Open Letter from the Blue Ribbon Commission on Check-off

The North American lumber industry is experiencing one of the worst and most prolonged market declines in decades. The collapse of financial and residential housing markets has been exacerbated by aggressive, sustained and effective marketing campaigns by competing products such as steel, concrete, plastics and composites which have grown their market share at the expense of softwood lumber. The claims by these competing products of environmental superiority have gone unchallenged; their steady erosion of wood’s market share has gone unchecked.

As part of the Softwood Lumber Agreement, the US and Canadian governments wisely chose to establish a fund through the Binational Softwood Lumber Council (“BSLC”) to support the promotion of softwood lumber products and deal with the erosion of market share. Several of us have been fortunate to have been appointed as one of twelve directors of the BSLC, and have seen firsthand the early benefits of an organized and sustained promotional funding model. One of the BSCL’s objectives was to seed the development of the Check-off Initiative, and the BSLC has been working with the Blue Ribbon Commission (“BRC”), the industry body overseeing development of the proposed program.

We see the Check-off Program a sound investment in the industry’s future. Voluntarily funded programs have failed in the past from the lack of steady funding, from fragmented and overlapping mandates and from the lack of unified support. As a result, the industry has been ineffective in positioning its product in the marketplace and has lost considerable market share to competing products. It is imperative that the erosion of wood’s market share be stopped. In our view, this can only be achieved with a consistent and sustainable funding system that involves suppliers from all regions of North America and as well as imports from offshore.

In our view, the proposed Check-off Program has been well-designed, taking into account matters of size and diversity and the financial challenges currently faced by all producers. By establishing a 15 million board foot threshold, the Check-off Program will minimize the burden on the industry’s smallest operators while ensuring a program of sufficient size to benefit the industry as a whole. Similarly, the fee structure, which is proposed at an initial levy of $0.35 per thousand (and not to exceed $0.50 per thousand over the initial term of the program), is small enough to be affordable, yet large enough to generate the funding for a meaningful program.
The inclusion of the Canadian manufacturing in the plan, design, execution and governance of the check-off offers an encouraging step in the development of the bilateral relationship in the North American softwood lumber industry. We are encouraged by the opportunity to diversify our markets into non-traditional offshore markets. The use of industry funds to invest in promotion in markets where competitive prices are being realized would relieve some of the pressure from trying to force products into markets that are (temporarily) oversupplied.

We encourage our peers to seize this opportunity to advance towards a brighter future for our industry.

Blue Ribbon Commission for Check-off