

MADISON'S LUMBER REPORTER



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News & Updates

Madison's Announces . . .

IQPC's **6th Timberland Investment World Summit** brings together senior executives from the entire timberlands value chain including pension funds, endowment funds, hedge funds, TIMOs, private landowners, forest management companies, law firms, and banks. Exciting innovations this year include the Pension & Endowment Fund Think Tank and an Interactive roundtable discussion on key international timberland markets. Join us to learn about forest biotechnology, high yield forestry techniques, the role of IT in the timberland appraisal process and hear C-Level perspectives on the future of the TIMO, featuring the CEOs of Timbervest, RMK, and the Campbell Group. New participating organizations, including the World Bank, the US Department of Energy, TIAA-CREF, APG, Weyerhaeuser, Potlatch Corporation, and many more! For a full list of speakers, please visit <http://www.timberlandworldsummit.com/speakers.php>

As a partner of this event, *Madison Lumber Reporter* offers you 20 per cent off the standard pricing for the event! Contact Kim Vigilia directly at 1-212-885-2753 or kim.vigilia@iqpc.com with reference code IUS_MadisonLumber_#1.

Bioenergy Funding

As if to prove the viability of biomass as a stable source of fuel long into the future, as described on Page 7 of this week's *Madison's Reporter*, funding for two projects has been announced. On August 24, 2009 Genome BC, already heavily involved in biofuel research (refer to your July 10, 2009 issue of *Madison's Reporter* for details) announced that Dr. Jack Saddler, UBC's Dean of Forestry, is leading a \$1.1 million project, entitled, "Optimizing Ethanol Fermentation From Mountain Pine Beetle Killed Lodgepole Pine".

Separately, on August 31, 2009 Nexterra Systems Corp., also previously highlighted in your *Madison's Reporter*, received \$7.7 million in funding from BC Bioenergy Network, Sustainable Development Technology Canada, the National Research Council, and Ethanol BC for the commercialization of high efficiency biomass power systems.

Ontario's Adjustment to Forest Tenure

The Ontario provincial government recently released a discussion paper, entitled Ontario's Forests, Ontario's Future, that will guide both online public comment and a series of consultations that begin in September.

"This review of our tenure and pricing system is an important step toward building a bright future for ourselves in forestry," says Michael Gravelle, Minister of Northern Development, Mines and Forestry.

READ MORE

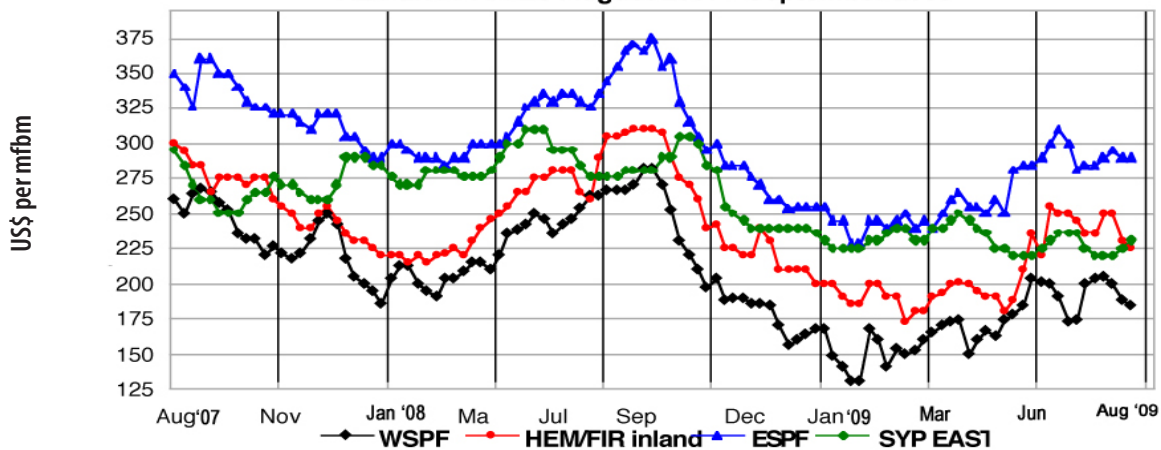
New Developments in Biomass Fuel Research

A major conference at the University of British Columbia in Vancouver last week drew speakers from around the world to discuss new research and developments in making fuel from forest residue.

A significant amount of time was devoted to issues of commercialization and marketing of biomass fuel globally.

READ MORE

KEY 2x4 PRICES August 2007 - September 2009



Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	184	188	-4	204	-20	270	-86
WSPF KD R/L 2x6	184	184	0	199	-15	295	-111
WSPF KD R/L 2x8	220	215	+5	225	-5	300	-80
WSPF KD R/L 2x10	310	305	+5	320	-10	292	+18
WSPF KD PET 2x4 Stud	195	200	-5	205	-10	225	-30
Douglas Fir Green R/L 2x4	145	148	-3	168	-23	180	-35
Douglas Fir Green R/L 2x10	250	250	0	250	0	240	+10
ESPF KD 2x4 8ft Stud	280	280	0	285	-5	281	-1
OSB Ontario 7/16" (CDN\$)	200	200	0	220	-20	225	-25

Weekly News

Ontario Forest Tenure

CONTINUED The paper deals with how the province should modernize forest tenure and pricing – the system it uses to determine how wood supplies are licensed, allocated and priced, as well as the associated legal obligations.

A series of stakeholder and public consultations have been scheduled throughout the province in September and October.

In other news, the government of Ontario announced Thursday that responsibility for forestry is being realigned between the Ministry of Northern Development, Mines and Forestry and the Ministry of Natural Resources.

The Ministry of Northern Development, Mines and Forestry is now leading the business and economic aspects of forestry, including industrial strategy, forest sector competitiveness programs, softwood lumber and wood allocation, pricing and licensing.

The Ministry of Natural Resources remains responsible for sustainable forest management and stewardship, including forest management planning, forest health and science, and the provision of habitat, including the requirements under the Endangered Species Act.

A joint announcement Thursday out of both ministries states:

“We are pleased to announce today that the realignment of forestry from Ministry of Natural Resources to the Ministry of Northern Development, Mines and Forestry (MNDMF) is complete. The realignment of such an important portfolio was done to help make the province more competitive, create jobs and strengthen our economy.”

Both ministries have been working closely together to ensure the delivery of

the provincial forest program, transfer of staff and the realignment occur smoothly with no disruptions.

Stakeholders should continue to call the same people they have dealt with in the past.

This realignment allows MNDMF to champion the forest industry and to be a powerful voice for the industry. MNDMF’s focus will be on the economic development of the forest industry in recognition of the important role the industry plays in Ontario’s communities. The ministry is responsible for industrial strategy and relations and mills, wood supply and pricing.

MNR continues to play a critical role in ensuring forests are managed sustainably.

Tembec Locks Out

Tembec has locked out employees at its Pine Falls, Man., newsprint mill following a failure to reach a new collective agreement.

According to Tembec, it was seeking changes in the collective agreement that would have resulted in improvement in the site’s cost competitiveness.

Tembec said newsprint is in “dramatic oversupply” and low selling prices and the high Canadian dollar are making it worse for Canadian producers. Pine Falls needs “an immediate and significant reduction in labour costs to become competitive, but the USW has declined to negotiate seriously,” it said.

Steelworkers area supervisor Wayne Skrypnik said the union is willing to continue to bargain and encourages the company to rethink the lockout plan.

“A lockout on Sept 1, after contract talks just began on Aug. 13, does not send a positive signal to workers or the com-

munity,” Skrypnik said. “Tembec has to act responsibly.”

The Steelworkers in western Canada and the CONIFER employer group are currently not at the bargaining table, but both sides say they fully expect to get back to negotiations after next week.

AbitibiBowater Sells Timberland

AbitibiBowater announced Wednesday that it has completed the sale of approximately 121,000 hectares (300,000 acres) of private timberlands in Quebec, Canada, for C\$53 million in cash.

AbitibiBowater plans to use the proceeds from this sale for general corporate purposes.

Timberlands located in the Mauricie, Charlevoix and Saguenay regions were sold to two newly formed limited partnerships held by Societe de gestion d’actifs forestiers Solifor. Timberlands located in the Cote-Nord region were sold to Amenagements forestiers Portneuf.

Calendar

October 2009

6th Timberland Investment World Summit

October 26 to 28 – New York, NY
<http://www.timberlandworldsummit.com>

November 2009

2009 NAWLA Traders Market

November 5 to 7 – Chicago, IL
<http://www.lumber.org/meetings/tradersmarket>

Biomass Fuel

New Developments

Research and development into making fuel from biomass residue is growing at such a rate that even *Madison's* has trouble keeping up with it all. A major conference last week at the University of British Columbia gave researchers and innovators from around the globe a chance to share ideas. The IEA Bioenergy-sponsored conference titled, "Biofuels and Bioenergy, A Changing Climate" was held August 23-29, 2009 at UBC in Vancouver, BC.

by Kéta Kosman

The conference provided resource managers, technology developers, policy makers, equipment manufacturers, energy users, educators, and academics a chance to learn and discuss research and commercialization efforts in the rapidly growing biofuel and bioenergy sectors. Topics covered of specific interest to the forest products industry included: the future role in forestry, agriculture, & energy industries; long-term feedstock management strategies for adapting to climate change; bioenergy use in existing industries, including biogas upgrading, co-firing, & biorefineries; and contrasting gasification, pyrolysis, and combustion.

Presenter Jim Richardson of IEA Bioenergy's IEA Task 31, focussed on biomass production for energy from sustainable forestry. Richardson emphasized a need to support development of careful policy decisions and management strategies. There is also a need for integration within the woodfuel supply chain and between environmental, economic and social aspects of forest management, explained Richardson.

Later, Brian Titus of Natural Resources Canada, spoke about sustainable forest biomass harvesting research in the Canadian Forest Service. Explaining that the CFS has been carrying out research on the environmental sustainability of biomass harvesting from managed forests for bioenergy since the 1970s, Titus went on to say that there are national inventory programs which include tree components that will become harvesting residue and hence potential bioenergy feedstock. In conjunction with other federal Canadian agencies, CFS research feeds into a national inventory of all biomass sources for informing policy and planning decisions, said Titus.

Shannon Berch of the BC Ministry of Forests and Range then spoke about the framework for sustainable harvest of forest biomass in BC. Berch stated that sustainable forest management is a cornerstone of all forest management, whether

for traditional forest products or for the emerging bioenergy feedstock market. Scientific knowledge has been generated to address traditional concerns about harvest-related soil disturbance and erosion, site occupancy by roads and trails, biodiversity, and water quality. Removing additional biomass as feedstock for bioenergy is an increasingly common activity in BC's forests, explained Berch. Regardless of the new challenges created by intensive harvesting practices, the principles of soil conservation remain the same. The current framework for BC's soil conservation policy is regularly reviewed to confirm that it addresses the sustainability issues that are likely to arise with intensive biomass harvesting, Berch concluded.

Jaconette Mirck of Queens University, spoke about the challenges of improving biomass inventory for southeastern Ontario. Mirck pointed out that the ongoing credit crisis has exacerbated a long-term downward trend in the Canadian forest sector, which has resulted in the closure of many sawmills and pulp and paper facilities. This trend, combined with the Ontario government's policy decision to phase out coal-fired electricity generators by 2014, as well as continued volatility in energy prices worldwide, has generated increased interest in the potential for forest-based bioenergy production in Ontario, said Mirck.

Adding to the above, Matt Babicki of Canada's G4 Insights Inc., talked about that company's process for bionatural gas production from forestry residue. Babicki detailed an advanced proprietary process to produce large quantities of competitively priced and pipeline quality bio-natural gas from forest biomass. This bio-natural gas production can be fed by sustainably removable forest biomass and create many green collar jobs, explained Babicki.

Later Tom Granström of the Helsinki University of Technology, made an exciting presentation about commodity chemicals from forest biomass. Granström said that the objective of his study is to create an economic process for the production of commodity chemicals from forest biomass and recycled fibers. Tree tops, limbs, twigs, stumps and recycled papers can be used as feedstock for fermentation of butanol, ethanol and isopropanol. This mixture of solvents can be used to replace gasoline in internal combustion engines, according to Granström.

Stephanie Trottier of the Alberta Research Council, demonstrated a small scale biomass gasification for combined heat and power production. Trottier pointed out that biomass based renewable energy is of interest due to the abundance of biomass material, including pine beetle

killed wood, residuals from harvesting and wastes from wood mill operations. Small scale biomass fuel combined heat and power systems would be well suited for targeted applications such as remote communities or industries with biomass based residual products, said Trottier.

Other speakers gave updates on various technologies to use forest residue as a source of fuel, including: moisture management, energy density and fuel quality in forest fuel supply chains; anaerobic digestion; US efforts in fungible fuel technologies; the production of ethanol from lignocellulosic biomass; combustion and heat transfer technologies; the development of cellulosic biofuels, and; fermentation of biomass to fuel ethanol, given by speakers from around the globe. Details on these presentations, and others, can be found here, http://www.ieabioenergyconference.org/oral_sessions.html.

Answering the question: "Is there a market for these products?", Bo Hektor of IEA Bioenergy's IEA Task 40, explained the future structures of bioenergy markets. He noted that future trade structures have to be created, they do not appear by themselves.

Les Edye of Australia's Queensland University of Technology, spoke about the commercialization of biofuels in Asia-Pacific. The Asia Pacific region is diverse in terms of economic and social drivers for biofuel industry development, the capacity of nations to conduct R&D and take outcomes through commercialization, said Edye. His presentation examined liquid transportation biofuels research, demonstration and commercial deployment activity in the Asia Pacific region.

Jyrki Raitila of Finland's VTT Technical Research Centre, focussed on two major branches of forest based bioenergy production business models typical in Finland, heat entrepreneurship and subcontracting-based large scale forest fuel procurement models.

Finally, and of special interest, Terry McIntyre of Environment Canada, presented unequivocal environmental data to support Canada's Biofuels Agenda. McIntyre stated that it is important to have robust Canadian environmental biofuels data available so as to better inform biofuels decision makers, allow for an orderly and prior assessment of any environmental claims, avoid the environmental legacy from previous experiences with petroleum development in Canada, and to ensure a systematic, sustainable, and responsible transition towards increased use of biofuels in Canada. McIntyre provided an overview of Environment Canada's scientific research activities and efforts now underway, to generate and validate this baseline environmental data.