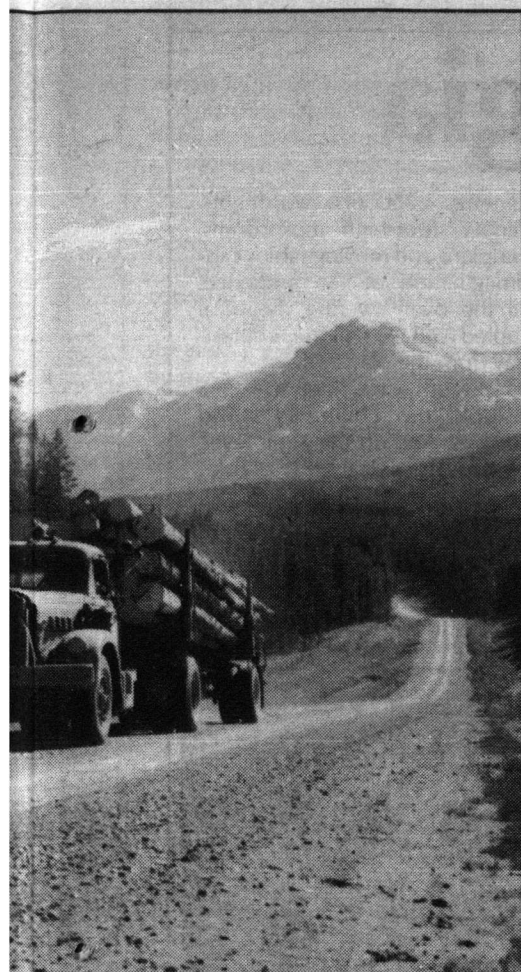


t problems and potential prospects



Alberta Public Affairs Bureau, Audio-Visual Services.

said McDougall. However, they must import almost half their raw materials and as that material becomes more costly, our products should become more competitive.

There are lots of problems involved.

Dr. James Beck, chairman of the department of forest science here at the U of A recently returned from a trip to Japan and Korea. He said the problem is they don't really want our products, just our logs.

"We don't want to compete just in their log market, we must convince them to take manufactured products too," said Beck.

Beck added that China is a potentially huge market, but it was a question of how much they could afford to buy, given the constraints of their planned economy. He also said they must develop export products themselves to generate the foreign currency needed to buy imports.

Another problem is the Japanese and Koreans are not sure if Canadians will be reliable trading partners. They are afraid we merely want to dump our excess production on them and we will abandon them when the U.S. market recovers.

Still another problem is the reluctance of Alberta producers to tackle that market.

According to Anderson, there are valid reasons for that.

The different (metric) product sizes, the re-tooling costs required to produce those products and the higher standards demanded by off-shore customers have caused producers to become disinterested in those markets.

The transportation costs involved in moving Alberta products to tidewater is another serious problem.

"We face a \$14 per thousand board feet of lumber cost disadvantage with B.C. producers when shipping our products to Vancouver," said Rytz.

All senior Alberta observers agree it would be natural for B.C. to penetrate the Pacific Rim market while Alberta continues to market

to the continental U.S.; however, to date there has been no such coordinated approach.

Another point to consider is the potential effects of the Soviet Union developing its vast forest resources in Siberia. They would provide strong competition. That prospect has not materialized yet.

The long term relationship between our own and other currencies will affect the export of all over commodities and products. Our relationship with the U.S. dollar is of particular importance. A sudden devaluation of the U.S. dollar without a corresponding drop in the value of our dollar will severely decrease our current competitive advantage in the U.S. market and would cause a dramatic drop in our market share. This makes it even more important for us to reduce our dependence on the U.S. market over the long term.

One part of any marketing strategy is ensuring the ability to supply a product on a regular basis to one's customers. In the case of the forest industry, its ability to supply a product depends largely on a constant supply of raw material.

While government policies have produced sound regulation of the activities of the sawmilling companies, there are a great many natural and man caused pressures being exerted on the ability of the land base to produce trees.

Over the past 40 years, almost 400,000 acres of productive forest land have been cleared by the oil industry. In most cases, the timber was unsalvageable because of access and other problems.

Coal developments in the eastern slopes will eliminate the ability of large areas of land to grow trees for more than 100 years. Government plans to expand the agricultural land base by up to 10 million acres will cut into the forest land base, as will infrastructure and recreational developments plus withdrawals for environmental protection.

Forest fires in the north have seriously damaged our forests and

mountain pine beetle infestations have attacked them in the south. Both can only be partially controlled due to various climatic and ecological factors.

So, with all these problems, can we really expect the forest industry in Alberta to continue to make any significant contribution to our economy?

The answer is yes.

Future prospects

The forest industry will be able to prosper for two basic reasons: world demand for wood will increase into the next century and world supply, due to poor forest management on a global basis, will decrease.

"It's a good thing Brazil and Southeast Asia haven't got their act together yet, otherwise we'd all have to look for a job down there," said Anderson, referring to the productive environments and poor management that characterizes those two regions.

These factors mean Alberta will be in a good position to take advantage of any future upturns in demand.

We have two of the best reserve stands of softwood in the world (the Brazeau and Berland Timber Development Areas) at a time when most countries have reached the ceiling of their current ability to grow timber.

McDougall would like to see pulp and paper developments occur in those two areas both to alleviate the chip surplus and to take advantage of the resurgence of newspapers and magazines.

Another very important factor is our huge reserves of aspen (both trembling aspen and balsam poplar) and other hardwoods. We have almost as much hardwood in the province as we do softwood, but we only utilize a small percentage of it.

"We used to consider it a weed," said Dr. Beck, and Arden Rytz said it could not be utilized previously because of quality problems.

This was unfortunate because

aspen is a beautiful wood, it grows fast, regenerates easily and is abundant.

A new polymer coating has been developed by Edmonton based scientist R.C. Vasisht. It is called the Aditi process and gives new strength and stability to aspen, allowing it to be used in products as diverse as chopsticks, furniture, and panelling.

A new process called oriented strand board (OSB) is showing great promise. A plant utilizing this process was started two years ago in the Edson area. It is suffering from start-up problems and poor markets, but when those problems are overcome, it should be able to compete with all other board products on the market.

A new \$23 million cost sharing agreement with the federal government will provide \$10 million in research funds for development of new hardwood products such as chemicals and cattle feed.

If the entrepreneurial skills and instincts of our independent operators could be oriented towards finding new products and markets, a more stable industry will result.

Our basic reforestation program is sound; however, we should start gearing up for the future by expanding our efforts in genetics, afforestation and other types of intensive management.

If we are willing to commit the capital necessary to fund such programs, we could realistically support an industry four or five times the size of our present one. This means forestry could generate roughly \$2.5 billion annually in economic activity for the province.

With our enormous dependence on non-renewable resources in this province, it might be time to look long and hard at the necessity of protecting and improving our renewable resources and related industries.

We don't have to look far to see the consequences of neglecting them.

anywhere," said Anderson.

However, we won't be able to depend on the U.S. forever.

The baby boomers are starting to enter their forties and this demographic shift will have negative effects on housing demand. Changes in lifestyle and other factors will also cause a downward shift in demand.

It therefore becomes apparent that we must start looking elsewhere to sell our products. The marketplace most mentioned is the Pacific Rim.

There are large scale domestic wood industries in Korea and Japan,

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