

# MADISON'S LUMBER REPORTER

Publisher  
**KetaDesign Productions**

Editor  
**Kéta Kosman**  
Market Analyst  
**Zara Heartwood**

Annual Subscription Prices  
E-mail/Fax: C\$364  
Discounts available for multiple  
subscriptions  
Published 50 times a year

www.madisonsreport.com  
madrep@shawcable.com  
604 984-6838  
PO Box 2486 Vancouver, BC  
V6B 3W7 Canada

In Canada, add GST or HST  
ISSN 0715-5468  
Printed in Canada © 2011

All material contained within is the property  
of KetaDesign Productions Inc. Reproduction  
or retransmission is expressly forbidden.



## News & Updates

### Madison's Timber Preview

Growing regions of the US real estate market may be showing signs of life. This week's issue of *Madison's Timber Preview* examines dropping foreclosure figures in counties across the country, as well as looking at various reasons for that quickly-changing statistic. The latest developments in US mortgages and government home-lending policies are also explained.

Contact us anytime for a subscription.

### Japan Housing Starts

Total housing starts in Japan for February were 62,252, a 10 per cent drop from one year ago, according to the *Japan Lumber Reports*. Seasonally adjusted annual starts were 872,000m up 3 per cent from January.

[READ MORE](#)

### Housing Starts Canada

Canada Mortgage and Housing Corp said Friday the seasonally adjusted annual rate for all types of housing rose to 188,800 units nationally in March, up from February's seasonally adjusted rate of 183,700 units.

Construction of multiple-dwelling units in urban areas accounted for 101,400 of the seasonally adjusted units, up 6.6 per cent from 95,100 in February. Construction of single housing units was down by 8.3 per cent in urban areas, falling to a seasonally adjusted rate of 62,100 units.

Canadian municipalities issued building permits worth \$5.8-billion in February, up 9.9 per cent from January, according to Statistics Canada Thursday.

[READ MORE](#)

### Ontario Tenure Reform Meeting Fiasco

Municipal government officials and forest industry officials in northern Ontario are outraged that previously scheduled consultations on Ontario's forest reform in the north of that province were on Thursday abruptly moved to Toronto.

"This is not minor legislation. This is not tinkering. This will fundamentally change who can get access to forest resources and who can't," said Kenora-Rainy River Member of Provincial Parliament, Howard Hampton, to the Kenora *Miner & News* Thursday.

[READ MORE](#)

### Mountain Pine Beetle's Appetite for Jack Pine

A new report this week proving the long-held suspicion that mountain pine beetles have jumped from Lodgepole pine tree species to Canada's Jack pine boreal forest set off alarm bells across the country. And well it should. When the pesky beetles crossed the Rocky Mountains from British Columbia into Alberta a few years ago, scientists and foresters gasped in horror as there is no other natural barrier preventing the beetles' march to the east coast.

The Government of Alberta, in conjunction with the University of Alberta and Natural Resources Canada, has been waging a vigilant battle to not only prevent the beetle from crossing into Saskatchewan, but to halt the march from the Lodgepole pine forests in the west of Alberta to the east.

[READ MORE](#)

#### CANADIAN HOUSING STARTS

Actual and Seasonally Adjusted Annual Rates

	March 2011		February 2011	
	Actual	SAAR	Actual	SAAR
<b>Canada, all areas</b>	<b>12,561</b>	<b>188,800</b>	<b>10,659</b>	<b>183,700</b>
urban ctrs with >10,000	11,655	163,500	9,900	162,800
singles, urban centres	3,633	62,100	3,300	67,700
multiples, urban centres	8,022	101,400	6,600	95,100
rural areas	906	25,300	759	20,900
Atlantic urban centres	271	6,800	269	6,100
Quebec urban centres	3,111	40,500	1,746	37,300
Ontario urban centres	4,940	71,900	3,982	63,300
Prairie urban centres	1,897	26,300	2,051	32,600
B.C. urban centres	1,436	18,000	1,852	23,500

Source: Canada Mortgage and Housing Corporation

#### JAPANESE HOUSING STARTS

Month	TOTAL	Non-Wood	Wood	%Wood
Feb-11	62,252	28,720	33,532	54
Jan-11	66,709	30,969	35,740	54
Dec-10	74,517	30,917	43,600	59
Nov-10	72,838	31,384	41,454	57
Oct-10	71,930	30,939	40,991	57
Sep-10	71,998	30,857	41,141	57
Aug-10	71,972	29,899	42,073	58
Jul-10	68,785	28,740	40,045	58
Jun-10	68,688	27,940	40,748	59
May-10	59,911	24,952	34,959	58
Apr-10	66,568	32,143	34,425	52
Mar-10	65,008	31,061	33,947	52

Source: Japan Wood-Products Information and Research Center

## Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	270	280	-10	302	-32	301	-31
WSPF KD R/L 2x6	250	260	-10	274	-24	293	-43
WSPF KD R/L 2x8	260	270	-10	278	-18	285	-25
WSPF KD R/L 2x10	310	315	-5	326	-16	340	-30
WSPF KD PET 2x4 Stud	270	280	-10	285	-15	320	-50
Douglas Fir Green R/L 2x4	270	270	0	280	-10	260	+10
Douglas Fir Green R/L 2x10	295	290	+5	285	+10	245	+50
ESPF KD 2x4 8ft Stud	330	335	-5	335	-5	375	-45
OSB Ontario 7/16" (CDN\$)	205	205	0	205	0	325	-120

## Weekly News

### Housing Starts, Japan

CONTINUED Total floor space of new homes built was 5.6 million square metres, a 12-months increase and 12 per cent more than February last year, says the *Reports*.

Wood based units were 33,532, up 4.4 per cent from January, and having a 53.6 per cent share of total new homes built. Wood framed building figures for February do not include the tsunami-hit prefectures of Iwate, Miyagi, and Fukushima.

Japan government and forest agency officials estimate 32,000 cubic metres, or 36,000 square feet, of plywood will be needed for the 30,000 temporary and emergency shelters currently on order. Of those, 415 have been started.

Temporary housing in earthquake and tsunami damaged areas will not be included in housing start statistics going forward, according to the *Reports*.

### Canada Housing Starts

CONTINUED In total, the value of non-residential permits totalled \$2.8-billion in February, up nearly 73 per cent from January. In contrast, Statistics Canada says the value of residential building permits fell by 18.3 per cent to \$3-billion in February.

Gains in the non-residential sector in Alberta and Ontario were the main reason for the increase, while the biggest declines in residential permits were in Ontario and Quebec.

March's seasonally adjusted annual rate of urban starts decreased by 23.4 per cent in British Columbia and by 19.3 per cent in the Prairies. Urban starts increased by 13.6 per cent in Ontario, by 11.5 per cent in the Atlantic region and by 8.6 per cent in Québec.

### Ontario Forest Tenure Reform

CONTINUED Bill 151, the Forest Tenure Modernization Act, was formally introduced in March after a year of consultation. On Thursday, Algoma-Manitoulin MPP Mike Brown moved the General Government Committee strike the travel dates to the North, focusing its final consultations solely on Toronto.

Northwestern Ontario Municipal Association President, Ron Nelson, said if two days of consultations are to be held, one should be in Thunder Bay and another in Timmins or Sudbury so Northerners can express their views, according to the *Miner & Times*. Though there are some interests in Southern Ontario who will be impacted by the legislation, the travel costs for Northern mayors to attend would be prohibitive. He pondered whether the government has already decided to pass the legislation as written and has deliberately excluded the North from negotiations to avoid dissent.

The final vote to cancel Northern hearings will take place on Monday. Scott Jackson, of the Ontario Forestry Industries Association, encouraged chamber of commerce members and municipal representatives to contact their Member of Provincial Parliament about the scheduling change.

### Pinnacle Pellet Explosion

An explosion occurred at Pinnacle Pellet in Armstrong, British Columbia on Saturday night.

The explosion at the pellet plant, which wood shavings into pellets, caused a fire that quickly spread through the basement and into the attic. Two workers who were on shift at the time of the incident were able to get out safely.

With the building full of combustibles, the Armstrong Fire Department called for extra help from the BX Swan Lake Fire Department and Enderby Fire Department.

Pumps are working to remove the thousands of gallons of water from the building's basement.

### West Fraser Sells

West Fraser Timber has entered an agreement to sell its Skeena Sawmills Division to ROC Holdings Ltd.

The Skeena Sawmills Division includes the Terrace sawmill and related Crown timber tenures. The Terrace sawmill has a single shift capacity of 90 million board feet per year.

The sale is expected to be completed in 2011, but the sale price has not been disclosed.

In other company news, West Fraser's attempt to recover a \$500,000 deposit following a failed attempt to buy Stuart Lake Lumber Co. Ltd. has been rebuffed by a BC Supreme Court Justice.

In a reasons for judgment, Justice Robert Punnett ruled Stuart Lake Lumber's owners were entitled to retain the deposit even though they ended up selling the sawmill and forest licence to Dunkley Lumber.

According to Punnett's ruling, shortly after the Stuart Lake Lumber sawmill in Fort St. James was shut down, West Fraser began negotiations in late 2007 to buy that company's forest licence to strengthen its own long term log supply.

### Labour Talks to Resume

The United Steelworkers and the Interior Forest Labour Relations Association will resume contract bargaining for forestry workers in the southern interior of British Columbia on April 13.

# Pine Beetle

## Alberta's Battle

It is the eastern portion of Alberta that is largely populated by the newly threatened Jack Pine. Central Alberta's hybrid

by Kéta Kosman

Lodgepole/Jack pine stands were in part a focus of Catherine Cullingham's research report released Tuesday titled "*Mountain Pine Beetle Host-Range Expansion Threatens the Boreal Forest*".

The University of Alberta Postdoctoral Fellow in Biological Sciences spoke to Madison's this week.

Cullingham explained, "We use population genetics to analyze wildlife management. In this study we applied gene markers in DNA to tree species." "We will be able to isolate differences within a tree species, and between species, to determine the population structure of the trees.

"We will then create a distribution map across Alberta for Lodgepole and Jack pine, and for hybrid, or blended, trees," said Cullingham.

Alberta's concerted efforts have been doing well to pinpoint locations of more concentrated beetle populations, which has lead to good success in tree culls to prevent further beetle spread.

"If we find genes in Jack pines showing selection, which might be related to certain characteristics, these could be manipulated. Seedlings would then be bred so the next generation of Jack pine to be replanted may be beetle-resistant," detailed Cullingham.

When asked about the transference of this research to British Columbia's Lodgepole pine forests, Cullingham said that may be possible but it's too early to tell right now.

Cullingham's molecular ecology work is part of a greater research team effort called the Tria Project. It consists of scientists from the University of Alberta, the University of British Columbia, the University of Northern British Columbia, and Natural Resources Canada.

In late January, Tria Project researchers issued a report detailing the discovery that the fungus dwelling in symbiosis with the pine beetle is actually what protects the beetle against a tree's natural defenses. It is this fungus, not the beetle, which is responsible for the blue stain left behind in the wood of a tree. Project researchers identified, within the fungus genome, a specific gene cluster that activates in response to a pine tree's chemical defenses, detoxifying them and allowing the fungus - and thus the beetle on which it lives - to survive in an environment toxic to most microorganisms. The finding will help ecologists better understand the interac-

tions among the beetle, the fungus and the pine tree, and could lead to more precise ecological forecasting models to predict the potential range and extent of the current infestation.

Forestry genomics, molecular and chemical ecology, host pathogen interactions, spatial dynamics of insect populations and more. Who knew, back in the 1980's when the pine beetle population in BC's Tweedsmuir Provincial Park grew to alarming levels, that it would come to this?

Meanwhile, the province of Alberta announced February 15 that it had awarded another 30 contracts for extensive detection and removal work in a region roughly bounded by Grande Prairie in the northwest, Hinton in the southwest and Slave Lake to the east. The work involves approximately 600 contract employees and is expected to result in removal of about 170,000 infested trees. Most of the contract workers were deployed by mid-January and are expected to complete their work by the end of March.

That is in addition to the 150,000 trees that were removed and burned in 2010, and 73,000 in 2009.

Duncan MacDonnell, Public Affairs Officer at Alberta Sustainable Resource Development, explained to Madison's in a phone interview Thursday that Cullingham's report about the pine beetle attacking Jack pine proves what has already been long suspected.

"The western side of Alberta is pure Lodgepole pine while the eastern side is

pure Jack pine," said MacDonnell. "The central region of the province is a hybrid zone. It is no surprise to those of us on the ground that the beetle is also infesting Jack pine, and now we have proof.

"The next stage of our fight begins in April. Our workers will survey the 250 locales with temperature sensors, to monitor the overwinter beetle mortality rate. It will take three or four weeks to complete that survey. Once we know where the concentration of beetle population is currently, we will focus tree culling efforts there this summer," explained MacDonnell.

Although there was a massive beetle inflight into Alberta from BC in 2009, there was no measurable inflight in 2010. Combined with the net results of Alberta's control work, and another harsh winter, Alberta's battle against the pine beetle offers hope that there will not be a similar level of devastation as is experienced by BC, said MacDonnell.

Provincial efforts focus on Alberta's 'fibre basket', while forestry companies are using similar techniques to manage the beetle population on their cut blocks. When approaching their harvest, Alberta's forest products companies are heavily co-operating with Alberta's policy of first taking out green, still useful, beetle-kill. While such selective logging may be more costly, the temporary expense pales in comparison to the loss of value of forestland decimated by ravaging pine beetle population, as has already taken place in BC.

