

MADISON'S LUMBER REPORTER

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News & Updates

Madison's Timber Preview

This week's issue of *Madison's Timber Preview* examines the latest statistics of China's imports of value-added lumber, and looks at companies and agencies working to nurture this important niche industry.

Contact us any time to receive this vital and informative tool regularly.

Wildfires, Colorado and Yukon

Near Colorado Springs, the Waldo Canyon fire ballooned Tuesday night, as high winds caused the fire to double in size to more than 15,000 acres. The city evacuated about 26,000 more people overnight, and on Wednesday, additional families in parts of Woodland Park – to the Northwest side of the fire – and Crystola were given the evacuation order.

About half of the active federal wildfire-fighting resources are now staged in Colorado, including firefighters, helicopters, and air tankers. And by midafternoon Wednesday, several massive C-130 air tankers had dropped about 27,000 gallons of fire retardant on the Waldo Canyon fire.

Lightning was responsible for six new wildfires in the Yukon Tuesday bringing the total for the season to 74, including 64 wildfires in the last six days alone. [READ MORE](#)

Oregon Timber Payments Extension

After a long battle, a one-year extension of federal payments for Oregon's timber-dependent counties is included in the federal transportation bill now before lawmakers.

Congress was expected to vote Friday on the transportation bill, which contains an amendment from Sen. Ron Wyden, D-Ore., that would restore the Secure Rural Schools Act payments to timber counties for one year, a 95 per cent of last year's level. It would distribute \$346 million to 700 counties in 41 states. [READ MORE](#)

US Real Estate

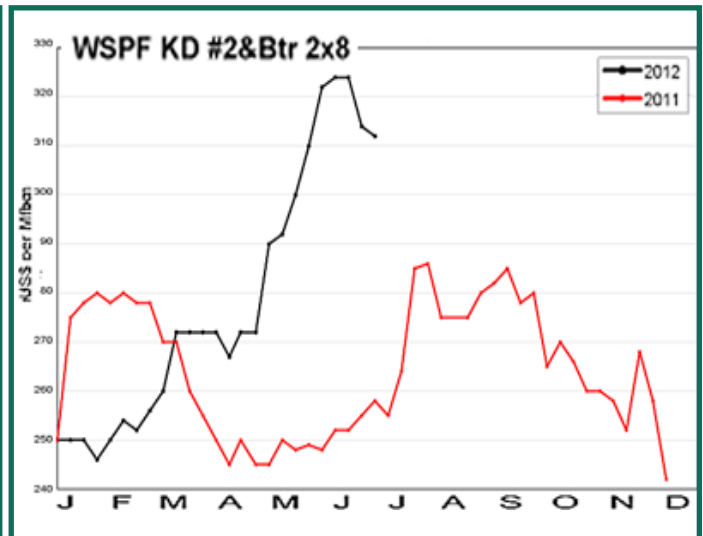
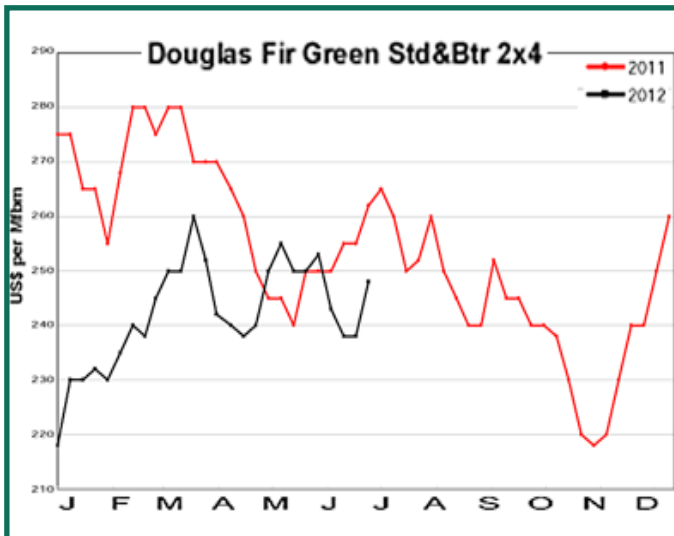
The National Association of Realtors said Wednesday that its index of sales agreements increased to 101.1 last month from 95.5 in April. That matches March's reading, the highest since April 2010, when a home-buying tax credit boosted sales.

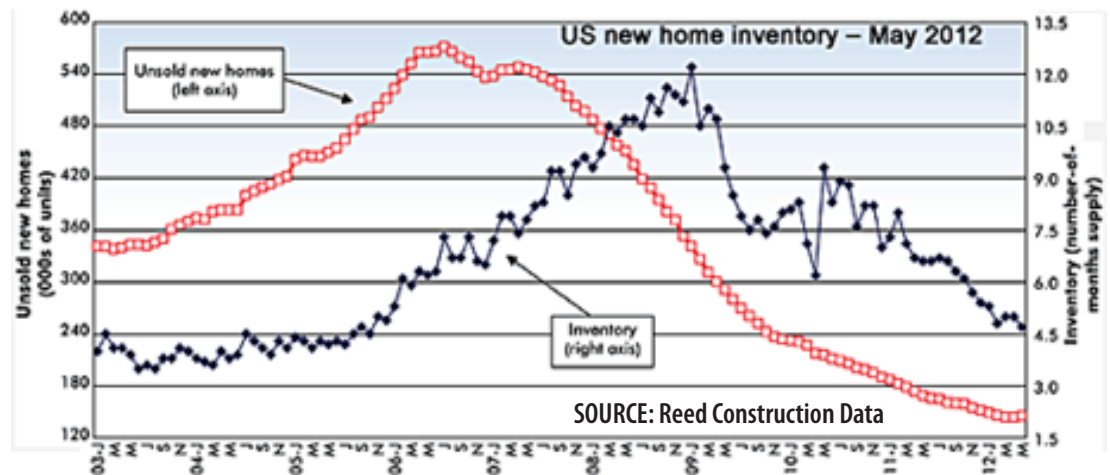
A reading of 100 is considered healthy. The index is 13.3 percent higher than it was a year ago. It bottomed at 75.88 in June 2010, after the tax credit expired.

Sales of new and previously occupied homes are up over the 12 months. Builders are starting more projects. And prices are rising in most markets. [READ MORE](#)

BC Forest Practices Board NSR Report

The Forest Practices Board of British Columbia this week released its full report analyzing the definition of Not Satisfactorily Restocked forests. Progressing from its February preliminary report, the FPB has found that there are 2 million hectares of NSR land in BC's timber harvest profile. [READ MORE](#)





Demands for Logs in Japan 2011

1000 cubic meters	Total	y/y	lumber	y/y	plywood	y/y	wood chip	y/y
Grand-Total	24,570	3.6%	16,426	4.2%	3,858	1.2%	4,286	3.3%
Domestic-Total	18,290	6.4%	11,492	8.6%	2,524	1.4%	4,274	3.7%
Softwood	15,986	8.1%	11,363	8.7%	2,514	1.5%	2,109	13.4%
Hardwood	2,304	-4.2%	129	0.8%	10	-28.6%	2,165	-4.3%
Imported-Total	6,280	-3.8%	4,934	-4.7%	1,334	1.0%	12	-60.0%
Southsea	461	-12.4%	112	10.9%	347	-18.2%	2	100.0%
N.America	4,253	6.0%	3,374	-5.8%	877	112.9%	2	-90.0%
Russian	599	38.8%	499	-8.4%	92	-78.7%	8	300.0%
NZ	790	-7.9%	783	-3.8%	-	-	-	-
others	177	13.5%	166	19.4%	-	-	-	-

SOURCE: Japan Lumber Journal



WHO WILL OWN THE FOREST?

SEPTEMBER 18-20, 2012 : PORTLAND, OREGON

JOIN US FOR NORTH AMERICA'S BEST ATTENDED ANNUAL EVENT ON FORESTLAND INVESTING

wwof.worldforestry.org

Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	290	298	-8	310	-20	246	+44
WSPF KD R/L 2x6	294	290	+4	298	-4	242	+52
WSPF KD R/L 2x8	312	314	-2	310	+2	252	+60
WSPF KD R/L 2x10	360	368	-8	371	-11	270	+90
WSPF KD PET 2x4 Stud	330	345	-15	365	-35	260	+70
WSPF KD PET 2x6 Stud	350	355	-5	365	-15	285	+65
Douglas Fir Green R/L 2x4	248	238	+10	253	-5	265	-17
Douglas Fir Green R/L 2x10	265	268	-3	295	-30	290	-25
ESPF KD 2x4 8ft Stud	395	410	-15	415	-20	325	+70
OSB Ontario 7/16" (CDN\$)	230	255	-25	255	-25	205	+25
CSplywood Toronto 3/8" (CDN\$)	413	410	+3	382	+31	295	+118

Weekly News

Wildfires Rage

CONTINUED Fire crews fought to save the US Air Force Academy and residents begged for information on the fate of their homes Wednesday after a night of terror sent thousands of people fleeing a raging Colorado Springs wildfire.

More than 30,000 have been displaced by the fire, including thousands who frantically packed up belongings Tuesday night after it barrelled into neighbourhoods in the foothills west and north of Colorado's second-largest city. With flames looming overhead, they clogged roads shrouded in smoke and flying embers, their fear punctuated by explosions of bright orange flame that signalled yet another house had been claimed.

Shifting winds challenged firefighters trying to contain the 29-square-mile Waldo Canyon blaze and extinguish hot spots inside the city's western suburbs. The National Weather Service reported 60 mph winds and lightning above the fire Wednesday afternoon, but winds were calmer by nightfall.

Meanwhile, Boulder, CO, to the northwest of Denver, faced its own fire worries after a lightning strike sparked several fires Tuesday. While most of the fires were quickly contained, one just outside city limits quickly grew to 300 acres and resisted firefighters' efforts to contain it.

Oregon Timber Payments

CONTINUED The proposal would secure US\$100 million dollars for places like Josephine, Curry, and Lane counties. All three counties have struggled to raise revenue as timber harvests have dwindled.

Oregon Congressman Greg Walden acknowledged the revenue problems in timber country have dragged out over the years with extension after extension. But he sees the issue coming to a head with this last payment.

"It's no longer getting a two-, three-, four-, five-year extension," Walden said. "We're down to eking out a one-year extension. We got to get one firm ground where we have sustainable policy, that works in our communities, works for our forests, and puts our people back to work."

To that end, Walden says he and the rest of the delegation are working on passage of a separate, long-term plan for forest management. Congressman Peter Defazio has proposed forming a trust to govern timber harvests on the federal land in question.

Real Estate, US

CONTINUED Home prices increased in 19 of 20 major US cities in April from March, according to the Standard & Poor's/Case-Shiller index, released Tuesday. A measure of national prices rose 1.3 per cent in April, the first increase in seven months.

The Office of the Comptroller of the Currency reported Wednesday that delinquent mortgages are at their lows. The OCC started tracking delinquent mortgages in 2008.

Percentages of mortgages that were 30 to 59 and 60 to 89 days delinquent also decreased to their lowest levels since the first quarter of 2008.

Always the contrarians, Zillow reported June 19 that 31.4 per cent of those with a mortgage owe more than their homes are worth.

Catalyst Restructuring Approved

Catalyst Paper Corporation Tuesday announced that the company received the necessary creditor approval for its second amended plan of arrangement. Approval

of more than 99 per cent of secured and unsecured creditors was received in votes cast in person and by proxy at meetings held Monday in Richmond, BC.

The company received approval Thursday for its reorganization plan from the Supreme Court of British Columbia.

Court approval of the reorganization plan comes following Catalyst Paper's entry into creditor protection on January 31, 2012. A confirmation hearing under the Chapter 15 process of the United States Bankruptcy Court for the District of Delaware (the US Court) is expected to occur in mid-July. Approval from both courts is required before the company can complete its reorganization.

Sawmill Fire

Firefighters near Utica, NY, were called to the scene of a fire at Little Falls Lumber Thursday night, put that fire out, but were then called back to the same scene around 11 p.m.

Little Falls Fire Chief Robert Parese said Friday morning that the initial fire appeared to have begun in a wastepaper basket inside Little Falls Lumber's vehicle maintenance building, and was put out rather easily. He added that fire was definitely out when crews left the scene.

A nearby homeowner later called another fire in. This time, the building was fully engulfed in flames when firefighters arrived.

All that remains now is a pile of metal left behind.

One firefighter was sent to the hospital for heat exhaustion.

Chief Parese said fire investigators looked through the debris Friday morning, but so far do not have a cause of either the initial wastepaper basket fire, or the second fire that appears to have started more than three hours later.

Not Satisfactorily Restocked

British Columbia Forests

In the late 1980s British Columbia's forests were in crisis. Unsustainable practices like huge clearcuts were the norm. Concerned citizens and environmental groups waged a battle to change the system. Over time, new legislation was enacted to maintain forest health, government bodies have been established to survey and oversee the land base, and the forest products industry changed both the method of harvest and the scope of silviculture activity. This system worked very well for 25 years, so much so that BC has become the largest third-party certified forest land base in the world.

However, no one could have anticipated the mass destruction wreaked by the mountain pine beetle. Now that the peak of the beetle population has passed and stakeholders have been able to have a look at the remaining dead and dying timber, questions are arising about the need to update policy and government action in the wake of this epic natural disaster.

Further to a preliminary report released in February 2012, the Forest Practices Board (FPB) this week released an analysis titled, "How Much of British Columbia's Forest is Not Satisfactorily Restocked? And what should be done about it?"

Please refer to the February 17 issue of your *Madison's Lumber Reporter* for background.

At that time, the FPB was focussed specifically on the question of how to define NSR. At issue is the fact that the term, when it was coined 25 years ago, ap-

plied to the remaining forest base following timber harvest by the forest industry.

The new report indicates that almost two million hectares of Crown forested land could potentially be not satisfactorily restocked. Of that, nearly half a million hectares will be restocked by industry, and government has current plans to restock about a quarter of a million hectares, says the report.

This topic is not to be confused with the work of the Mid-Term Timber Supply Review Committee, currently holding hearings around the province to get input from communities and stakeholders.

"While there is some cross-over in the content," explained Forest Practices Board Chair Al Gorley to *Madison's* in a phone interview. "That is a mid-term supply issue, while NSR looks at the long term."

With an 80 year time frame for the average pine, fir, or spruce tree in

BC to grow to maturity, the FPB is urging immediate government action.

In the conclusion, the report states, "Government's proposal to re-measure permanent sample plots partly answers that question; however, the Board is concerned that, given the level of uncertainty and the immediacy of the question, the proposed program will be 'too little, too late.'"

Another principal uncertainty, says the report, is how much beetle-affected forest will be harvested by the forest industry and therefore will not require rehabilitation by government. "While these uncertainties cannot be completely resolved, reasonable efforts should be made to reduce them."

"There seems to be a lot of confusion in the public realm," continued Gorley. "The purpose of this report was to clarify as plainly as possible exactly what is NSR. The definition was created for a specific purpose 25 years ago, when there was a big backlog of Not-Stocked areas after several decades of logging. Until that point there was no legal requirement for industry to restock. As it has been used for the past 25 years, NSR refers to any backlog plus current not-restocked land.

"In the past 25 years, that backlog has been re-

duced to almost nothing and the industry is current with replanting. The issue now is that the original definition of NSR never anticipated the mountain pine beetle situation. Maybe there needs to be a specific category within NSR to address the pine beetle."

The report explains that the most pressing issue currently is: what is the impact of the recent beetle outbreak on the future timber supply for the central interior of British Columbia?

There is one million hectares of known and estimated NSR resulting from natural disturbances. At the current rehabilitation rate of approximately 10,000 hectares

per year, there will be substantial areas that will regenerate naturally before they are treated, says the report.

The report concludes, "Compared to replanting the entire area promptly, this will have negative consequences for the fu-

ture timber supply in the area affected by beetles."

"The Forest Practices Board is acknowledging that there is not a simple answer to this issue," continued Gorley. "We want to try to remove some of the uncertainty for industry about how much timber will be salvaged and replanted by industry, so it won't need to be addressed by the government. Due to developments with technology and wood processing, companies may be able to salvage both further into the future and farther away from town.

"The government needs to examine what is going on with the forests that are left," concluded Gorley. "The Ministry needs to make the best estimate of how much additional area will be salvage harvested by the forest industry and conduct a broadly framed cost-benefit analysis of options to restock or not restock areas.

"Will the additional cost of restocking beetle affected areas that won't be salvaged by industry yield returns?"

It is important to remember that the reference to 'long term' means 80 years.

"The government shouldn't leave this decision for too long," said Gorley.

The report requests a response from government by October 1, 2012. The hope is that such a response will provide decisions and solutions to the concerns listed above.

"If action is to be taken, the Board believes it must be taken quickly," says the report.

The FPB isn't the only forestry-related organization holding this belief.

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