



Community Forest Agreement

Establishing a Community Forest to help attract industry is an important component of the Forestry Rejuvenation Plan. While affording an opportunity to influence and develop strategies to encourage the development of sustainable forestry resource to cultivate local business. Community Forests also generate revenue to support local projects in line with the strategic priorities of the Northern Rockies.

On October 19th, The Northern Rockies and the Fort Nelson First Nation (FNFN) hosted an open house community forum, to educate constituents on the benefits of a joint Community Forest Agreement (CFA), chief amongst which is control over timber rights in the CFA lands. Earlier this year, former Minister of Forests Steve Thomson invited the NRRM and FNFN to submit Community Forest applications, which the two organizations have chosen to pursue as a partnership opportunity. This joint venture has the potential to generate revenue and create local employment, ensuring that the forest provides the greatest economic benefit for their collective communities. Preparation of the Community Forest application required specialized expertise, facilitated in large part by \$100,000 Rural Dividend Program funding, received in 2017 for that purpose.

Representatives of the Nation and the Regional Municipality have progressed as anticipated on Community Forest application and expect to submit it to the Province in March 2018. The joint Community Forest will be the largest initial grant to date at 185,000 cubic metres should the application succeed as expected.

At this time, initial community consultations have been conducted, application lands are being finalized and a legal limited partnership between the NRRM and FNFN is being created to formalize the management structure of the forest. The development of the application is on schedule, and additional consultation with the community will take place prior to its final submission.

For more information visit our website at:

www.NorthernRockies.ca/Forestry

or contact:

Jack Stevenson, Special Projects Officer
E: jstevenson@northernrockies.ca
250.774.2541 extension 2041

Mike Gilbert, Regional Development Officer
E: mgilbert@northernrockies.ca
P: 250.774.2541 extension 2043



Forestry Rejuvenation Strategy

Aspen Study – Phase 2

Maximizing the Returns from Aspen Forests

Northeast BC is home to mixed coniferous and deciduous forests, which has traditionally been viewed negatively since there have been limited markets for the latter species. To develop markets for the marginalized fibre, the Northern Rockies initiated a two-phase study in early 2017, which revealed promising data about the quality and yield of the deciduous forests abundant in the Northern Rockies.

Phase 2 of the *Maximizing the Economic Returns from Aspen Forests* study is being funded in part by a \$300,000 BC Rural Dividend Fund grant from the Forest Ministry's Rural Development, Lands and Innovation Division. With forest sector research and development support from world leader FP Innovations, investigation is planned into a variety of products based on the findings from Phase 1, in addition to targeted marketing and industry identification that will create awareness of the world-class aspen resource in the community's back yard.

FP Innovations has already committed significant financial resources to the project. Logging of sample aspen stands has taken place using local contractors, and with the processing occurring locally at Trans North Timber, with some wood forwarded for further analysis and testing.

The market-matching phase of the study will follow once the results of this work are available, with the results used to provide hard data to forest industry investors.

For more information visit our website at:

www.NorthernRockies.ca/Forestry

or contact:

Jack Stevenson, Special Projects Officer
E: jstevenson@northernrockies.ca
250.774.2541 extension 2041

Mike Gilbert, Regional Development Officer
E: mgilbert@northernrockies.ca
P: 250.774.2541 extension 2043



Timber Supply

Though the region is relatively untouched by the Mountain Pine Beetle epidemic that decimated interior forests, the concern consistently expressed by prospective investors is lack of a guaranteed timber supply. As part of municipal policy, the NRRM opposes the harvesting and removal of local timber for processing elsewhere, and this was the central theme of a series of face-to-face meetings held between the NRRM and FLNRORD Minister Donaldson in September 2017. The Minister learned about growing interest in the Northern Rockies in the face of increasing demand for wood products and decreasing availability of fibre resulting from beetle kill and wildfire, with subsequent reductions in the Allowable Annual Cut in BC. Minister Donaldson appreciates the crucial importance of renewed local forest manufacturing to the future of the Northern Rockies.

Tenure

Seventy-five percent of the allowable cut volume in the Fort Nelson Timber Supply Area (TSA) is licensed to an inactive tenure-holder, in the form of a Forest License and a Pulpwood Agreement (PA 14), without any harvesting having taken place since 2008. With PA 14 due to expire in 2019 and 16 million cubic metres (m³) of undercut accumulated over the past 10 years, the NRRM encouraged Minister Donaldson to consider creative ways in which sufficient fibre volume could be found to make new investment attractive. In the Legislative Assembly on October 17th, the Minister stated, “We made it clear that if there is a viable business opportunity, our senior staff (is) made available to speak with the investors ... about potential fibre supply for that. We’re really anxious and keen to hear from the investors about their potential business investment.”

Timber Supply Review 4

Another area of uncertainty regarding timber supply relates to the overdue Timber Supply Review 4 (TSR4) for the Fort Nelson Timber Supply Area. In TSR4, BC’s Chief Forester will establish allowable harvest levels intended to ensure the sustainability of the forest resource. The NRRM is concerned that the delay of a final decision well into 2018 will further undermine the Northern Rockies’ economic situation.

For more information visit our website at:

www.NorthernRockies.ca/Forestry

or contact:

Jack Stevenson, Special Projects Officer
E: jstevenson@northernrockies.ca
250.774.2541 extension 2041

Mike Gilbert, Regional Development Officer
E: mgilbert@northernrockies.ca
P: 250.774.2541 extension 2043



Forest Investment

Though the forest resource in the Northern Rockies is healthy and the accumulated undercut volume is plentiful, the concern consistently expressed by prospective investors is lack of a long-term, guaranteed timber supply. The NRRM continues to hear from interested forestry investors however - most notable of late has been the serious interest expressed by two industry proponents. One of these, Jilin Forest Products Group, recently sponsored a small municipal delegation to visit their operations in China. Jilin, a very large, multi-product line corporation has well-established distribution in North America, but faces an acute shortage of wood fibre for its manufacturing plants in China. Rather than exporting wood to China for manufacturing however, they are considering the feasibility of producing an integrated line of value-added products within the Northern Rockies. During their 10-day visit to China Mayor Streeper and the NRRM's Regional Development Officer spent significant time with senior staff and board representatives discussing Jilin's business model, and the company's criteria for making an investment decision, and visiting a range of the company's production facilities. Regular contact between the NRRM and Jilin officials continues.

Market Conditions

General market conditions in the forest industry are favourable for the renewal of activity in the NRRM. West Fraser, Canfor, Interfor and Tolko have all had very good years. Building product prices are based on strong demand, shrinking inventory and wood supply constraints, with many lumber products at or approaching record-high pricing levels, and the OSB market has shown particular strength. Macro-economic indicators suggest that these trends will continue, with one of a few limiting factors being the availability of construction labour. While the absence of a Softwood Lumber Agreement remains a concern, many of the wood products in high demand are exempt from softwood tariffs, something true of products manufactured from aspen, which the forest resource in the Northern Rockies has in abundance.

For more information visit our website at:

www.NorthernRockies.ca/Forestry

or contact:

Jack Stevenson, Special Projects Officer
E: jstevenson@northernrockies.ca
250.774.2541 extension 2041

Mike Gilbert, Regional Development Officer
E: mjgilbert@northernrockies.ca
P: 250.774.2541 extension 2043



Boreal Caribou Restoration

The province of B.C.'s Boreal Caribou Restoration Implementation Plan (BCRIP) and the federal government's Boreal Caribou Action Plan, have implications where the habitat of the threatened species intersects with resource areas. While the NRRM acknowledges the need to conserve the Boreal Caribou population, the municipality has raised questions regarding the science on which the BCRIP is based. Carrying out the BCRIP would create socio-economic impacts that need to be recognized, in order to examine ways to mitigate these impacts. It is the NRRM's position that the BCRIP needs to be crafted in such a way that socio-economic impacts are not disproportionate in any one region or community within the restoration area.

During discussions at the Union of BC Municipalities convention in September, Forest Minister Donaldson restated the province's commitment to the NRRM's "deep involvement" during plan consultations and revision of the BCRIP, and meetings between Northern Rockies and Ministry of Forests, Lands, Natural Resource Operations and Rural Development staff have been confirmed.

For more information visit our website at:

www.NorthernRockies.ca/Forestry

or contact:

Jack Stevenson, Special Projects Officer
E: jstevenson@northernrockies.ca
250.774.2541 extension 2041

Mike Gilbert, Regional Development Officer
E: mgilbert@northernrockies.ca
P: 250.774.2541 extension 2043