

# MADISON'S LUMBER REPORTER

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## News & Updates

### Madison's Timber Preview

The last issue of *Madison's Bi-Weekly Timber Preview* for 2012 examines the latest announcements out of Canadian Pacific Railway for cost-cutting measures, engine upgrades, and asset sales.

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

### PLIB Awarded

The Pacific Lumber Inspection Bureau announced this week it made a six-figure out-of-court settlement with a Louisiana wood producer, averting a lawsuit over trademark infringement for unauthorized use of a certification stamp - a violation of the Lanham Act.

The confidential settlement was agreed to by both parties before a lawsuit was filed, according to PLIB, which also provides lumber grading services and wood pellet biofuel inspection.

The case involved unauthorized use of the trademarked stamp that identifies damage material - used for filling voids in freighters - to verify it doesn't inadvertently transport forest pests in the wood used securing freight in international shipments. Pests transported that way, such as the emerald ash borer, can be catastrophic.

### Quesnel Mid-Term Timber Supply Recalculated

As part of British Columbia's Mid-Term Timber Supply Action Plan, a new silvicultural strategy analysis has been completed that identifies a 600,000 cubic metre increase in mid-term timber supply over previous projections in the Quesnel timber supply area.

New inventory data has been used which identifies opportunities for harvesting, reforestation, planting and fertilization that can have the greatest effect on timber and other forest values.

[READ MORE](#)

### Japan CLT Shake Test

Scientists at Japan's Shizuoka University November 5 reported results of vibration tests on a full-scale, 1x6 metre cedar, three storey cross-laminated timber building, according to the *Japan Lumber Reports*. Five cedar 1x3 metre, 150 mm thick, wall panels and six 1x4 metre floor panels, 180 mm thick, were used for the test.

Researchers reported that with both medium and large earthquake shocks, there was no damage to the specimen, and deformation was only 1/200th radian.

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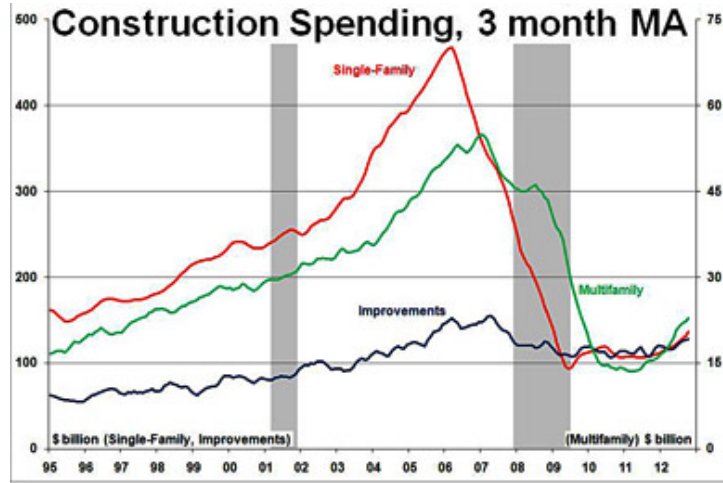
### California Port Strike

Clerical workers who walked off the job last week after working for two and half years without a contract put a stop to the transfer of goods at the Los Angeles and Long Beach Port complex, the biggest in the US, for eight days. The job action ended Wednesday. The Southland ports handled 39.5 per cent of the total value of all container imports entering the US last year, said Jock O'Connell, an international trade economist with Los Angeles-based Beacon Economics, to the LA Times. The port moves about US\$1 billion a day in cargo, he said. The two ports are directly responsible for an estimated 595,000 jobs in Southern California.

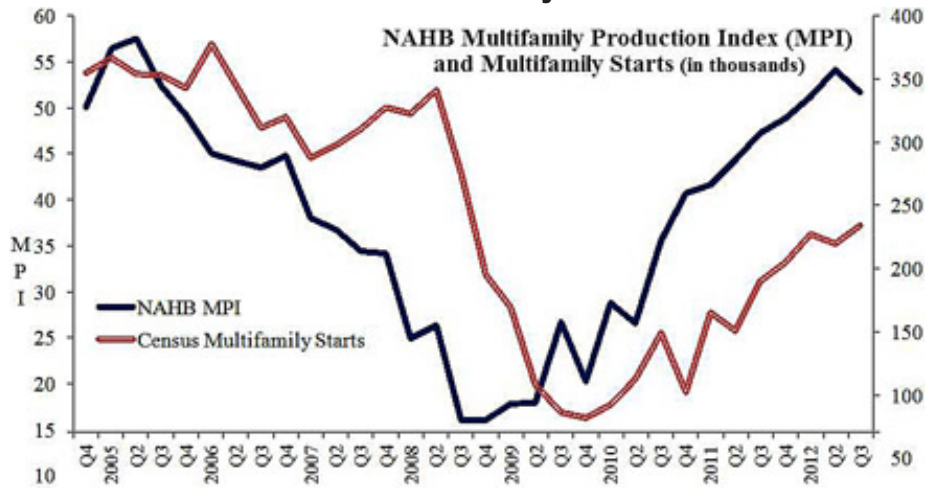
[READ MORE](#)



### Residential Construction Spending

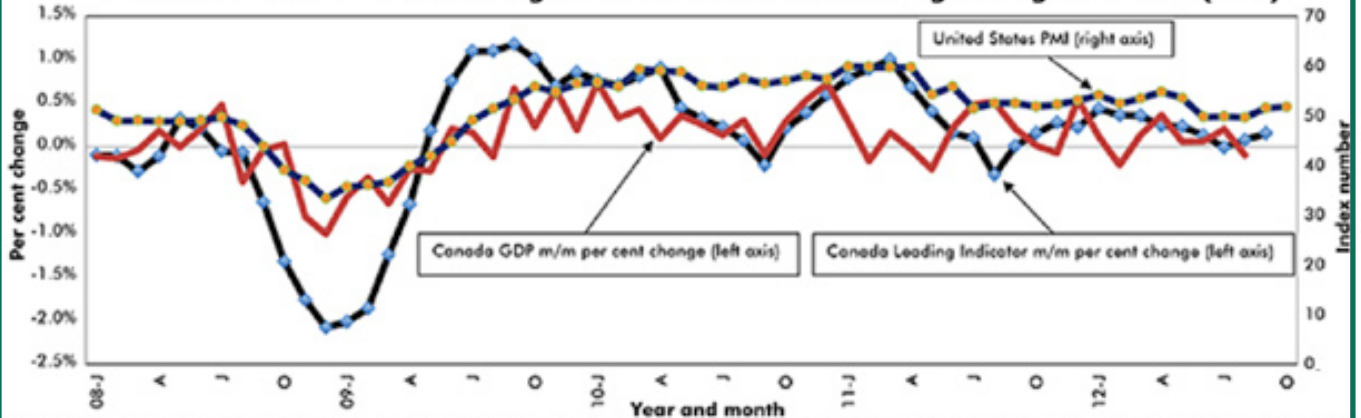


### Confidence in Multifamily Production



SOURCE: National Association of Home Builders

### Canada GDP vs Canada Leading Indicator & U.S. Purchasing Managers' Index (PMI)



Source: Statistics Canada, Macdonald Laurier Institute, U.S. Institute of Supply Management/Chart: Reed Construction Data, CanaData



# 11th Timberland Investment World Summit

January 28 - 30, 2013 | New York, NY

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## Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	358	350	+8	328	+30	238	+120
WSPF KD R/L 2x6	368	360	+8	318	+50	250	+118
WSPF KD R/L 2x8	355	340	+15	310	+45	250	+105
WSPF KD R/L 2x10	364	360	+4	350	+14	255	+109
WSPF KD PET 2x4 Stud	320	320	0	300	+20	240	+80
WSPF KD PET 2x6 Stud	300	300	0	295	+5	250	+50
Douglas Fir Green R/L 2x4	300	290	+10	275	+25	230	+70
Douglas Fir Green R/L 2x10	325	330	-5	320	+5	320	+5
ESPF KD 2x4 8ft Stud	390	390	0	370	+20	290	+100
OSB Ontario 7/16" (CDN\$)	335	335	0	310	+25	195	+140
CSplywood Toronto 3/8" (CDN\$)	402	405	-3	350	+52	305	+97

## Weekly News

### BC Timber

CONTINUED The new analysis reflects the past four years of harvest activity, new forest cover information from the eastern portion of the timber supply area, as well as Landscape Vegetation Inventory information for the western portion. Landscape Vegetation Inventory analysis is a method that takes advantage of satellite imagery, high resolution digital aerial photography, and software applications for managing very large data sets.

The main reasons for the higher mid-term forecast in this analysis, as compared to the previous mid-term analysis conducted in summer 2011, are due to the incorporation of new information that indicates lower pine mortality estimates in young stands, more live pine remaining in older stands and new managed stand site productivity estimates that these stands will grow faster than previously thought, according to a BC Ministry of Forests, Lands and Natural Resource Operations.

Ministry staff met with Quesnel timber supply area licensees November 30 to discuss the analysis results. While the new forecast shows an increase in potential mid-term timber supply, this does not mean the current allowable annual cut will change. The chief forester will be considering this, and other new information, in the next redetermination of the allowable annual cut.

### Japan CLT Earthquake Test

CONTINUED While the test cross-laminated timber building was three storeys high, researchers used assumptions for five storeys, including putting the additional weight load for the shake test,

says the *Japan Lumber Reports*.

While European CLT building codes allow for panels 10 metres high and 3 metres wide, Japan's JAS standards require 1x6 metre sizes.

Researchers concluded that the current JAS building specifications are safe to use for larger sized CLT building components.

### California Passes Lumber Tax Law

A new 1 per cent special assessment, proposed by California Governor Jerry Brown and approved in September by lawmakers, will take effect January 1, 2013. It is expected to raise US\$35 million a year to pay for the regulation of commercial forest lands and for firefighting and prevention.

Some California lumber sellers are angry about a new state tax on 2-by-4s, plywood and other forest products, and they want to make sure that their customers blame the governor and legislators for the upcoming hike in building costs.

The bill also includes a controversial provision that put legal limits on the ability of government agencies to sue landowners, timber operators and others whose negligence might have caused forest fires.

### Sawmill Electrical Fire

Saturday morning fire crews were dispatched to a fire call at Tembec's Huntsville, ON, sawmill.

According to the Huntsville Fire Department, when the crews arrived they observed smoke throughout the old mill. Fire was located in the wall behind the electrical panel. Due to the amount of electrical

panels mounted on the wall, crews had to wait for the power to be shut off before extinguishing the fire. Crews remained on scene for approx 90 minutes, checking for extension leading into the roof.

Tembec maintenance staff say the mill will be shut down for about a week for repairs to the electrical system. Damage is estimated to at \$50,000.

### Howe Sound Strike Vote

The union representing just over 400 workers at Howe Sound Pulp and Paper, in Port Mellon, BC, said it is hoping to avert a strike or lockout at the mill, despite a 99.4 per cent strike vote by its membership on November 29. Turnout for the vote was 82 per cent.

The strike vote was taken two days after Howe Sound indicated negotiations had reached an impasse and applied to the BC Labour Relations Board for mediation.

The Labour Relations Board, meanwhile, has appointed a mediator and the union expects the mediation process to take place in the middle of January and to last about one week.

## 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>



# Work Stoppage

## West Coast Port Strike

CONTINUED About US\$368 billion worth of cargo passed along their docks in 2011, said Art Wong, a spokesperson for Long Beach, to Bloomberg. Top imports include consumer electronics, furniture and clothing.

A group of 800 clerical workers at the twin ports launched the strike November 27 after contract negotiations broke down with the Los Angeles/Long Beach Harbor Employers Association, a group

by **Kéta Kosman**

representing 14 terminal operators and shipping agencies. The clerical workers, part of the 10,000-member International Longshore and Warehouse Union Local 63, said they were concerned about job security. A particular sticking point in the talks was the employers' demand that they not be forced to replace retiring workers or provide temporary staff to cover workers on leave if they thought it wasn't necessary. The contract discussions had been under way since 2010, when the clerical workers' previous contract expired.

Dockworker members of the International Longshoremen's & Warehousemen's Union (ILWU) local honoured the clerical workers' picket lines, shutting down 10 of 14 terminals between the two ports and choking off container traffic at the busy ports.

The two sides came to terms late Tuesday. The union agreed to allow employers to eliminate 14 jobs over the next 3 1/2 years through attrition, stepping back from a long-held demand that every retiring worker be replaced by a new union employee. The employers had sought to eliminate a far larger number of positions.

The union won't vote on whether to ratify the contract for another two weeks, but it is expected to pass. The six-year deal would be effective retroactively to 2010 and extend until 2016.

By Wednesday morning local time, the terminals shut down by the strike were back open. A spokesperson for the Port of Los Angeles said port pi-

lots went back to work at 11:30 pm Tuesday, and workers began unloading cargo Wednesday. As of Wednesday morning, only five ships were waiting in the bay.

In many ways, the strike paralleled the generational skirmishes that have rippled through factory shops and automobile assembly floors. Cargo companies and ports want to cut costs and automate operations to compete with aggressive rivals in Canada and South America. That is pitting them against unions, which are struggling to preserve high-paying jobs for their middle-class members.

In a sign of the stakes involved, the strike did not revolve around salaries or job security for current workers. Rather, the dispute centered on the contention by the striking Office Clerical Unit that employers were whittling down its membership by replacing retiring workers with nonunion personnel in other states and countries.

Similar trouble is now brewing on the east coast of the US as potential labour strike by International Longshoremen's Association and the US Maritime Alliance, which involves 14 ports and terminal operations along the East and Gulf Coast from Maine to Texas. At the end of this year a job action could have devastating economic consequences as inventory depletion, rerouting, hoarding, and price speculation ripple through supply chains of global companies, Marsh USA, a global insurance broker and risk management firm, warns in a new report.

"Potentially, the strike on the East Coast is going to be a much bigger strike. This potential strike (would span) Maine to Texas, so the effects could be bigger," said Jonathan Gold, vice president of supply chain and customs policy for the National Retail Federation, to Reuters Wednesday.

The collective bargaining agreement between the International Longshore-

men's Association (ILA) and the US Maritime Alliance (USMX) was originally set to expire on September 30, 2012. That agreement was extended to December 29, averting a potential strike that would stop deliveries to ports along the US Atlantic and Gulf coasts during the holiday retail season.

About 20,000 longshoremen who handle container cargo from Maine to Texas are represented by the ILA. USMX is an alliance of container carriers, direct employers and port associations along the US East and Gulf coasts.

In the event of an additional strike, retail, agriculture, food, and beverage companies would be hit especially hard due to their profit-driven strategy of keeping inventory levels low, and the sudden and severe backlog and rerouting pressures caused by a work stoppage, said Marsh USA in the report released Thursday.

For each day of backlog accumulated during a port closure, affected organizations would typically need about eight days to stabilize inventory levels within their supply chains, the report said.

The National Retail Federation issued a statement Wednesday from its CEO, Matthew Shay, who said that the nation's economy cannot withstand another port disruption.

"The retail community is pleased to see a settlement of the strike. We are happy both parties came together, with assistance from intermediaries, to reach a new contract agreement," he said. "Our attention now shifts to the East and Gulf Coast ports, where federal mediators have been locked in prolonged discussions with labor and management for the past two months. We urge the parties to reach a final agreement before their contract extension ends at the end of December."

The next round of those negotiations are planned to begin a few days before Christmas on December 20.

