



# 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](http://www.NorthernRockies.ca/Forestry)

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