



## New market opportunities--from B.C. to Beijing

**A First Nations forestry company, Coast Tsimshian Resources, is working hard to create new business opportunities abroad--by opening a trade office in Beijing--and at home in northwestern British Columbia.**

*By Jim Stirling*

It's an intuitive feeling. When experienced buckers like John Desjardins examine a hemlock, balsam or cedar log lying on a landing, they make informed decisions and cuts based on the probable quality changes in the wood beneath the bark.

That ability is why a cut made by a chainsaw in the Hazelton Mountains can influence log grading and prices half a world away in Japan, Korea or China.

Desjardins has been living in and working out from Terrace in northwestern British Columbia since 1972. That's a few bucking decisions ago. But Desjardins' experience is invaluable to contractor L&J Logging which frequently gets the harvesting nod on specialty cable and one-off assignments for Coast Tsimshian Resources LP in Terrace.

Coast Tsimshian is owned by the Lax Kw'alaams First Nation based at Port Simpson, near the tip of the Tsimsean Peninsula north of Prince Rupert.

Coast Tsimshian is the largest forest industry company still operating in the Terrace region. And it's managed that thanks to shrewd past acquisitions and the ability to switch gears to meet changing circumstances and market fluctuations.

The shrewd acquisitions began when the Lax Kw'alaams rescued two tenures languishing in bankruptcy. The first was what remained of TFL #1 with an AAC of about 320,000 cubic metres, and the second was a forest licence with a cut of about 244,000 cubic metres, with Terrace at the epicentre of the fibre supply area.

The Lax Kw'alaams purchased the licences without a sawmilling component.

There's a long tradition of sawmilling in Terrace. However, the business has unfortunately been characterized by a series of spectacular failures--especially in the last 20 years--that have battered Terrace's forest industry workers and their community.

The reasons for this are many. But the common denominator is the cost of accessing and harvesting timber with a proportionally low percentage of good quality sawlogs from the rugged inland coastal terrain.

"When we started logging in November 2005, our business plan was to sell wood to the Terrace Lumber Company and work with the mill in Prince Rupert for pulp," recalls Brendan Wilson, operations manager with Coast Tsimshian. But within a year, the locally owned Terrace Lumber Company had failed and the pulp mill remains mothballed.

"For us, the whole business plan had to significantly change," says Wilson, "and we ended up looking at log export markets."



There was little choice if the company wanted to stay in business. But Coast Tsimshian is far from being a log export only operation. The company has a growing catalog of about 40 customers, mainly around B.C. They range from shipments to some of the province's (and the world's) largest dimension sawmills to backyard mill operators; from totem pole carvers to manufacturers of fencing, decking, shakes and shingles, musical instruments, rail ties and bridge decking.

On the export front, Coast Tsimshian has been successful exporting logs to China, Japan and Korea, continues Wilson. The main outlet routes are through the nearby ports of Prince Rupert and Kitimat with smaller volumes through Stewart and via the Nass River.

Coast Tsimshian Resources has also taken a pioneering move for a Canadian First Nations group by opening a trade office in Beijing. It's designed to not just further Coast Tsimshian's interests in China but to promote a range of business initiatives in the northwest that it believes will be beneficial in the long term. Coast Tsimshian is also examining the possibilities offered by India, another of the planet's emerging economic powerhouses.

Developing offshore markets for wood and wood products requires determination and dedication (remember Japan 25 years ago?). And there are issues to be worked through. China wants myriad grades of logs in metric sizes and the current regulations surrounding phytosanitation requirements for Canadian logs entering China adds to costs and impacts competitiveness, explains Wilson.

"About a year ago, in response to market conditions, we started our log yard in Terrace," he relates. Logs are measured and sorted to the best and highest valued end use and market according to available opportunities.

"Individual logs can be inspected for a specific end use. It is working out quite well," continues Wilson.

The predominant species in Coast Tsimshian's sprawling operating region is hemlock, which has the unfortunate distinction of being the hardest to sell, he says. Coastal balsam represents about 30 per cent with the remaining 10 per cent split between cedar and Sitka spruce.

All Coast Tsimshian's log harvesting and trucking activities are contracted out, an economic life saver for some regional operators. In all aspects of its direct and indirect operations, Coast Tsimshian provides work for 80 to 100 people, estimates Wilson. Coast Tsimshian recently passed the production milestone of one million cubic metres harvested.

"Right now (early summer) we've got five logging contractors working for us on a regular basis," reports Wilson. The companies and truckers are drawn mainly from the Terrace - Hazelton area. He characterizes the contracting companies as generally small, often run by family members with an assortment of older reliable equipment. "They're professional loggers who have toughed it out."

About half the harvesting in the rugged terrain is cable logged and while ground based systems include feller bunchers and grapple skidders, coastal hoe chucking systems are common. The predominance of hemlock and balsam require manual processing, making grade calls and multiple sorts, compromising production, adds Wilson. He estimates most contractors manage three to 10 loads a day depending on conditions. Sawlogs alone are scaled for B.C. and U.S. markets and graded into about 30 sorts.



Coast Tsimshian is determined to continue developing a sustainable forest industry in the northwest. That includes opportunities for increased log conversion in the region. Among the opportunities being examined are bioenergy plants and a small rail tie producing sawmill in the company's Terrace log sort yard.