

## **News Release**

# **Mountain Pine Beetle killed timber to fuel the BC Interior sawmilling industry for another decade!**

**Various factors indicate that SPF lumber output could remain in the 10-15 billion bf range for the next ten years**

**For Immediate Release**

**December 18, 2007**

**Vancouver, BC** — This month's special report in the *WOOD Markets International Report* predicts that the BC Interior industry's ongoing massive salvage of mountain pine beetle 'killed' timber and the processing of this timber into SPF lumber will continue to be very strong for at least the next five years. Concerns that the B.C. Interior's industry's peak lumber output of 15 billion bf in 2005 and 2006 was going to plunge in the short term appear unfounded. It is now expected that lumber output could stay in the 13.5 to 15 billion bf range for another five years before any structural industry changes are recorded. The wood products consulting firm, International WOOD MARKETS Group Inc. (IWMG), has published the *WOOD Markets Report* since 1995 and is one of the leaders in global wood products research, analysis and strategy.

There continues to be considerable uncertainty around the "economic shelf life" of processing dead pine trees, or the length of time after attack that beetle-killed pine trees remain merchantable for manufacturing dimension-type lumber. "What we have learned to date is that the BC Interior forest industry has become very efficient at milling 3-5 year old dead pine trees," said Mike Jahraus, Vice-President. "Although grade recoveries have slipped somewhat, so far the industry has largely been able to battle the beetle's potentially devastating impacts on mill productivity and lumber recovery by strategic capital investments in new technology, changes to mill configurations and enhancements to log processing in the woods."

In their special report, IWMG combined their ongoing research in this area with BC government projections on MPB-associated pine mortality to suggest a high and low scenario on how and when future timber harvests and lumber production in the BC Interior could be impacted. The sheer volume of pine timber still to be affected by the MPB outbreak, the experience of the industry in processing this timber, and expected market conditions in 2009/10 and beyond, suggest that the industry may experience harvests closer to (or even better than) the “high case” scenario projected for the next 10 year period as outlined in *WOOD Markets*’ special report. As a result, over half of the 900 million m<sup>3</sup> (165 billion bf, Scribner) of pine timber that will be killed by the beetle by 2017 is expected to be harvested and processed by the BC industry.

“We forecast that during the next five to six years, BC Interior lumber output will be in the range where it has been since 2004, or in the 13.5 to 15 billion board foot range,” said Russell Taylor, President. “At some point the timber quality will become uneconomic and lumber production will trend lower, bottoming out somewhere in the 8-10 billion bf range towards 2020 (an output of 10 billion bf would be similar to pre-beetle output achieved in the late 1990s). However, many variables (local to global) could allow for even higher output over the next ten years.”

There is still much uncertainty looking out beyond the next ten year period, as timber shelf life, market/economic conditions, technology options and developments in non-sawlog products cloud any future timber harvest and lumber production forecasts. The potential long term impact of the MPB on the BC forest products industry cannot be underestimated since about one third of the BC Interior’s total timber volume will have been killed by the beetle by around 2015. However, it appears that due to a number of factors, more of the beetle-killed pine timber will be economically recoverable than previously thought, maintaining the BC sawmilling industry’s position as a major supplier of construction lumber for at least the next decade!

-30-

**(Note to media: See following two pages for the *WOOD Markets* special report)**

**For more information, please contact:**

Russell Taylor  
President  
[retaylor@woodmarkets.com](mailto:retaylor@woodmarkets.com)  
International WOOD MARKETS Group Inc.  
Vancouver, B.C. (604) 801-5996

Mike Jahraus  
Vice President  
[mikej@woodmarkets.com](mailto:mikej@woodmarkets.com)