



BC COUNCIL
OF FOREST
INDUSTRIES

2019 COFI CONVENTION

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JW Marriott Parq Vancouver
Hotel & Conference Centre
Vancouver, BC

Convention Wrap-up

By Susan Yurkovich, president of the BC Council of Forest Industries

I'd like to wrap up the 2019 COFI Convention by summarizing what we've heard over the last couple of days. We were warmly welcomed yesterday morning by Squamish Councilor Deborah Baker before hearing from Minister Donaldson about the priorities he sees for our industry in the weeks and months ahead.



Our morning keynote Robert Johnston, Eurasia Group, provided us with some important global context – relevant for all of us who operate from a small open economy and trade with the world. He described what we are all seeing – a rise in populism, not only in the US but in other places around the world, leaving few defenders of globalization. He describes this as a “G-Zero” world where traditional institutions that have provided global leadership and economic order are no longer coming together to address big issues. He talked about the implications for trade and indicated that what’s going to replace the stability of entities like the IMF, WTO, NATO and others that are currently being undermined, are not yet known.



He also spent some time on the fascinating interplay between the US and China, the prospects for a trade agreement and the implications of Huawei. He expects a bumpy road ahead and noted that, while we can expect to see continued growth as Beijing retools its economy guided by the made-in China 2025 strategy, we should also be considering opportunities in other emerging markets, in particular India and southeast Asia, that are in a significant growth phase.

The ever popular Jock Finlayson, Business Council of BC, provided us with an overview of both the Canadian and BC situation. He noted that while

the global economy is cooling, it's still expected to grow at around 3% on an \$85 trillion base. What he sees as far more troubling is the unimpressive real GDP growth for Canada at 1.5%. He noted that while the US economy is still moving along, it's nowhere near the Trump mandated 5% growth, and housing starts remains sluggish, well below the 1997-2006 levels, fueled by a weakness in population growth which in the last two years, was at the lowest level since 1937.

He also noted that the Canadian and US growth trajectories for exports are no longer moving in sync, with Canada falling off due to competitiveness challenges and regulatory burden; and he remains concerned about the ability to attract investment to both Canada and BC. He strongly encouraged governments to look at what they can do from a policy perspective to change this dynamic, including reviewing distortive taxes and regulatory complexity.

Our Markets Panel provided us with a sense of what they are seeing in the marketplace, both challenges – and opportunities.



Chris McIver, West Fraser, noted that North American demand continues to grow at about 2 billion board feet per year – driven by modestly increasing housing starts and more importantly the R&R sector that is now outpacing housing starts, on a percentage basis.

Don McGregor discussed the key markets that are the focus for Western Forest Products, including beautiful appearance grade cedar products and products for the Japanese markets, both of which are facing challenges.



Kevin Pankratz, Canfor, discussed the continued opportunities in Asia, and particularly China whose growth is being driven by a huge expansion of the middle class which is expected to hit 550 million people by 2022; and also by the Government's support for the green building sector, which is targeting 50% of new buildings by 2020, a \$13 trillion opportunity.

And finally, Bart Bender, Interfor, shared his perspectives on the mass timber opportunity for our sector. He noted that given mass timber has three times the consumption per square foot compared to light framing, the opportunity is significant—as evidence by the rapid expansion of mass timber projects which have gone from 5 projects in 2013 to 487 projects in 2018.



At lunch, Ambassador MacNaughton provided an update on the USMCA, or new NAFTA and said that while he is cautiously optimistic about ratification by all three parties, it will take some time and the 232 tariffs must be remedied if the agreement is to come into force. On softwood lumber he doesn't yet see a path to negotiations and reiterated that, while it is always easy to get a bad deal, that's not where government is prepared to go.

What was comforting from my perspective was to hear him say that despite the media circus we see on a daily basis at the political level, with respect to the day-in-day-out business between our countries, he sees that the Canada/US relationship is both deep and strong.

In our spotlight session Charles LeVigne, the CEO of LamaZOO confirmed what many in this room well know – we don't need more data, we need to be able to manage it in a way that allows us to use it to make better decisions and key to that is the ability to integrate that data and in particular to use it to visualize both problems and solutions.

The amazing JP Gladu, President and CEO of the Canadian Council for Aboriginal Business, reminded us that one of the key tools to advance economic reconciliation is procurement. He told us about some of the great work being done by companies across the country and also what we can do to become procurement champions, including pursuing certification under PAR, the progressive aboriginal relations program.





We wrapped the day up yesterday with a discussion with our Deputies who outlined what they are working on including some very difficult files that are top of mind for many of us in this room.



We opened today's program hearing from a panel of some of our CEOs.

They spoke of their joint commitment to safety and the progress folks across our industry are making in this area to make sure everyone gets home safely. The conversation that followed covered a wide array of some of the difficult issues on people and communities, subsidies in Japan, potential impacts of caribou decisions, and how uncertainty impacts their willingness to invest.

They also covered a number of opportunities their companies and all industry are pursuing with residuals, biofuels, the partnerships they are building with First Nations, and the diversity opportunities they see in both product and markets. Importantly, they talked about what they think about when making investment decisions including the cost of fibre, the regulatory environment, the need to mitigate risk and, to grow with their customers.



I can't thank enough our future leaders panel who did an absolutely fantastic job. Fiona McDonald, Conifex, kicked-off one of the best descriptions of the millennials I have ever heard. She talked about what's important to her generation including mentorship, the importance of purpose and the need to work hard but also have a life.

Amy Rose, Canfor, shared her story about how she came to our sector, drawn by the opportunity to work with a company that shares her values and to work in a renewable sector. Importantly, she reminded us that you don't tend to enter into agreements with people you don't trust and you don't generally trust people you don't know. A good reminder for all of us.

Ethan Griffin, Interfor, shared his personal story about what brought him to our sector, turning personal difficulties into a terrific career as a superintendent. Some of his advice on attracting more millennials is to be open, encourage new perspectives and new ways of doing things.

And finally Quinn Miller, West Fraser, talked about applying the marketing funnel approach to attraction and retention – starting with awareness, getting in front of the people we are trying to attract - reflecting that the reason he is at West Fraser and living in Quesnel is because this employer didn't just post a job, they went after him, building his interest and exposing him to both a new industry and a new community.

I have to say, I was blown away by all of them. They are smart, committed, passionate advocates for our industry and I think you will agree that with folks like moderator Natali McGladrey and panel, Fiona, Amy, Ethan and Quinn, our industry is in very good hands.

Makenzie Leine, A&A Trading, ably moderated our terrific panel on reconciliation in the forest sector. Chief Teegee laid out the structure and important priorities of the Assembly of First Nations in BC. He reminded us that government and industry need to be flexible and innovative, when working toward reconciliation;



that in order to make good decisions, we need more research and development, and to move to a place of shared decision making.

Doug Caul, Deputy Minister of Indigenous Relations and Reconciliation, described reconciliation as a tough road but a road full of opportunity and benefits and we are moving in that direction with 11% of the AAC now held by First Nations; and, as our PWC study shows, 9% of our employee base. He said that while we don't have it all figured out we have made good progress, particularly in the forest sector, a fact he said we should be proud of.

Celeste Haldane, BC Treaty Commission, provided a quick overview of the role and mandate of the treaty commission. While there is important treaty making work ongoing, there are also interim agreements being reached that support capacity building and opportunity. She cited an agreement between the Huu-ay-aht and Western as an example of reconciliation working in practice.

And my friend Derek Orr, Carrier Lumber, addressed the point of partnership. Something that he knows well from both his former life as Chief of McLeod Lake Indian Band and now in his role with Carrier Lumber. Derek is a true leader in this area and also a champion for the next generation and the importance of bringing young indigenous folks to natural resources through programs like the Outland Youth Employment Program.

We finished off today hearing from our Premier, John Horgan; laying out priorities and challenging us to continue to work together to address the challenges and seize the opportunities ahead. This cooperation was underlined by Horgan's announcement that engineered wood products will be used, where possible, for \$20 billion in public infrastructure including upgrades to the Royal BC Museum in Victoria and rebuilding St. Paul's Hospital in Vancouver.



I hope you will agree that we've been given a lot of food for thought and I hope that will you will leave here like me, optimistic. There's no question that we have challenges, but working collectively and doing the right thing—we can continue to be a proud foundational industry, that's going to benefit generations for decades to come.

In closing, I want to again express my thanks to our exhibitors for being here this week. Thanks also to our convention presenting sponsor, Finning Canada, and today's platinum sponsor Farris, and to all the sponsors of this year's convention. And finally thank you, our delegates, for your participation.

That concludes this year's convention. I invite you all to join us again at next year's convention, when we return to the Prince George Civic Centre, April 1-3, 2020.