

Notice to All Exporting Licensees and Interested Parties

August 20, 2004

Coast Log Export Policy Changes

1. For your information, the method of calculating the fee in lieu of manufacture charged against logs exported from British Columbia and Canada under section 129(a) of the *Forest Act* is being changed.
2. (a) For coniferous timber from tenures located in the Coast Forest Region considered surplus to the needs of domestic timber processors, the fee in lieu of manufacture shall be an applicable rate as shown below, applied to the domestic average log value calculated from the appropriate Old Growth or Second Growth Schedule of Three-Month Average Domestic Log Selling Prices of Coastal Timber according to policies and procedures in effect on the date the export permit application (FS38) is received.

(b) For coniferous timber from tenures located in the Coast Forest Region considered uneconomical to process in the province or where export will improve utilization, the rates given below shall be calculated as described in part 2(a) above according to policies and procedures in effect on the date an export permit application (FS38) is received.

(c) until further notice the applicable fee rates shall be as follows:
 - 15% of the domestic log values for Douglas fir, all grades;
 - 10% of the domestic log value for all other coastal coniferous species and grades except grades U and lower;
 - 5% of the domestic log value for grades U, X, Y and Z for all coniferous species except Douglas fir;
 - for mixed aged (Old and Second Growth) packages and where the age group is not identified, the calculation will be based on the Old Growth Schedule;
 - the minimum fee rate of \$1.00/m³ will continue to be charged where the fee calculation by methods (a) and (b) above is less than \$1.00/m³; and,
 - the fee in lieu rate of \$1.00/m³ will continue to be charged for deciduous species of timber.
3. A copy of the exporter's valid export sales invoice for the logs delivered ready for loading aboard ship or other means of transportation from Canada will continue to be required and must accompany the application for an export permit, form FS38. No application for an export permit will be processed without a valid export sales invoice or an equivalent declaration of valid sales value for the export package.

4. The change in fee in lieu of manufacture will apply to all harvested exemption applications received on or after August 25, 2004.
5. The new fee in lieu of manufacture will apply to all standing timber exemptions approved on or after September 1, 2004.
6. The fee in lieu of manufacture on all currently active standing timber exemptions will not change.
7. There continues to be a restriction on the acceptance of applications containing high-valued timber as it does not meet the requirements for exemption applications under the harvested surplus process on the coast. Only Douglas fir, hemlock, balsam and spruce graded H and lower, pine and deciduous logs, all grades, will be accepted for advertising on the Ministry bi-weekly list.
8. Until further notice, interior log export exemptions will continue to be charged the current minimum fee in lieu of manufacture.
9. The Timber Export Advisory Committee will continue to review the fairness of offers to purchase surplus timber applications and applications for export considered to be uneconomical to harvest and process in the province.