

# MADISON'S LUMBER REPORTER

Publisher  
**KetaDesign Productions**

Editor  
**Kéta Kosman**  
Market Analyst  
**Earl Heath**

Annual Subscription Prices  
E-mail/Fax: C\$389  
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 © 2012

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



## News & Updates

### Madison's Investment Rx

This month's issue of *Madison's Investment Rx* has gone out to subscribers. The impact of post-tropical storm Sandy on already tight North American lumber inventories is examined, as well as the latest data on US and Canadian rail car loadings of forest products, and sawmill capacity and utilization rates.

Contact us any time to receive this vital and timely information.

### Madison's Timber Preview

This week's issue of *Madison's Timber Preview* looks at brand-new announcements of investment into biomass fuel. New operations to produce wood pellets in the US and Canada, as well as exciting new technology to make crude oil out of cellulose are examined.

Contact us any time to receive this vital and timely information.

### US Housing Starts, Existing Home Sales

Real estate agents and developers breathed a collective sigh of relief this week when the recent trend of improving US home building and sales continued. New data out of the Commerce Department Tuesday showed US housing starts increased 3.6 per cent to a seasonally adjusted annual rate of 894,000 units - the highest since July 2008.

As usual for the season, building permits fell 2.7 per cent to an 866,000-unit pace in October, after jumping 11.1 percent the prior month,

The National Association of Realtors said on Monday that existing home sales climbed 2.1 per cent last month to a seasonally adjusted annual rate of 4.79 million units. The nation's inventory of existing homes for sale fell 1.4 per cent during the month to 2.14 million, the lowest level since December 2002.

[READ MORE](#)

### Sawmill Fire

Firefighter from at least two departments battled a blaze at the Alberni Pacific Division Mill in Port Alberni, BC, Thursday.

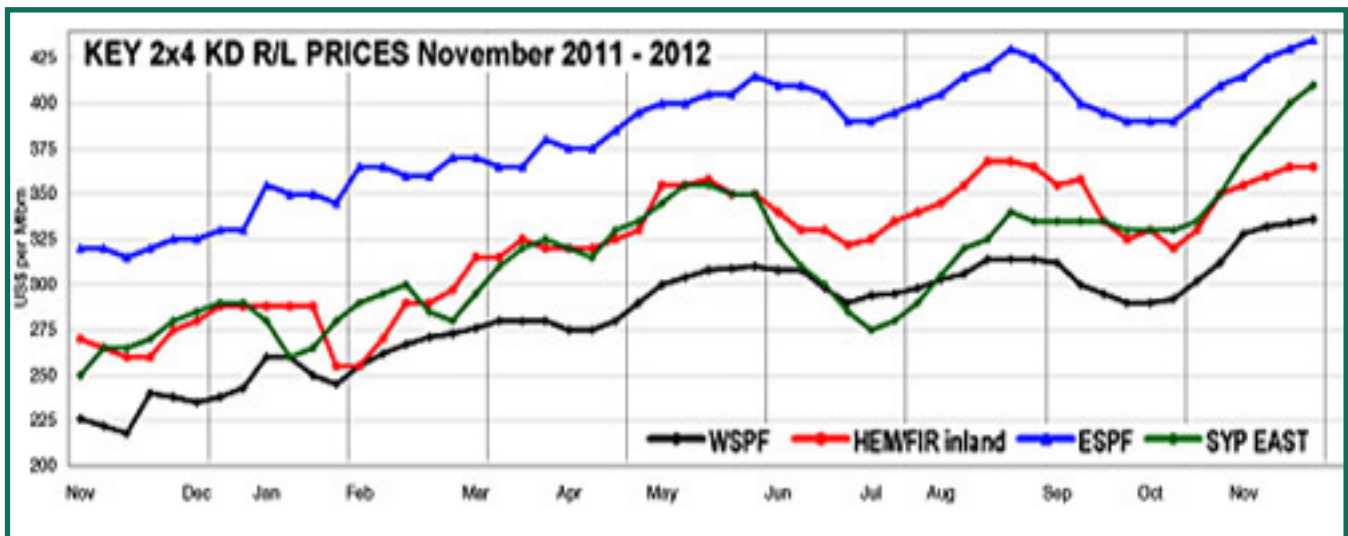
The initial call about a hog bin fire went out at 5:04 p.m. A second call, this time to all Alberni Valley fire departments, went out at 5:20 p.m., about a structure fire at the mill. Flames could be seen shooting into the air from a structure at the far end of the mill property.

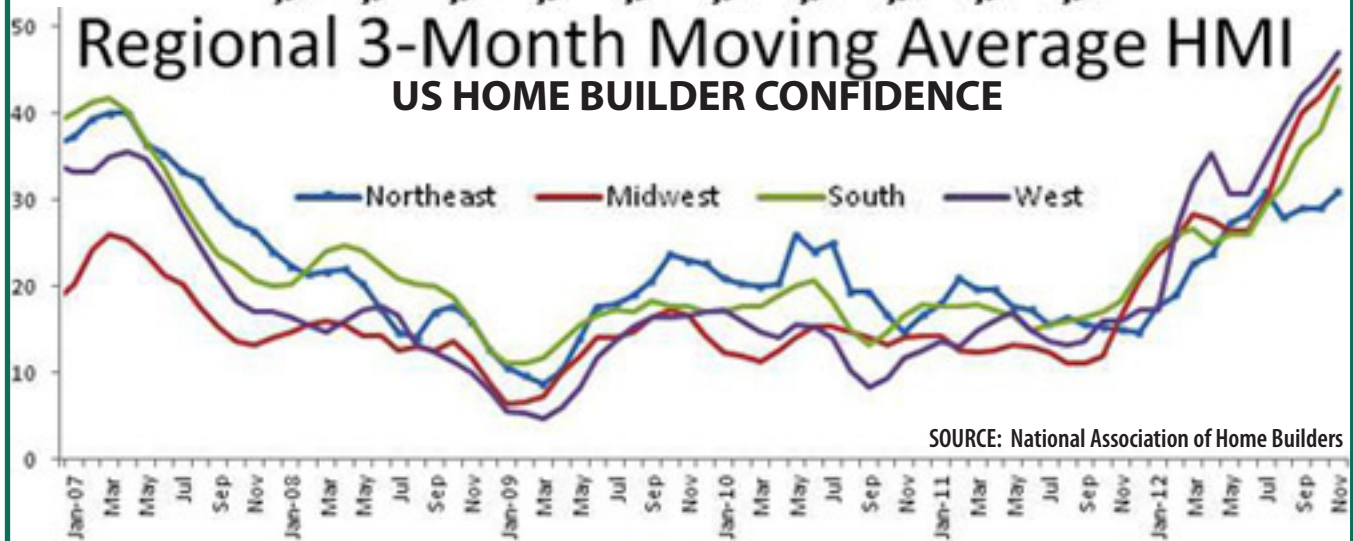
Firemen were still on scene at 6:20 p.m. No additional information was available.

### Pultrusion Polyurethane

FP Innovations, Canada's forest industry research group, announced this week that production would begin on a new, light-weight trailer for logs. First revealed in February 2011, the trailer has now been tested and approved, and will begin selling in early 2013, the research agency said this week.

[READ MORE](#)





## **Canadian Mill Services Association**

***"Your Association of Choice"***

### **Wood Packaging Manufacturers, Dry Kiln Operations, Cedar Re-manufacturers, and Brokers & Wholesalers of Softwood Lumber**

A growing number of Countries require wood products from Canada to be certified under either the Canadian Heat Treated Wood Products Certification Program (CHTWPCP) or the Canadian Debarking and Grubhole Control Program (CDGHCP). Canadian Mill Services Association can register you in both of these programs to insure that your company is certified to do the following;

- **Under the CHTWPCP**
  - Meet the demand for certified wood packaging from the pending requirement for all wood packaging entering the USA to be ISPM 15 compliant (IPPC stamped).
  - Expedite the issuance of Phytosanitary certificates for Heat treated lumber.
  - Get custom grade inspections done, to provide your International customers with 3rd party Quality Assurance Certificates.
- **Under the CDGHCP**
  - Manufacture and / or Export green (or dry) Western Red Cedar products to countries in the European Union (EU).

**Contact the CMSA office at 604-523-1288 (local 1) or 604-230-2661 or E-mail to [sing@canserve.org](mailto:sing@canserve.org) to find out more and to obtain application forms.**

## Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	336	334	+2	302	+34	238	+98
WSPF KD R/L 2x6	336	330	+6	310	+26	250	+86
WSPF KD R/L 2x8	315	315	0	300	+15	258	+57
WSPF KD R/L 2x10	350	350	0	345	+5	250	+100
WSPF KD PET 2x4 Stud	310	310	0	285	+25	235	+75
WSPF KD PET 2x6 Stud	295	295	0	295	0	260	+35
Douglas Fir Green R/L 2x4	292	290	+2	265	+27	240	+52
Douglas Fir Green R/L 2x10	335	335	0	310	+25	320	+15
ESPF KD 2x4 8ft Stud	380	380	0	365	+15	305	+75
OSB Ontario 7/16" (CDN\$)	335	330	+5	290	+45	195	+140
CSplywood Toronto 3/8" (CDN\$)	363	363	0	363	0	305	+58

## Weekly News

### US Housing Market

**CONTINUED** The drop in October permits reflected fewer applications for multifamily construction, while those for one-family units rose to the highest level since July 2008.

Construction of single-family houses eased 0.2 per cent to a 594,000 rate from 595,000 the prior month, the report showed.

Two of four regions had an increase in starts in October, led by a 17 per cent surge in the West, today's report showed. In the Midwest, new construction rose 8.9 per cent. Starts dropped 6.5 per cent in the Northeast and 2.5 per cent in the South.

The National Association of Home Builders/Wells Fargo index of builder confidence climbed in November to a six-year high of 46, the Washington-based group said Monday. The group's gauge of current single-family home sales advanced to the highest level since May 2006 as it jumped by the most since September 2002.

Purchases of multifamily properties - including condominiums - rose to a 570,000 pace, the most since January 2011, from 550,000. At the current pace of sales, inventories would be exhausted in 5.4 months, the lowest rate since February 2006.

Nationwide, the median price for a home resale was US\$178,600 in October, up 11.1 per cent from a year earlier as fewer people sold their homes under distressed conditions compared to the same period in 2011. Distressed sales include foreclosures.

The price increase last month was measured against October 2011, and since then distressed sales have fallen to 24 per cent of total sales from 28 per cent.

Purchases climbed in three of the four regions, reflecting a 4.4 percent increase in the West, a 2.1 percent gain in the South and a 1.8 percent rise in the Midwest. Demand fell 1.7 percent in the Northeast as superstorm Sandy disrupted the market, the agents' group said.

### WTO Rules

The World Trade Organization appears this week to have upheld a complaint against the Province of Ontario's green energy program.

The complaint was made by the EU and Japan, which claim the province's "feed-in tariff" program for its energy grid discriminates against foreign component manufacturers by declaring a minimum percentage of renewable energy goods and services be provided by Ontario-based companies.

According to the Green Energy Act, wind and solar projects in Ontario made between 2009 and 2011 must contain at

least 25 per cent Ontario-made content, and projects coming on-stream in 2012 must be at least 50 per cent made in Ontario.

Japan and the EU alleged such tariffs are unfair, and a hindrance to free trade.

Although the WTO has yet to acknowledge any decision publicly, reports Monday suggest the affected parties have been notified of the organization's decision to side with the complainants.

The WTO ruling is non-binding, meaning Ontario could simply ignore it and not face any monetary punishment. But such a move would likely be met with the implementation of tariffs against any Ontario-made goods in Japan and the EU. That would also be especially unlikely against the backdrop of a federal government trying to iron out a comprehensive free trade agreement with the European Union.

### Calendar

Jan 2013

**Truck Loggers Association Annual General Meeting**

Jan 18 - 18 - Victoria, BC

<http://www.tla.ca/events/convention>

**IQPC 11th Timberland Investment Summit**

Jan 28 - 30 - New York, NY

<http://www.timberlandworldsummit.com/Event.aspx?id=828974>

11th Timberland Investment World Summit

January 28 - 30, 2013 | New York, NY

Rethinking Investment Strategies in an Evolving Timberland Market

Click here to download brochure

# Light-Weight Semi-Trailers

## Composite Material

In February 2011 the Quebec branch of forest research institute FP Innovations announced it had developed a lightweight logging truck, which allowed a 40 per cent increase in log volume per load.

Deloupe, out of Quebec's Beauce region, has secured the exclusive rights to manufacture and distribute the semi-trailer. The new trailer will officially be launched in 2013, FPInnovations announced Wednesday.

by Kéta Kosman

The company already manufactures semi-trailers made of aluminium or galvanized steel rather than high-resistance steel. The forthcoming composite stakes and bunks are expected to be in the highest price range.

As part of its Transformative Technology programme – which aims to transform Canada's forest operations industry – FPInnovations wanted to conserve fuel and reduce the weight of traditional timber trailers. FPInnovations identified the potential to reduce the weight of traditional timber trailers by replacing steel stakes, the part that holds the timber inside the trailer, and bunks, the transversal part of the trailer's main frame that joins the stakes, with a composite material.

Use of pultruded polyurethane composites makes it possible to dramatically slash vehicle weight. Frederic Boutin, lead researcher at FPInnovations, conveyed the benefits of weight reduction.

"By reducing the weight of the timber trailer, more material can be carried. A lighter timber trailer also requires less fuel to run, reducing operations costs," said Boutin in a press release.

The post-and-crossbeam system developed by FPInnovations is comprised of composite materials and weighs about 40 per cent lighter than steel trailers, allowing an extra 450 kg of payload when hauling 8-ft. logs. Revenue per load increases while costs are reduced. Fuel savings when the empty truck returns could be between \$5,000 and \$6,000 per year, says FP Innovations.

The composite material used for the trailer consists of fibreglass and carbon fibre webbing with a resin that hardens like epoxy. The material is light, non-corrosive and impact-resistant. Seven years of research has gone into finding the right mix of materials.

The new timber trailer is unique not only for the weight reduction it achieved, but also for its impact resistance, which an equivalent product, generally made of steel, could not provide. Where a steel picket de-



A part of the stakes and bunks is made of steel, and the rest of composite stakes and bunks. Spread out on the deck at strategic locations, they allow for the evaluation of their resistance to strain and impacts.

forms permanently, the composite equivalent retains its shape very well. If the composite parts crack when being abused, it can still safely hold the load. Extensive testing, both static and dynamic, was performed on the new design in order to assure its safety.

Mat-Comp, an engineering consulting firm specializing in composite materials, came up with the design, the analysis, and the conception of the stakes and bunks, and also has taken part in the trials necessary for their certification. Their mandate consisted in reducing the weight of the vehicle while offering the same strength and longevity.

Serge Paré, of Mat-Comp explains that compared to steel or aluminium, composite materials allow for a 50 per cent or 30 per cent weight decrease, respectively.

"But weight isn't everything, and composites are less affected by corrosion and more resistant to breakage due to impact. In the 'resistance to rupture versus weight' comparison, composites always win, although they cost 20 per cent more than the material they replace," he explains.

The composite material is more flexible and regains its original shape even when hanging by a grapple. In an empty semi-trailer, the stakes seem to bend toward the inside. Under the weight of the load, the stakes straighten up and absorb the movements towards the outside. Furthermore, this product is painted grey, which gives added protection from sun exposure deterioration.

Composite materials are made of at least two immiscible materials, those that do not blend together, but also have a strong adhesion capacity: the same way that reinforced concrete is the product of cement and reinforced steel, composite materials often comprise a fibreglass or carbon canvas that acts as reinforcement and supports the mechanical efforts of various rigid resins such as epoxy.

The structural elements in the production of these "pultrusion composites" are combined by moulding plastic and metallic materials together in a process that involves pushing the material towards the entrance of the die and pulling it at its end.

It is important to consider the severe operating conditions for log trucks, both on pavement and on logging roads, when trying to calculate the amortization of equipment investments. Mat-Comp and FP Innovations aimed for a return on investment that included this factor, to be within two or three years for a part that will last a minimum of eight years. This objective can be realized more quickly as the price of diesel increases.

Deloupe hasn't yet defined the parameters for the very specialized new model about to launch in 2013. Trials have mostly focused on the stakes' behaviour in real-life situations, and on the bunks, Guillaume Samson, an engineer, reported in a company press release Wednesday. The trailer's final configuration including length, width, height, suspension, steering axle, etc, will depend on the target market region, and whether that will be in the Maritimes, in Quebec or in other parts of Canada.

FP Innovations researchers have not yet been able to evaluate the degree of long-term wear on the composite elements. The elements are still too new and will need to be subjected to lengthy evaluations and subsequent changes. A crack in one of those composite elements won't necessarily affect the structural integrity as it would in a steel part or a welding. Given the stakes for the industry, these are questions that warrant the full attention of regulatory agencies so the industry can move ahead with promising solutions for energy savings and improved profitability for forestry transportation.