



British Columbia
**Community
Forest**
Association

Lamattan risk

Meeting the challenge of US protectionism – a political risk perspective

BCCFA Annual Conference 2025

Robert McKellar

27 May 2025

Outline

- Introduction

*Approx 40 - 45 min
presenting*

- Context - Trump and MAGA

15 - 20 min Q&A

- Trumpian pressure on Canadian lumber in the US

- Solidity on the home front

- Dealing with a US squeeze

Overview – the wider storyline

**We depend on the US lumber market,
and it is very undependable**

*Focus is challenge of US
protectionism for community
forests' revenues and future*



**Community forests need to be solid
and capable in preparation for the US
challenge**



**Then can better act on the challenge
(plan and act on options)**

Outline

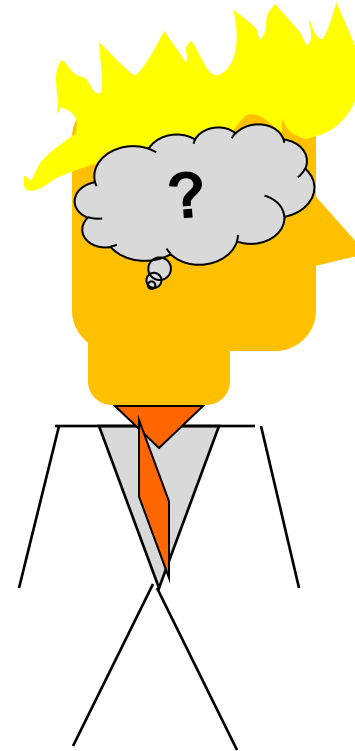
- Introduction

- **Context - Trump and MAGA**

- Trumpian pressure on Canadian lumber in the US

- Solidity on the home front

- Dealing with a US squeeze



Some context on relevant attributes of MAGA and Trump

MAGA

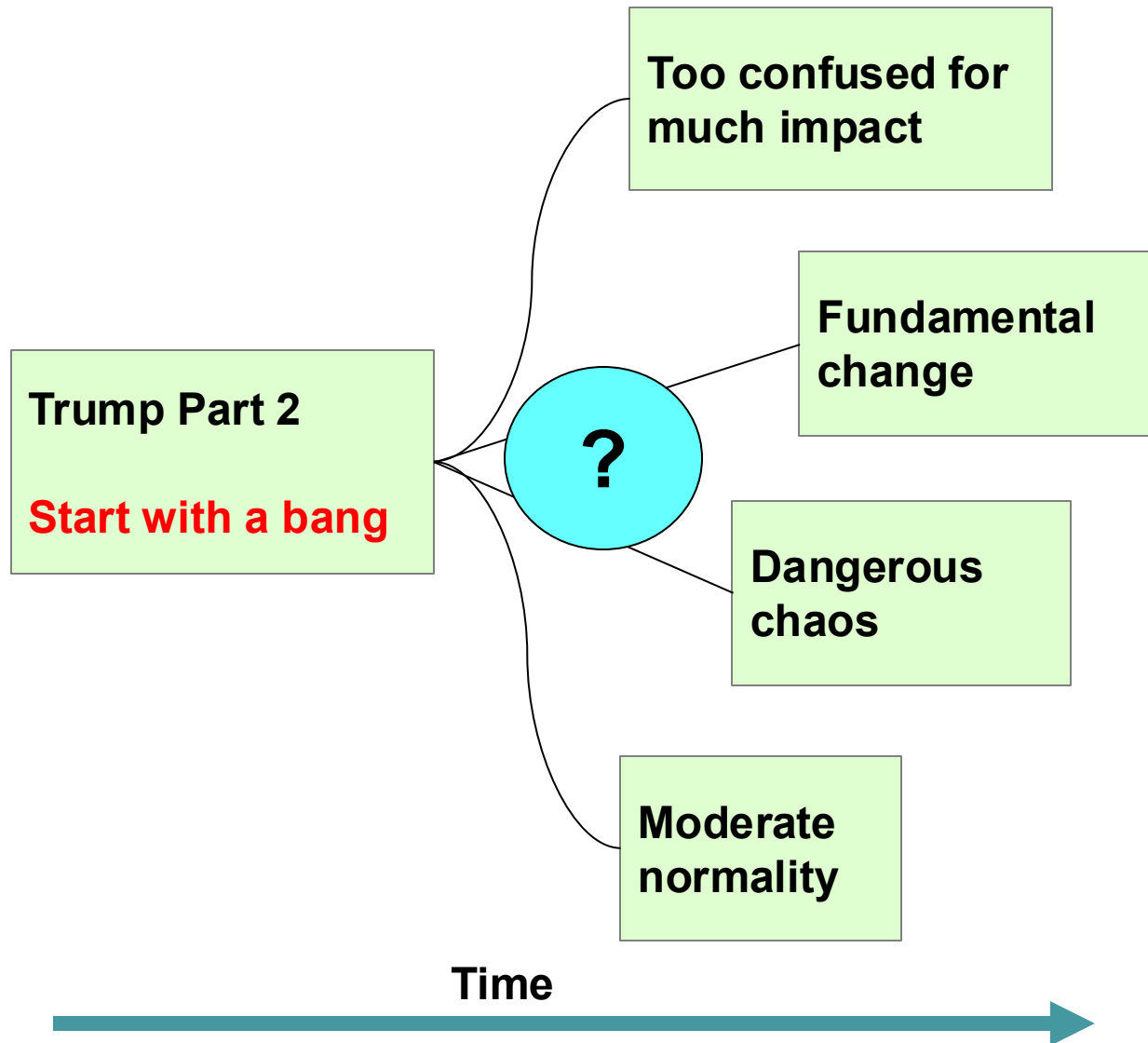
- Nationalist, anti-globalist ideology
 - Us vs. Them: Protect core nation's interests
 - Don't rely on Them (self-reliance)
- = **Protectionism, some isolationism**

Trump's traits add nuance:

- **Transactional** – nothing for free, for anyone
- **Capricious**: Whimsical – but also used for leverage, unbalancing others
- **Palace politics**: Top team competes to advise

Result is protectionist attitude X innate uncertainty

Something to bear in mind with any news about Trump administration tariffs, plans, announcements...



Trump Part 2 is an experiment - radical agenda.

USG capacity to do what he wants is ???

What he wants later is ???

Don't get fixated on latest moves, keep the long view and an open mind.

Outline

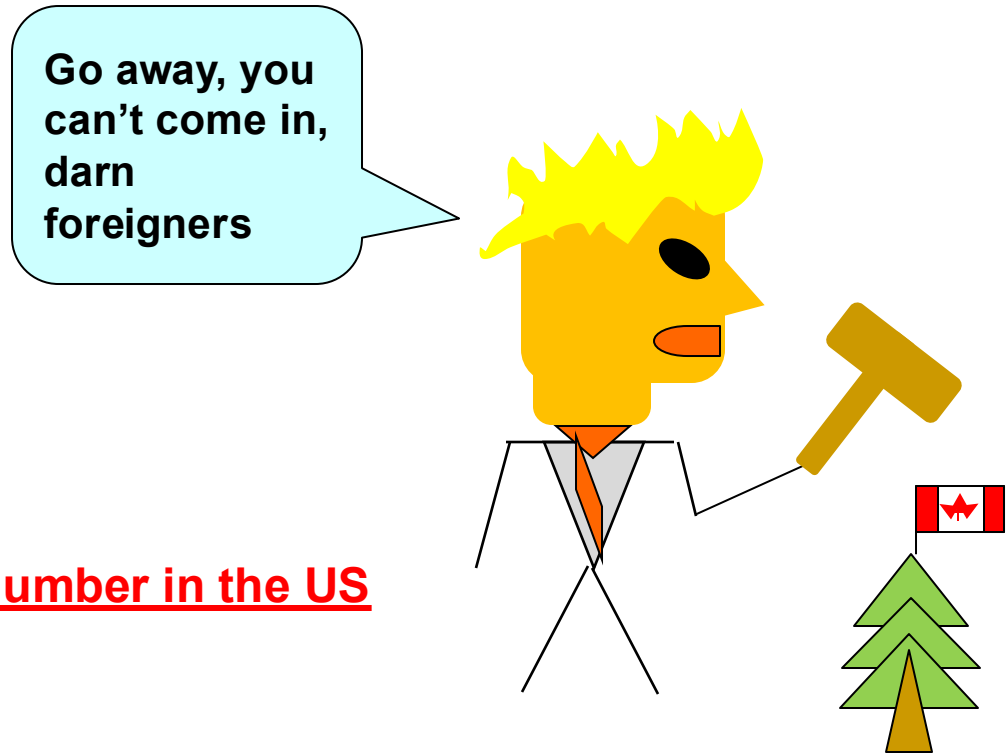
- Introduction

- Context - Trump and MAGA

- Trumpian pressure on Canadian lumber in the US**

- Solidity on the home front

- Dealing with a US squeeze



Duties already hurt, and US tariff policy has been a major source of unease

**Duties have
and will hurt**
(along with BC's
own problems)

- Trump 1 + Biden: 14.5 %
duties; est. 34.5 % 2025

- Canada's share of US
softwood consumption **2016,**
33 %; 2024, 24 %

**US tariffs roller
coaster for
everyone**

- Huge tariffs, partial walk-
backs, pauses, continued
threats of more to come

Where do things stand?

- FTA goods (originating in
Canada) exempt (except
steel, aluminum)

- Lumber exempt (Trump's
been cautious - NAHB?)

*= So far not affected by
tariffs*

But it's not over...

Lumber is a target for the self-reliance bent in MAGA - An emerging picture of the lumber plan

March 1st directive to investigate lumber imports

- Investigate national security implications of lumber imports (Section 232 Trade Expansion Act)

Both investigations due to report by Nov 2025

March 1st directive to open US public forests for logging

- Lumber critical to US, has its own supplies but needs to unlock them – how?

The equation:

- US needs lumber self-reliance, so...
- US will reduce imports
- And free up forests to boost domestic supply

Fleshing things out

What might be 232 tariffs be?

- Ballpark 25 % (steel and aluminum also 232)

- Duties + tariffs = non-competitive in US

Could the US become lumber self-sufficient?

- Mill capacity?
- Labour?
- New logging infrastructure?
- 10 years min, 15 realistic
- Canadian lumber wouldn't disappear, but very niche

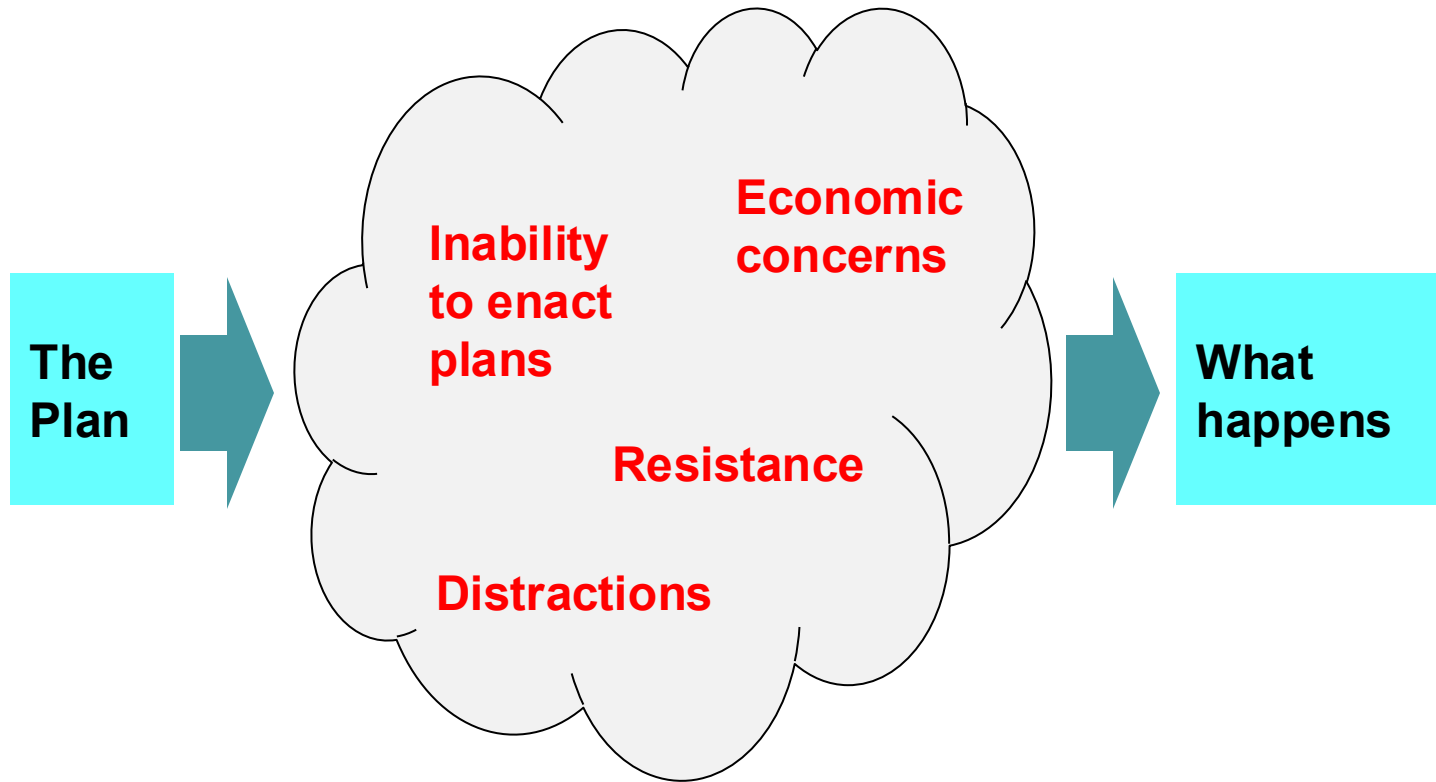
- Lumber's tariff exemption points to caution

- Could be phased to give time for US capacity growth

- That's the plan, but...

That's the plan, but what's the reality? Remember, don't take US plans and announcements at face value because things could be chaotic

Big cloud of uncertainty between Plan and Later

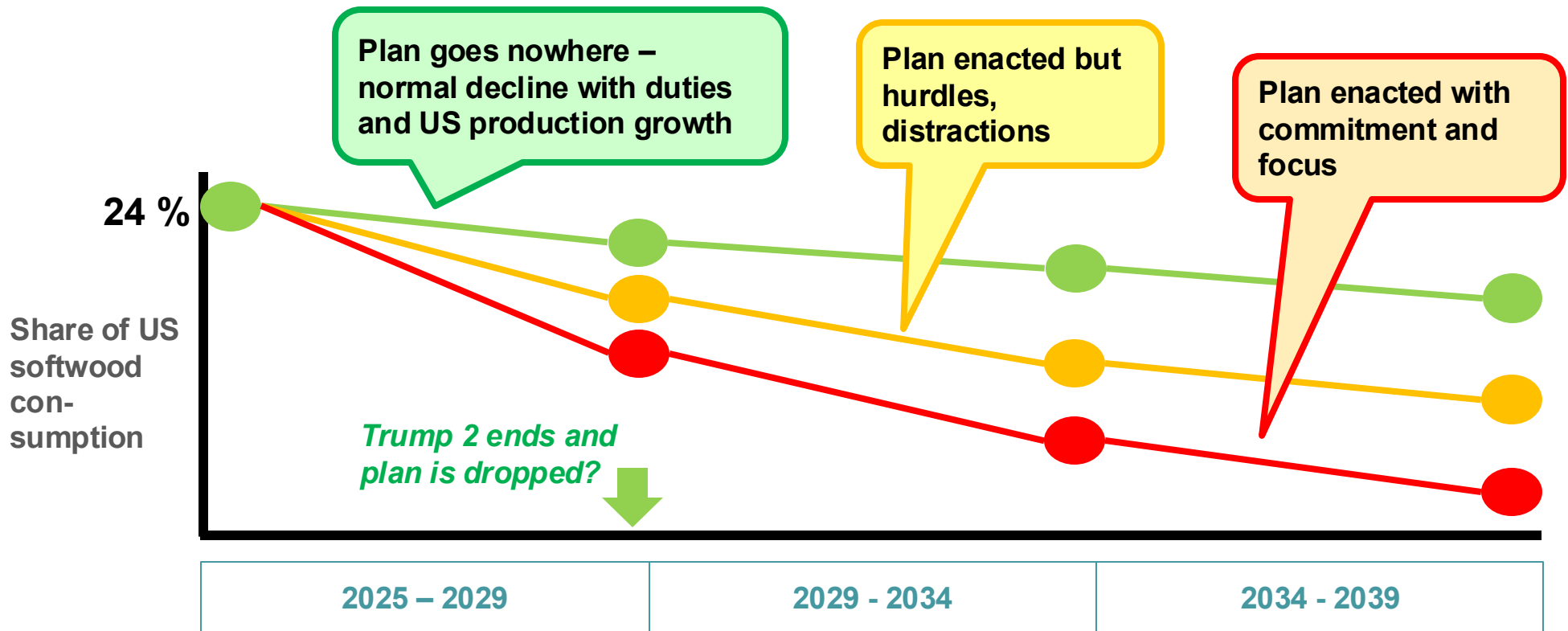


- Plan would take focus and commitment

- Big assumptions these days

- Plus will it last beyond Trump (even if he seeks 3rd term)?

Some broad scenarios to help make sense of the challenge



- US policy for 15 yrs? Who knows, but will intensify pressure, and more public forest logging means more direct competition for BC's softwood variants (SPF)

- *End of an era: US market is no longer THE MARKET, and no one market is*

Outline

- Introduction

Why would this be a political risk issue? Because organisations with strong foundations and agile thinking are a lot better at handling new pressures than weaker ones.

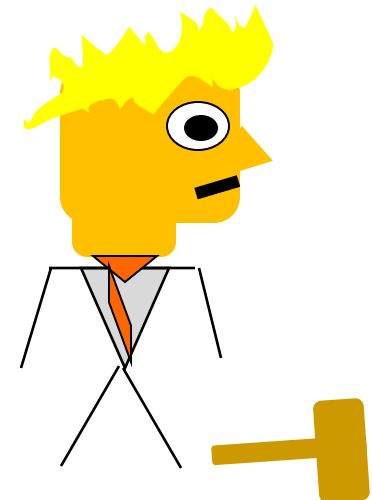
- Context - Trump and MAGA

- Trumpian pressure on Canadian lumber in the US

- Solidity on the home front**

- Dealing with a US squeeze

Hey...they were supposed to be all confused and worried.



We'll look at two closely connected levels of solidifying ourselves in the face of impending change

Social licence (local trust & legitimacy)

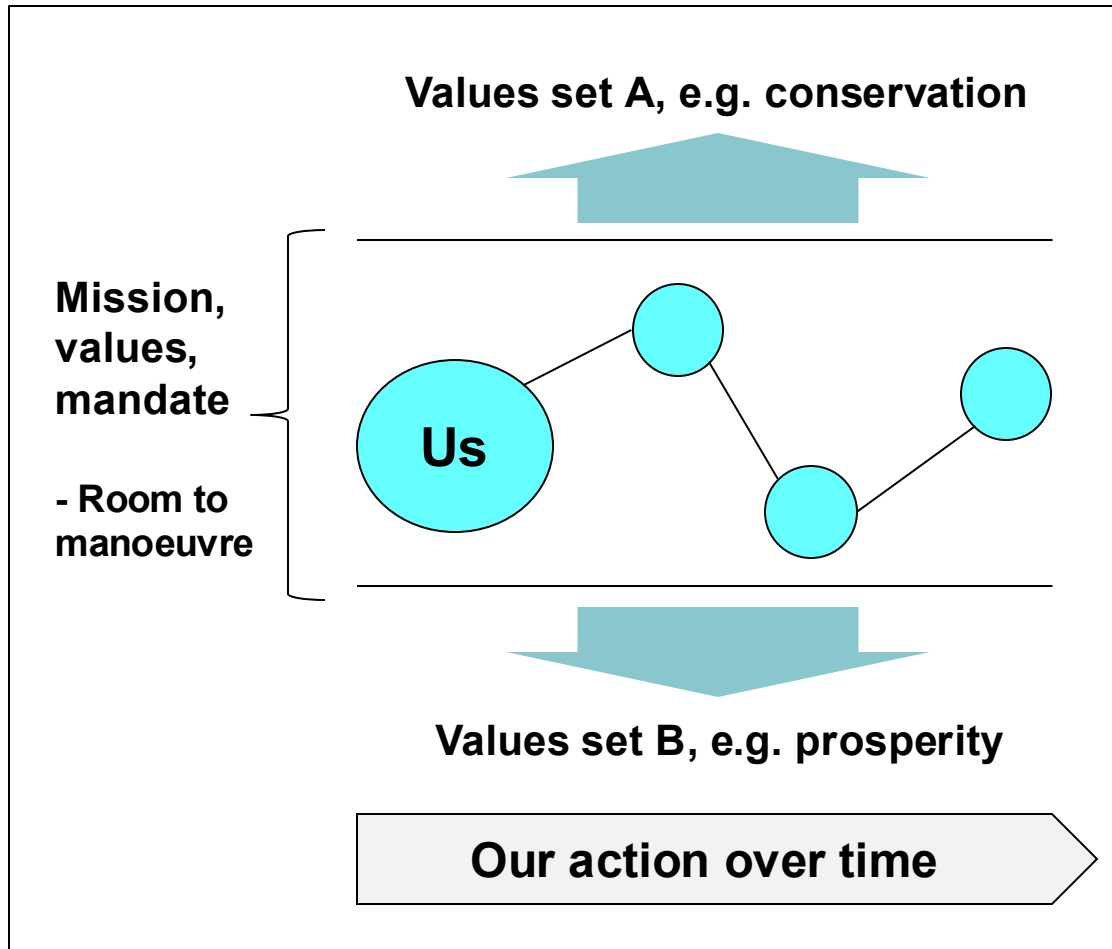
- **Big changes = potential effect on trust, and we need it to be rock solid (and there's still time before the Crunch)**

Community forest management

- **Cohesive – can align on change directions**
- **Agile mindset – learn and adapt**

Organisations often try to please all sides, in the end looking slippery – long-term trust & legitimacy is based on consistent alignment between principles and action

Flexibility within limits



- Liked is fleeting, trusted is enduring – not the same

- Trust = consistent alignment between principles and behaviour

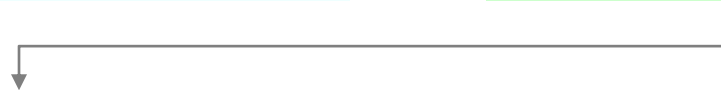
- Mission, mandate will evolve, but needs explicit management and communication

Even if we have a solid social licence now, trust will still be challenged by the US market squeeze, and we need to carefully manage communications

- Reduced revenues = cost control, earnings retained**
- Unmet promises / expectations**



Pressure on trust and social licence

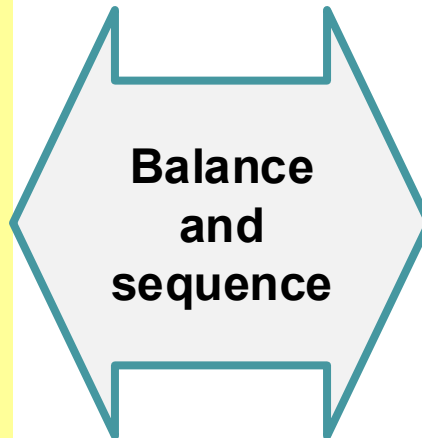


Communications in challenging times

Transparency and openness to ideas:

- We're in this together, shared journey ahead**

Only this => confusion, runaway expectations



Control:

- Lid on expectations, not rushed into decisions**

Only this => opaque, condescending, aloof

Turning to the organisation itself, to be ready to face challenging times it needs to be cohesive and have an agile mindset – first about cohesion

Organisations get a soft centre when:

- Focus on “real” job, forget to lead
- Mission, mandate, values (glue and raison d’etre) stale or dusty
- Social divisions cut across organisation – competing agendas

Some remedies...

- Organisational health and mission get meeting time
- Mission and values clear to all – agree to disagree except on this
- Stakeholder feedback and leadership reviews (not “audits” or box-ticking)

Turning to the organisation itself, to be ready to face challenging times it needs to be cohesive and adaptive – second, about an agile mindset



Common weaknesses when it comes to sensing and adapting

- **Nose to the grind, never look around** (not now, I'm busy)
- **Complacency** (things always work out...)
- **Lack of imagination** (can't conceive of how big change could be)

It would be an idea to coordinate with each other and the BCCFA on periodic risk workshops, but there are practical things we can do every day to stay alert

**Thought
experiments /
practice**

- Be negative, think big – why might we have problems in the future, what could we do?

**Scanning / active
curiosity**

- Stay informed about trends and issues that could affect what matters to us (20 min. daily homework)

**Meeting
agendas**

- Build in time for fluid discussion of risks, uncertainties, challenges

Outline

- Introduction
- Context - Trump and MAGA
- Trumpian pressure on Canadian
- Solidity on the home front
- Dealing with a US squeeze**



We'll look at three broad approaches that could work together to help increase resilience and get beyond reliance on the US lumber market

**A role in global
diversification**

**Non-lumber
revenues**

Collaboration between community forests

Handling change can be hard on our own – collaboration between community forests could help

Why collaborate? In general...

- Integrated management of shared resources (e.g. watershed)**
- Economies of scale: 2 can afford more than 1 (e.g. mill or biofuel plant)**
- Bargaining power: More contacts, influence**

Main reasons in this context:

- Moral support – we don't feel so alone in this**
- Fresh thinking – new, more diverse teams bring more ideas, awareness and knowledge**

The Canadian lumber industry will be seeking non-US international growth – there could be unique opportunities for community forests

Canada's international advantages compared to US lumber

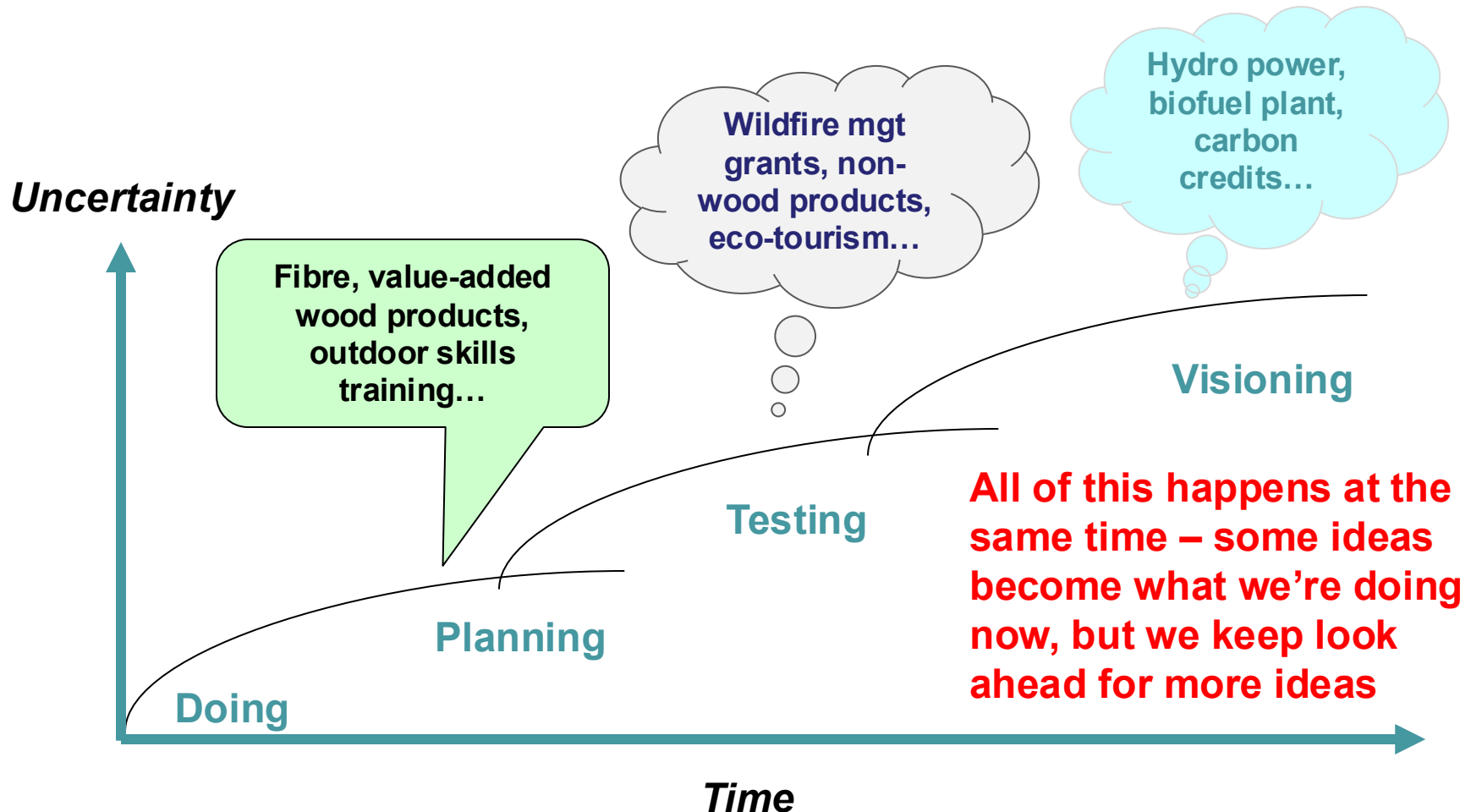
- Doesn't face retaliatory tariffs (US lumber does) so will be price competitive
- Better environmental standards (US logging public forests but cutting forestry & environmental expertise...)
- Canada more stable trading partner

When majors diversify they could replace some US share overseas.

Community forests benefit from that but could have own opportunities:

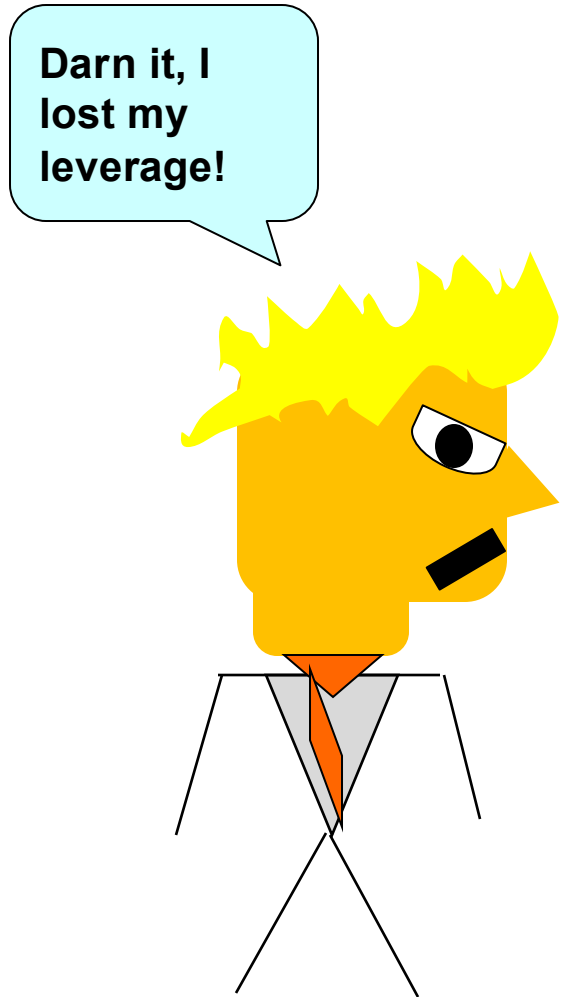
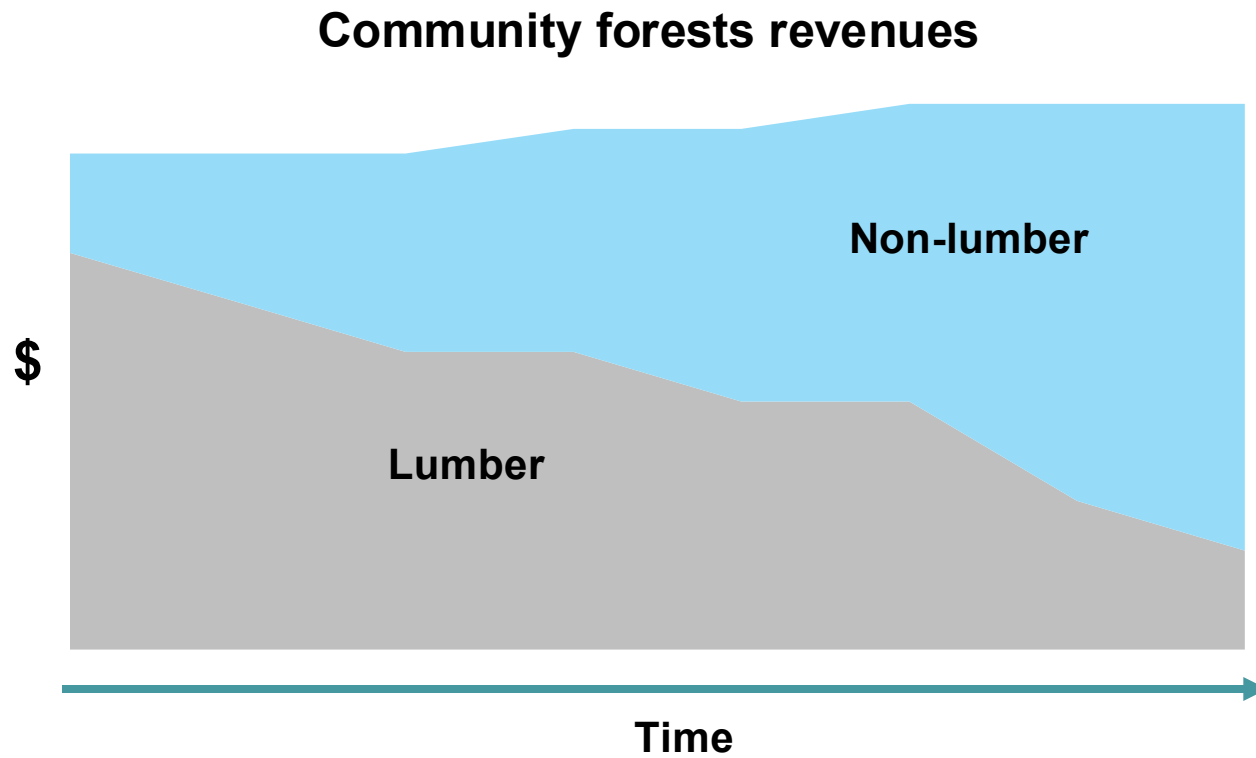
- Social licence, grassroots brand, **niche segment?** (could have high appeal in EU +)
- Independent overseas sales and marketing, a **Community Forest Marketing Board?**

Getting beyond lumber will also be essential for sustaining revenues – revenue resilience means managing a portfolio of options so we never lack for growth ideas



In uncertain times, revenue resilience means always keeping an eye on the future so we have options that we can build on as markets evolve.

Envision a revenue split that would keep us safe from an eccentric and undependable US market



Q & A

**And contributions to the
discussion**

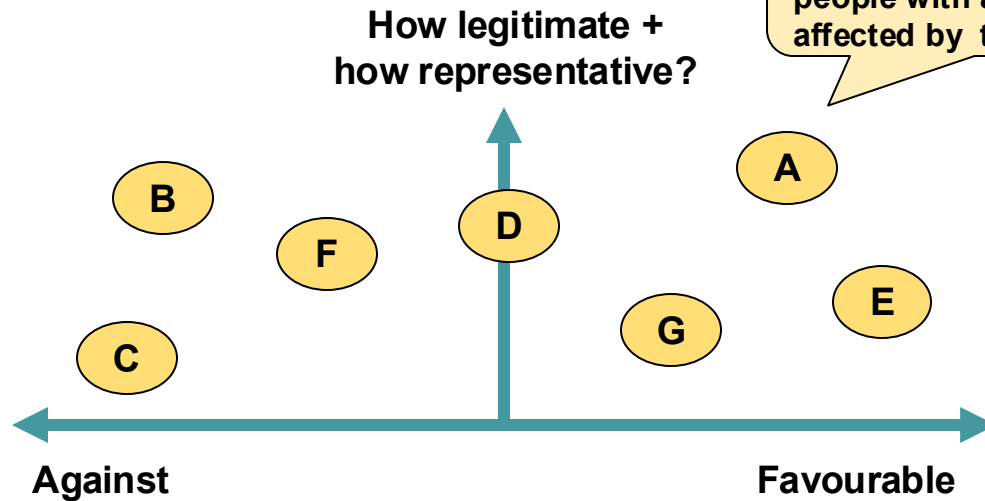
Appendix:

**Slides we didn't have time for but
which could be useful**

Appendix 1: Stakeholder analysis should help guide new initiatives to get beyond lumber reliance, within limits...

*E.g. boost
eco and
cultural
tourism*

*Draft
concept*



Stakeholder: Group, organisation, or segment of people with an interest in / affected by the initiative

- Inform and consult on initial idea

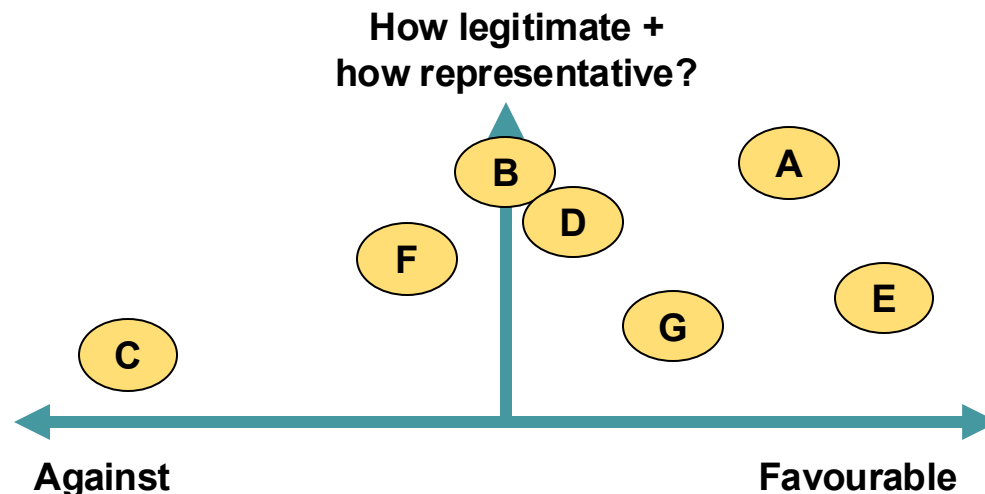
- Adjust concept for acceptance but...

- Don't warp / delay / overcomplicate to win a few more "points"

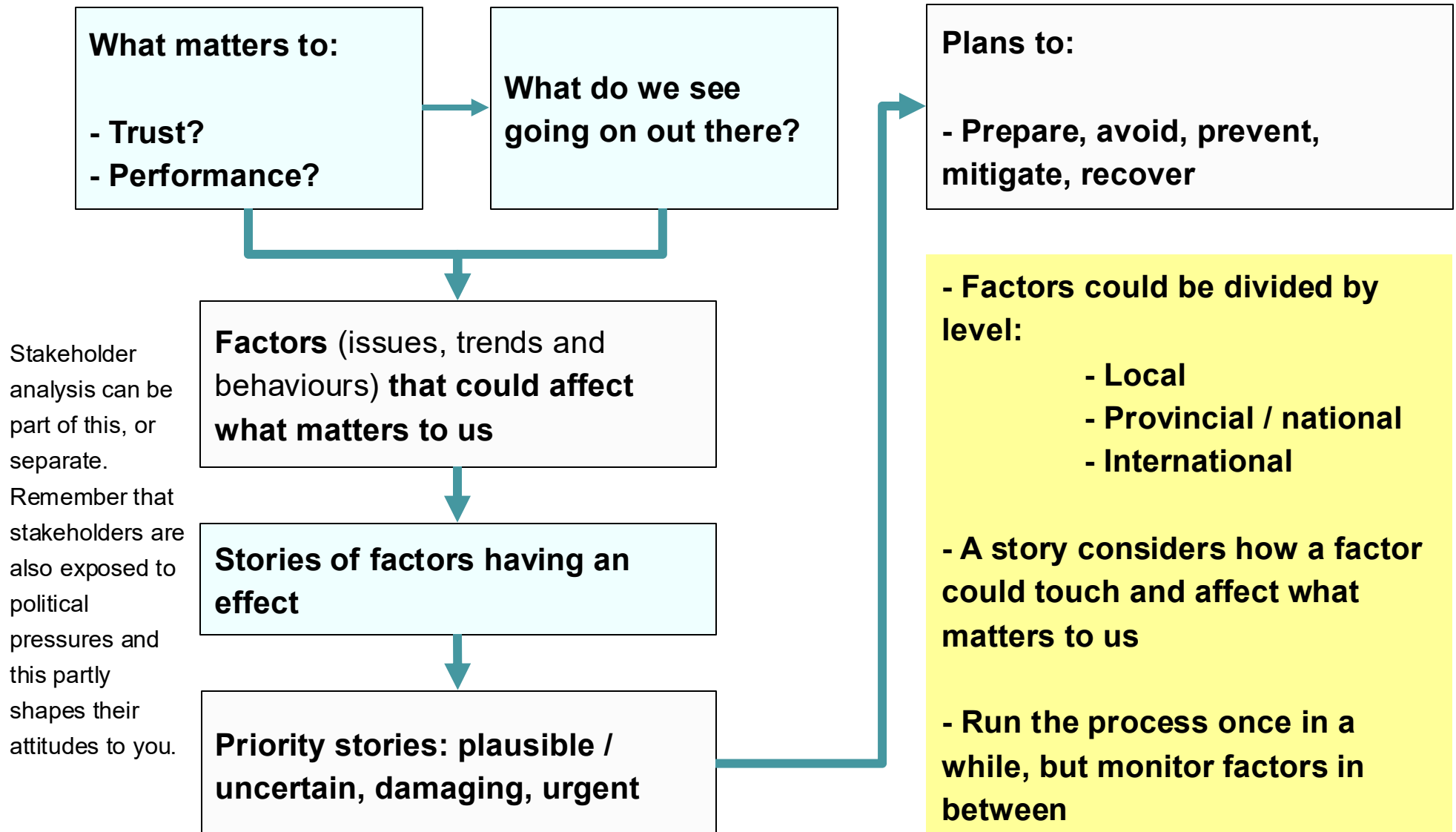
- Don't cater to niche would-be spoilers

*E.g. boost
eco and
cultural
tourism*

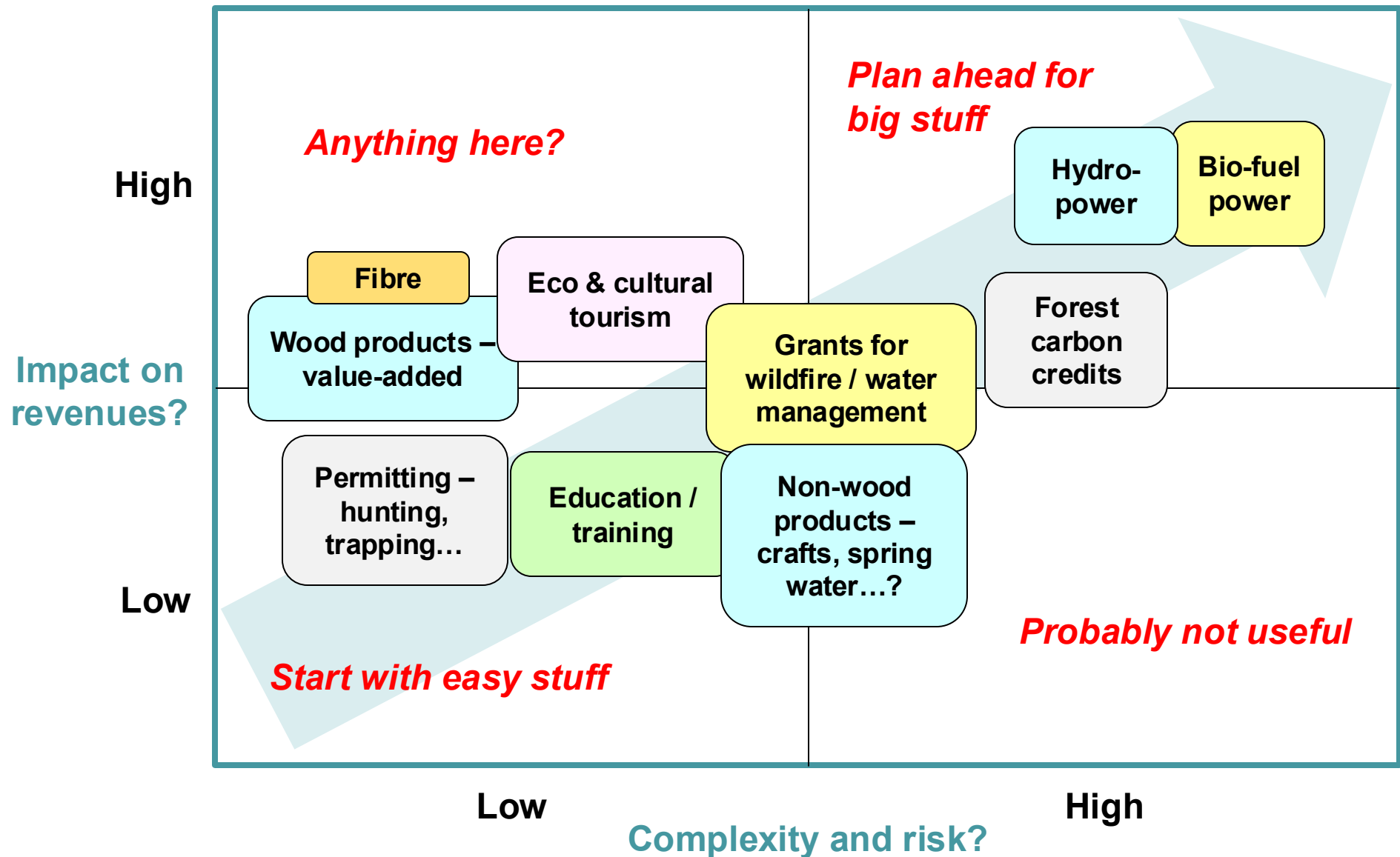
*Working
concept*



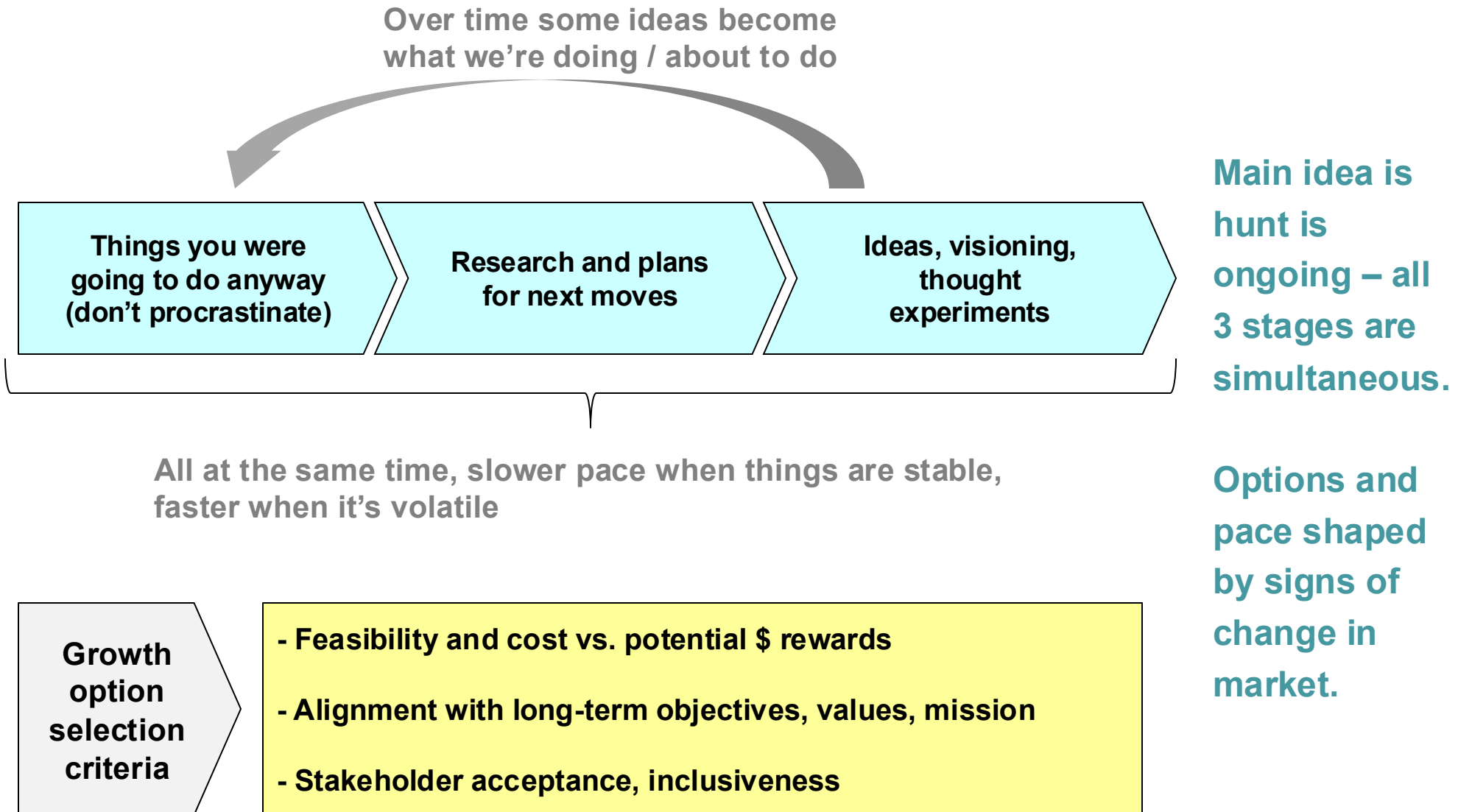
Appendix 2: Political risk, or just general risk, management planning process, which can be done as a structured workshop after some preliminary preparation



Appendix 3: A basic planning matrix that helps with idea generation for non-lumber revenues



Appendix 4: A more schematic look at the revenue growth planning process for uncertain times



Appendix 5: Don't be afraid to play with seemingly big or whacky ideas when we're developing visions, e.g. (probably already thought about, but...)

(Note: Maybe other regions have some good ideas – rural resilience initiatives in Asia / Africa; “NTFP” initiatives in different regions...)

