

MADISON'S LUMBER REPORTER

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News & Updates

British Columbia Forestry Announcements

The Premier of British Columbia, Gordon Campbell, chose this week's annual Truck Logger's Convention to announce major changes to forestry policy in the province, including a cut to coastal stumpage fees. Reflecting current market realities, effective Jan. 15, the average sawlog stumpage price on the Coast will be less than \$5 per cubic metre – compared to a rate of \$18.56 per cubic metre one year ago – a reduction of more than 70 per cent.

In addition programs were announced to expand domestic markets for wood by requiring all new public facilities to include BC wood in their construction whenever possible, establish selected areas of the land base where forestry has the priority both for harvesting and for growing new trees to secure forest jobs and investment, increase access of fibre supply by connecting tenure holders with customers, and tenure and pricing specifically for bioenergy, ensuring 100 per cent of a harvested tree can be utilized.

The US Coalition for Fair Lumber Imports, which had two delegates attending the Truck Loggers Convention, promptly declared they consider the cut to stumpage a direct violation of the current Softwood Lumber Agreement and would seriously look at launching a complaint upon returning to their offices.

Catalyst Paper Unilaterally Declares Tax System Unfair

Catalyst Paper Corporation has told the provincial government they won't be paying what the government says they owe. Catalyst wants to pay only for the services it uses, estimated to be about \$1.5 million in each of the four communities where it operates. [READ MORE](#)

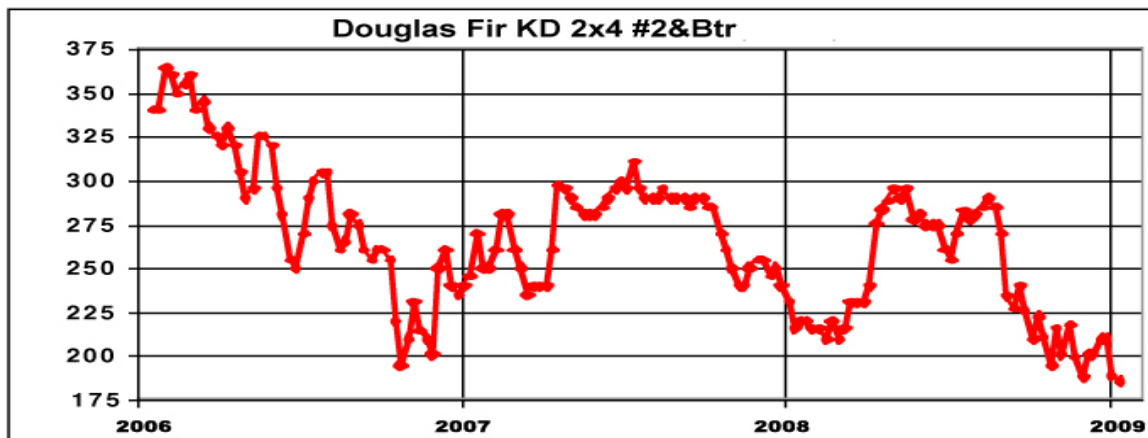
US State Department Contacts NL Government

The government of Newfoundland/Labrador's bold move in December 2008 to gain control of timber licenses and hydro energy not being used by idled Abitibi-Bowater mills has prompted the company to seek legal assistance from the US State Department. [READ MORE](#)

Wood Cellulose Uses

Perhaps the most fascinating piece of information to come out of the Truck Loggers Convention this week was new uses for wood cellulose. Biomass fuel is a hot topic here at *Madison's*, and will continue to be as developments come forward in this fast-moving field.

Other, less known, uses include finishings, plastic-polymer blends, carbon-fibre tools and sports equipment, and others. The speaker, from FP Innovations, extended an open invitation for everyone to tour their research facility at UBC, which *Madison's* intends to do in the very near future. [READ MORE](#)



Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	148	168	-20	156	-8	205	-57
WSPF KD R/L 2x6	136	148	-12	145	-9	213	-77
WSPF KD R/L 2x8	142	162	-20	160	-18	230	-88
WSPF KD R/L 2x10	148	170	-22	168	-20	325	-177
WSPF KD PET 2x4 Stud	170	170	+5	142	+28	215	-45
Douglas Fir Green R/L 2x4	148	155	-7	148	0	160	-12
Douglas Fir Green R/L 2x10	185	235	-50	243	-58	245	-60
ESPF KD 2x4 8ft Stud	230	230	0	225	+5	280	-50
OSB Ontario 7/16" (CDN\$)	220	220	0	220	0	155	+65

Weekly News

Catalyst Financial Trouble

CONTINUED The company wants to move to a consumption tax model as a pilot project and first step toward industrial property tax reform in the province. Catalyst was expected to pay the Municipality of North Cowichan \$5 million in taxes this year.

Powell River city council has not been unsympathetic to the company's financial difficulties and, over the last 11 years, the municipality has reduced the percentage of total property taxes paid by major industry nearly 20 per cent – from 62 per cent to 44 per cent.

If Catalyst simply doesn't pay its bill in July, the four municipalities have tax laws they can implement.

The company that's asking for relief walked away from a re-investment in their future that would've been subsidized by the province. NDP MLA Scott Fraser spent a year and a half trying to broker a deal to partner Catalyst with Voith Paper,

which makes machines responsible for one third of the world's paper production.

Fraser claims that the provincial government was onboard for \$10 million to assist the project. Then in September, Catalyst said no, they weren't going any further with the plan. Now Catalyst is asking the government for \$52 million over five years to help pay their municipal taxes.

Campbell River City council says it respects Catalyst president Richard Garneau and understands that he wants to keep the company viable and return it to its former success, but the city can't foot the bill.

AbitibiBowater Claim

CONTINUED Formed out of the merger of Canada's Abitibi Consolidated and America's Bowater Corp, Abitibi-Bowater is headquartered in Montreal, but incorporated in Delaware. Abitibi-Bowater spokesman Jean-Philippe Cote said the company has raised concerns

about the expropriation with the Canadian and US governments.

AbitibiBowater is threatening legal action against the province, and says it could challenge the decision under the North American Free Trade Agreement.

But American officials are not saying much about the situation, noting it is a legal matter between the company and province. The US government first issued a statement expressing concern about the expropriation days before Christmas.

Karl Duckworth, a Washington-based spokesman for the State Department, steered inquiries to U.S. embassy officials in Canada, who declined further comment.

"We are not going to elaborate on the statement," Marcia Seitz-Ehler, a spokeswoman for the U.S. consulate in Halifax, wrote in an e-mail.



Catalyst's Elk Falls Pulp Mill near Campbell River

Calendar

February 2009

Paptac Exfor & Annual Meeting
February 3 to 4 - Montreal, QC
<http://www.paptac.ca/>

Ontario Forestry Association
February 6 - Allison, ON
<http://www.oforest.on.ca/>

Oregon Logging Conference
November 19 to 21 - Eugene, OR
<http://www.oregonloggingconference.com/>

BioEconomy

Wood Cellulose

The 66th annual Truck Loggers Association Convention and Tradeshow this week in downtown Vancouver proved to

by Kéta Kosman

be a very interesting source of information. The speakers covered a wide range of expertise and experience, together offering plenty of insight and suggestions for how to handle the current difficulties of the North American lumber industry. While the general mood of participants attending speeches regarding exciting future directions was tempered with the present gloomy reality, everyone was equally intrigued by the proposals. One that immediately caught Madison's interest was by FP Innovations, the world's largest non-profit research institute, situated at the University of British Columbia in Vancouver.

"Save the Planet; Grow More Trees, Use More Wood", was the mantra of the speaker, Jim Dangerfield of FERIC, which operates under the umbrella of FP Innovations. In a world rapidly becoming enlightened about the realities of climate change, expanding the use of wood for commercial, institutional and multi-family building makes perfect sense. Carbon is locked in for extended periods, much longer than with concrete or steel, and after the harvest new trees are planted which absorb much more carbon than their fully grown predecessors. At the institute's UBC lab is a display of a ten-storey cross-laminated timber building in London, England. As the wood products industry launches a campaign to move into non-residential construction, this building is solid proof that wood framing is viable for six-storey construction. Or even more, if engineered wood is used.

Cellulose is the most common organic compound on Earth. Cellulose as a fuel source is being investigated, and even now put to use, around the world in variety of ways. In September 2008, the 6th annual Biobased Industry Outlook Conference at Iowa State University attracted over 700 participants to discuss current research, collaborate on issues facing advanced biobased products and explore climate change adaptation and mitigation innovations. Main topics included New Advances in Chemical and Biological Processing of Biomass, Performance of Biofuels and Biolubricants, and Pyrolysis Co-Products: Bio-oil and Bio-char. Its quite amazing that Pyrolysis, which only last May enjoyed a breakthrough making it an economically viable fuel source on a large scale, is already being studied for the potential value



Biodegradable Plastic Bottle Made from poly-lactic-acid from corn starch

of its by-products. The volume of research just by the attendees of this Conference is too much to mention here, but a few examples include; catalytic conversion of biological-based feedstocks, cellulosic biorefining technologies on a large industrial scale throughout the world, cooperative catalysis, carbonyl activation, biodiesel production and other biorenewable energy applications, thermochemical conversion of biomass and fast pyrolysis of biomass for bio-oil production from empty palm fruit bunches, and bio-oil production and upgrading, syngas production and upgrading, bio-oil and syngas fermentation. Full details of the Conference and its speakers are available at <http://www.bioeconomyconference.org>.

Here in Canada, Northern Ontario is growing an innovative bio-economy with leading technologies in a wide range of sectors as well. Aggregated sequestration projects in reclamation/agriculture, domestic forestry, and Clean Development Mechanism forestry include just a small portion of what is already being done in Northern Ontario. Back on the west coast, developments of uses of wood cellulose at

the FERIC lab include nano-crystalline cellulose and carbon-fibre golf clubs and tennis rackets.

When a 25 per cent ratio of nano-crystalline cellulose is combined with 75 per cent generic pulp, the resulting mixture can be used to make finishings for almost any surface. In addition, blending 1 oz. of nano-crystalline cellulose with 1 lb. of polymer creates a plastic with 3,500 times the strength of an unblended product. As a source of material for carbon-fibres, the potential for wood cellulose is enormous. Original carbon fibres made from oil are valued at \$1 million per tonne, while those from generic pulp cost just \$1,000 per tonne.

All this from something that two short years ago was termed 'wood waste' and disposed of as quickly as possible. In the same way that oil-producing countries used to burn off natural gas to get at the crude oil, because at that time demand for natural gas was too low to make processing and transport profitable, in that same way biomass is not 'waste'. It is rather a viable and growing huge potential source of revenue.