

PRESS RELEASE
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MacMillan Bloedel to Phase Out Clearcutting Old-Growth Conservation is Key Goal Customers to be Offered Certified Products

VANCOUVER, June 10 /CNW-PRN/ - MacMillan Bloedel today announced it will phase out clearcut harvesting in all of its BC operations and pursue a new stewardship strategy which focuses on old-growth and habitat conservation.

The plan establishes three stewardship zones, which limit the intensity of logging, and introduces a new harvesting regime known as variable retention, which protects biodiversity by retaining portions of the original forest in various size stands and clusters. In sensitive old-growth sites, a zone comprising about 10 per cent of MB's holdings, harvesting will be greatly restricted and conservation will be emphasized.

MB President Tom Stephens said that the company's approach to forestry and logging will meet or exceed the requirements of the BC Forest Practices Code and also enable MB products to be certified under any of the independent systems currently emerging for forest certification.

"For MacMillan Bloedel, today marks the beginning of the end of clearcutting and a recognition of non-timber values in our old growth forests," Stephens said.

"At MB, this is the future of forestry," he said. "It reflects what our customers are telling us about the need for certified products, but equally important it reflects changing social values and new knowledge about forest ecology."

"We're not condemning clearcutting; we simply intend to use variable retention to harvest differently, more sensitively, with more attention to a wide range of values, and meet or exceed all regulatory requirements," said Stephens. "And perhaps most gratifying, we can do it economically and safely."

The forest project, which will be phased in over a five year period involved months of research by a team of internal and external experts who reviewed the best options available.

The first key component to MB's forest project involves application of variable retention harvesting instead of traditional clearcutting. The system, which has been promoted by prominent forest ecologists, retains various sized stands, clusters and clumps of trees in ways that protect biodiversity and wildlife habitat.

The system provides different harvesting styles such as retention, group selection and shelterwood, each with varying degrees of exposure or opening size. The most restrictive applications are in MB's Old Growth Zone where the majority of the old growth will not be logged and openings in areas subject to harvesting will barely be visible.

The second component of the plan involves establishment of three stewardship zones for MB's 1.1 million hectares of public and private land in BC. Each stewardship zone will have different management goals and guidelines on the amount of logging that will be done.

The Old Growth Zone will comprise about 10 per cent of MB's land base where the primary management objective will be conservation of old growth forests. MB will develop management plans in this zone based on the assumption that 70 per cent of the old growth forest will never be

logged. Within areas subject to harvesting, retention will be high and openings will be less than one hectare.

MB's Habitat Zone will comprise about 25 per cent of the land base where the primary management objective will be wildlife conservation. Across the Habitat Zone about 40 per cent of the original forest will be retained. The Timber Zone will comprise the remaining 65 per cent of the company's forests. While more commercial in its management, variable retention also will be applied throughout the zone and about 28 per cent of the original forest will be retained.

Stephens explained that the company plans to concentrate most of its commercial activity in the Timber Zone.

"From a financial perspective our research tells us we can generate an acceptable rate of return for our investors by implementing this plan and that it could provide us access to market opportunities for certified products," he said. "But, the secret to economic success with variable retention and zoning is to change our thinking from being volume driven to being market driven.

"As we plan our harvesting, we first look at safety considerations. Then we assess the ecological needs such as biodiversity and habitat and retain those areas so that we don't diminish the health of the forest over time. Third, we analyze the potential market value of sections of the forest."

"From the outset, our guiding principle has been that we will not compromise worker safety or the long-term forest health for future generations. We are confident that with a proper regime of monitoring and silvicultural management we can ensure species diversity and genetic vigor in future generations."

The company will have in place a regime of independent monitoring and silvicultural management to ensure that it is sustaining a diverse and healthy forest. Safely harvesting in smaller openings and clusters also requires application of new technology in the woods.

"We intend to implement this plan safely and economically, but we don't have all the answers or skills just yet," said Stephens. "That's why we will phase in the systems over the next few years, so that our people can become comfortable and confident with new ways of thinking and operating."

"Our new co-management culture involving labor and management has demonstrated the potential for inspired local solutions to other operational issues. We're convinced our teams will also be successful with variable retention harvesting," he said. "Our loggers are the best in the world and they will get the job done."

The company projects that its new forest management plan will begin to intensify the company's focus on second growth and accelerate its move to harvest levels that will be more sustainable over the long term.

MB has a theoretical annual allowable cut of approximately 6.2 million cubic metres(waterscale), but the company's annual cut varies according to market conditions and other factors. In 1997 MB harvested 5.4 million cubic metres. The company estimates that under its new plan it will stabilize the harvest at an average of approximately 5.7 million cubic metres per year for the next ten years.

"For the next few years we don't see any significant impact of this plan on our employment picture," said Stephens. "While we will be making some technology changes which could affect

jobs over time, that could well be offset by investment and growth in other areas."

"The economic and political status quo is driving MB's and most of the BC coastal forest industry's cut downward. Unless we make changes the trend will continue," he said.

"The question is whether we will ever again reach our theoretical AAC. We don't think that's realistic. There are too many obstacles for us to have any confidence in that goal."

"MB's plan will enable us to stabilize our operations at a harvesting level that can be sustained over time," said Stephens. "We believe our plan will help put the decline in our actual cut behind us, improve profitability and allow expansion of our business over the long term."

With this plan MB is voluntarily imposing limits on itself that extend beyond current legal requirements for AAC.

"We already have had discussions with government about what's possible and we've been encouraged by their response. At this stage I think everyone understands that the status quo is not an option."

"Implementing variable retention and zoning will enable us to stabilize our operations at a harvesting level that can be sustained over time, and develop confidence necessary for new investment and growth that will begin to create new jobs and economic activity." The company also announced three additional steps it is taking to support the new forest management strategy.

First, MB will form an independent advisory panel of internationally recognized authorities on forests and sustainable development to provide-external guidance to MB on conservation of old growth in its Old Growth Zone, and on the introduction of variable retention.

Second, MB will ask other stakeholders involved in the BC forest sector, including labour, the provincial government, First Nations, local communities and environmental groups, to review its forest management strategy over the next several months and identify ways to improve upon it.

Third, the company will sponsor a series of workshops for groups interested in looking for new ways to create economic incentives for more innovative, cooperative and diversified management of timber and non-timber values in coastal old growth.

"We believe our new approach will establish MacMillan Bloedel as a leader in sustainable forest management. It also puts MB in a position to respond to requests from our international customers for independent verification of the environmental sustainability of its forest practices under any of the systems for forest certification now emerging," Stephens said.

MacMillan Bloedel is one of Canada's largest forest products companies with 1997 sales of \$4.5 billion. The company operates throughout North America, and manages almost two million hectares of productive timberlands that supply most of its fibre requirements.

Of these timberlands, 1.1 million hectares are in British Columbia where 40 per cent of MB's property, plant, equipment and headquarters are located. MB and its affiliated companies make lumber, panelboards, engineered lumber, containerboard, corrugated containers and SpaceKraft. These products are sold throughout the world.

For more information on MB's Forest Project, visit the company's web site at www.mbltd.com