

MADISON'S LUMBER REPORTER


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News & Updates

Calling Lumber Producers and Wholesalers . . .

Madison's is updating our *Live Online Lumber Producers Listings*. All Canadian lumber, panel, shake and shingle, and pulp and paper producers, wood preservers, and wholesalers and exporters are invited to contact our office any time to confirm listing information and make updates.

Tolko president Al Thorlakson steps down

Well known BC lumberman Al Thorlakson stepped down Thursday as president of Tolko Industries, formed more than half a century ago by his father. Thorlakson, 70, is being replaced by his son, Brad Thorlakson, maintaining the family grip on the Vernon-based forest company into the third generation, according to the Vancouver Sun.

Thorlakson is to remain active in the company as executive chair of the board. Successor Brad Thorlakson has been in the company since 1978 and heads Tolko Marketing and Sales. Ltd.

4Q 2009

Domtar is reporting a quarterly net profit of \$124 million in 4Q 2009. In comparison, Domtar reported a net loss of \$676 million in its 4Q 2008. In 4Q 2009, Domtar received a tax credit of \$162 million through alternative bio fuel mixture programs.

In 4Q 2009, International Paper reported a net loss of US\$101 million compared with a net loss of US\$1.8 billion in 4Q 2008. Amounts in all periods include special items. During 2009, International Paper generated US\$4.1 billion of free cash flow, compared with US\$1.7 billion in 2008, as well as US\$1.7 billion received from alternative fuel mixture credits. The company also repaid US\$3.1 billion of debt during 2009. At year end, the company had US\$1.9 billion in cash and \$2.5 billion in committed liquidity facilities.

Value of Canadian Residential Permits Up

The value of Canadian building permits rose by 2.4 per cent in December from November and ended the year having largely recouped losses suffered during the recession, Statistics Canada said Thursday.

The overall value of permits in December was \$6.2 billion, 32.6 per cent higher than in December 2008. The sharp slide in permits started after September 2008, a month when the overall value hit \$6.5 billion.

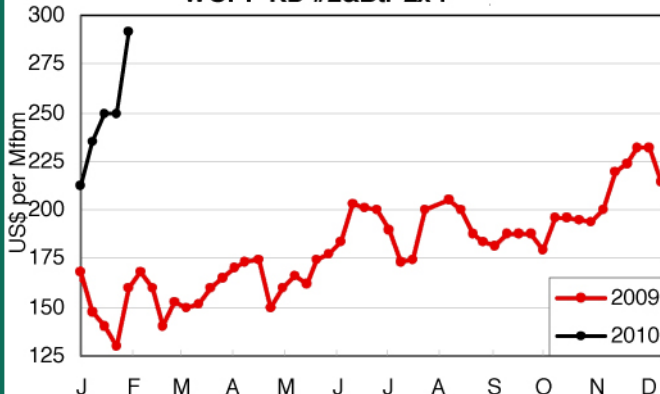
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Canadian Biomass Potential

A new report issued by the Forest Products Association of Canada this week adds information, about Canadian biomass fuel from forest residue, to a report issued by FPI-nnovations in 2009 on biomass volumes in British Columbia's coastal region.

[READ MORE](#)

WSPF KD #2&Btr 2x4



Madison's Rate Increase

Madison's Lumber Reporter has been providing vital and timely information on the North American lumber and panel markets to subscribers weekly since 1952.

Traditionally, nominal subscription rate increases have been put in place yearly or every two years. However, due to a change in ownership and recent financial difficulties faced by the industry, *Madison's* subscription rates have not changed since 2004.

Beginning in May 2010, the subscription charge for *Madison's Lumber Reporter* will be C\$364 per year.

We trust our subscribers understand this need to keep up with rising costs and the strong Canadian dollar.

Prices are in U.S. dollars per 1,000 fbm.

Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	292	250	+42	212	+80	160	+132
WSPF KD R/L 2x6	294	246	+49	214	+80	170	+124
WSPF KD R/L 2x8	280	250	+30	222	+58	154	+126
WSPF KD R/L 2x10	360	333	+27	305	+55	170	+190
WSPF KD PET 2x4 Stud	310	255	+55	225	+85	180	+130
Douglas Fir Green R/L 2x4	265	228	+37	195	+70	170	+95
Douglas Fir Green R/L 2x10	285	255	+30	235	+50	225	+60
ESPF KD 2x4 8ft Stud	340	325	+15	285	+55	230	+110
OSB Ontario 7/16" (CDN\$)	225	210	+15	200	+25	220	-5

Celebrating our 60th year, a Diamond Anniversary
Madison's Lumber RETROSpective
 see additional pages in your weekly Madison's Reporter!

Weekly News

Canadian Building Permits

CONTINUED The nonresidential sector rose by 6.8 per cent in December from November. The residential sector fell by 0.1 percent, ending a run of nine straight monthly increases, but was 47.3 per cent higher than in December 2008.

"In recent months, the value of (residential) permits has started to approach the peak reached before the economic slowdown," Statscan said in its daily commentary.

The value of commercial building permits increased for the third straight month, advancing 29.2 per cent to \$1.5 billion in December. The consecutive gains raised the level of construction intentions for commercial buildings to their highest point in 2009.

In the institutional component, municipalities issued permits worth \$514 million in December, down 21.9 per cent. It was the second consecutive decline.

BC Labour Issues

On January 29, 2010 the United Steelworkers released a notice stating, "Despite assurances that West Fraser was prepared to lead the forest industry into a new collective agreement, the BC Interior Bargaining Committee did not see their bargaining approach as a productive exercise.

Despite this, the BC Interior Bargaining Committee remains committed to negotiating with West Fraser to reach a progressive agreement. The bargaining committee is waiting to hear from West Fraser on their plans to resume bargaining."

Bob Matters of the Steelworkers told *Madison's* Friday that negotiations with Canfor have been proceeding all week, and are scheduled to continue next week." We have made limited progress with Canfor and will be back at the bargaining table in Prince George Monday," said Matters.

Dubai Wood Show 2010

'Dubai WoodShow 2010', the Middle East's only wood-focussed exhibition of its kind, will feature the 1st annual 'Dubai WoodShow Forum', a series of exclusive keynote sessions delivered by high profile experts, academics and top executives from the entire wood industry spectrum.

Among the confirmed speakers to address wood industry executives at the 1st Dubai WoodShow Forum, are; Mike Snow, Executive Director of the American Hardwood Export Council (USA), Anthony Elwine and Steffen Steenbaek respectively CCO and COO of Maersk Middle East recently rebranded Damco (Denmark), Roderick Wiles, Principal at Broad Leaf Consulting (UK), Rupert Oliver, Di-

rector, Forest Industry Intelligence (UK), Mohammed Al Banna, VP Commercial Sales, Economic Zones World (UAE), Peter Kristensen, Head of Environment Department, DLH (Denmark) and Michael Pfeiffer, President of M-Wood Solutions (Canada), to name few.

The 'Dubai Woodshow Workshops' curriculum offers both European and American timber grading sessions presented by Bob Sabistina, Grading Consultant at the American Hardwood Export Council.

Calendar

March 2010
Wood Tech Show 2010
 March 9 to 10 - Portland, OR
<http://www.woodwideweb.com/>

April 2010
Association of BC Forest Professionals: ExpoFor 2010
 April 8 to 9 - Kelowna, BC
<http://www.expofor.ca/>

Dubai International Wood & Wood Products Show
 April 13 to 15 - Dubai, UAE
<http://www.dubaiwoodshow.com/>



The Region's Premier Destination
 for Wood Businesses

Biomass Fuel Canadian Potential

The Forest Products Association of Canada this week released a biomass fuel report, in partnership with FPInnovations,

by Kéta Kosman and

aimed at helping the forest products industry understand how to “build on its world-class forest management practices [. . .] as an engine of growth in the bio-economy.” Another report, released by the FERIC division of FPInnovations in May of 2009 also examined this topic but with specific focus on the coastal forests of British Columbia.

For its report, “Assessment of Economically Accessible Biomass”, FPInnovations calculated the amount of forest biomass generated by timber harvesting operations on Vancouver Island and south coast mainland. Roadside residue volumes for the entire study area were calculated by applying the biomass ratio to the planned timber harvesting volumes for 110 supply areas. Comminution (grinding) and transportation costs were calculated, and volume reductions were made to account for accessibility and transportation costs.

That report concludes, “Of the 19.6 M m3 of annual harvest, about 10.3 M m3 is potentially available for biomass recovery after reductions for areas that have limited accessibility by semi-trailer chip vans, or that require water transport, or that have long haul distances.. The 10.3 M m3 generated about 250 000 Odt/year of roadside residues and 280 000 Odt/year of dispersed residue. [. . .] This study generally found biomass ratios between 3 and 6 per cent in contrast to the 20 per cent or more biomass ratios found in BC Interior

and Alberta. Not only is the total volume of roadside residue lower than expected, the residue is distributed across a wide geographical area, with few opportunities to move biomass economically between the sites to achieve economies of scale.”

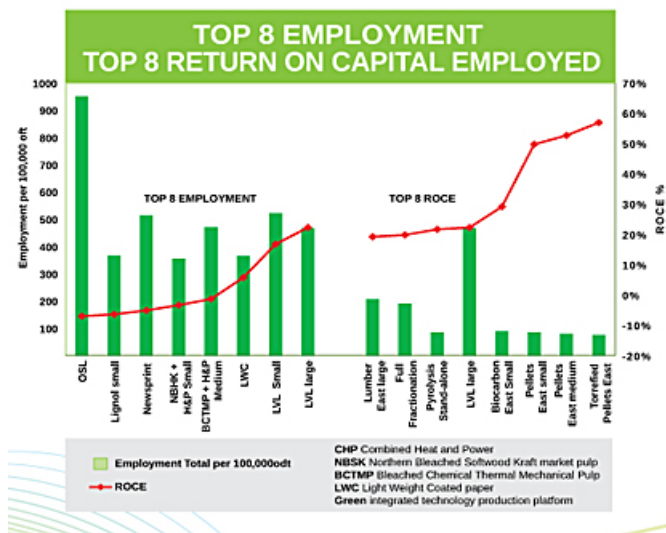
Report author Jack MacDonald explained to *Madison's* Thursday that the study “identified a number of places on Vancouver Island and the south coast of the mainland where biomass could be hauled directly to pulp mills. [. . .] The lower amount of residue on the coast, as compared to the BC interior, is mainly due to old growth logging.”

Now that this study of costing and productivity of forest residue is complete, MacDonald is in the process of tackling validation. Using software developed in eastern Canada and adapted for use in BC, MacDonald is creating a model to predict “what we will see.”

In contrast, a separate report published by the Western Silviculture Contractors Association in October 2009 determined, “within the 1.8-million hectares of Wildland-Urban Interface recognized in the BC Ministry of Forests and Range Strategic Wildfire Threat analysis that there is 540-million m3 of biomass and that at least 30 per cent of that biomass may have no other commercial value.”

The FPAC report, “Transforming Canada’s Forest Products Industry”, which involved more than 65 top Canadian experts, determined that integrating the production of bio-products into existing forestry operations would provide five times as many jobs as a stand-alone bio-operation.

The report points out, “There is an increasing opportunity to convert biomass – wood-fibre – into everything from electricity and heat to transportation fuels, bio-chemicals for solvents and plastics and next generation bio-materials. That potential is already being seized by countries around the world [. . .] such as the U.S., Europe and China. Those countries are retooling their economies to secure



SOURCE: Forest Products Association of Canada

technology expertise, create employment, attract investments and capture fast-growing markets for more ‘natural’ products.” Refer to the September 11, 2009 issue of your *Madison's Lumber Reporter* for information on global demand for green energy, in various forms, made from wood cellulose.

Focused heavily on employment, the FPAC report explains, “The following charts highlight the positive impacts of integrating the traditional industry with the emerging technologies.”

The report concludes, “The forest products industry is poised to contribute significantly to the greening of the economy – and become the source of everything from wood-framing, paper, clean energy, rubber, plastic and drugs. FPAC will build on this effort to explore new approaches to: managing the value chain; opportunities to develop cross-sectoral partnerships; completion of the carbon footprint analysis, and gauge the market potential for wood-fibre based bio-products.”

