

## **‘Rupert’s port has key role in Japan’s future’**

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Injecting the construction of the Fairview Container Terminal with a dose of urgency is key to healing British Columbia’s ailing trade relationship with Japan, says a new report prepared for the provincial government.

The Asia Pacific Trade Council’s third report, prepared by the Japan Market Advisory Group, notes that the province has allowed its relationship with its second-largest trading partner to lag and the province now suffers from image issues when it comes to British Columbia’s forestry exports to the Japanese market.

“The Japanese market requires suppliers to hold inventory and deliver it when needed,” reads the report. “Thus continuity is a critical factor for buyers when they select a supplier.”

As the provincial level of trade with Japan has declined, break bulk shipments of lumber have become less reliable because fewer ships are making the trip on a steady basis.

In order to rebuild that trade, not only does “B.C.’s wood product industry need to be vibrant so export volumes are large enough to entice shipping companies to provide the necessary service,” but the province needs to address the congestion at existing ports and terminals.

“The news of a new container terminal being built at Prince Rupert is being viewed positively by customers and suppliers alike.”

The report recommends moving quickly to “expedite the development of the new terminal at Prince Rupert.”

Japan is the province’s most significant trading partner and investment partner in Asia and is second in destinations for B.C. exports to the U.S.

The primary exports to Japan are resource and food products — lumber is the dominant shipment followed by ores, aluminum, wood, pulp, coal and fish.

In 2006, B.C. exported \$4.7 billion to Japan, significantly more than to China. Lumber remains the dominant wood product exported — making up 72 per cent of total shipments.

Although the province’s exports have fallen in the last 10 years owing to Japan’s economic downturn, the Japanese have continued to buy globally just not as much from B.C.

Prince Rupert used to be home to a secondary processing plant for timber headed to the Japanese market. The now defunct North Coast Timber sawmill in the industrial yard cut speciality timber. However, it closed its doors during the economic downturn.

The mill has since been stripped of machinery and auctioned off.

While the container port may offer hope to those wanting to rebuild the local forest industry, there are other challenges when it comes to rebuilding B.C.'s trade in lumber and forest products with Japan, says the report.

In 2006, the Japanese instituted the Green Procurement Law. This law requires that wood being used in publicly funded projects must be certified that it was legally harvested. "The requirements may be a stumbling block for manufacturers that rely on log volumes from the open log market.

"As a result of the Government of British Columbia's takeback of tenure, a significant amount of the provincial allowable annual cut is now under the control of B.C. Timber Sales, smaller operators and First Nations."

This percentage is actually higher in the North Coast and Kalum Forest Districts where there are a higher proportion of First Nation residents than in other areas of the province. "Not all of this wood is currently capable of being certified and/or certification is not being sought," reads the report.

The report recommends the province moves to implement a Sustainable Forest Management Certification program for B.C. Timber Supply program as well as encouraging all licensees to participate in third-party certification."

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