanded transit and environmental protection ultimately depends on business investment, jobs and entrepreneurial activity that generate revenue in sectors such as coastal forestry.

### The Steps Needed for a Globally Competitive Industry

In order to maintain a highly-integrated industry that provides good jobs, revenue to the province and global leadership in sustainability, it is vital that investment certainty in BC is robust. Our current trajectory threatens to make it too costly and risky to invest in BC—however a collaborative, solutions-oriented approach by industry and government to building and maintaining good policy can change our course.

First, coastal forest companies must be able to trade with their international customers under fair agreements that allow for an even playing field with their competitors in other countries. This includes resolving the softwood lumber agreement with the US in a way which recognizes the uniqueness and high value of lumber products from the BC coast.

Second, companies must be able to sustainably access the full forest profile in a stable and predictable way. This means that they need to access a broad range of timber to meet both the product needs of their customers overseas as well as supply BC manufacturers here at

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rates for the various forms of mechanical harvesting and mechanical ground skidding operations have also declined, some significantly. While the injury rate for cable harvesting has declined since 2012, it continues to present challenges, as do log hauling and tree planting, the injury rates for which have increased slightly in that same timeframe.

### Looking Forward to 2018

In 2018, our strategy will continue to hone in on the areas that generate the highest claim numbers and present the greatest levels of risk. Next year will see the introduction of an advanced, in-the-field training course for prevention officers in log transportation, following the successful implementation of an advanced hands-on course in manual falling for prevention officers in 2017. The goal of this training is to augment the knowledge of forestry prevention officers and support consistency of inspections across the province.▲

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home. It also means that they have a solid process by which to further strengthen their partnerships with Indigenous peoples and that species-at-risk and special ecosystems are preserved with a coordinated and effective approach to implementation on the ground.

Last, but not least, companies must be able to innovate. Spurred by investment, they must also have a tax environment conducive to continue to pay British Columbians good, living-wage jobs while offering sustainable, superior products at prices their customers are willing to pay in comparison to competitors worldwide from other jurisdictions with lower costs of doing business. Such an environment increases the attractiveness of coastal BC for investors boosting investment in technology and operations. Coastal forestry must continue to find ways to further utilize forest residues in an economically viable manner. Finally, government policy must support ongoing initiatives which are of central importance to the industry in growing market access worldwide and product offerings from the BC coast.

Creating investment certainty is key to ensuring the global competitiveness of coastal forestry in BC and the jobs, economy and growth and expansion of our world-class sustainable forest management practices. With a new provincial government now in place, BC's coastal forest industry is looking forward to collaboration that will build further understanding and development of government policy that supports investment and the prosperity of BC. The first step to a better tomorrow is made today.▲

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