

MADISON'S LUMBER REPORTER

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News & Updates

Madison's Timber Preview

Madison's Timber Preview this week examines changes to the US Forest Service philosophy which will double the allowable cut on federal forestlands in Washington State and Oregon. The US House hearing Thursday about a proposal for logging the O&C Lands in Oregon is also looked at.

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

Suspicious Sawmill Fires in British Columbia

Two separate fires at British Columbian lumber manufacturing plants this week are being investigated as suspicious.

A fire at the KDL wood fencing factory in Fort St. James, BC, is under investigation, according to the *Prince George Citizen* Tuesday. Mill co-owner Ben Hoy said the damage was significant. The fire was noticed at about 5 a.m. April 5. The mill is located in the industrial area so municipal firefighters arrived as soon as the alarm was called in.

Hoy would not speculate on the the potential spinoff effect until after the full extent of the damage was calculated. [READ MORE](#)

Canadian Housing Starts

Canadian housing starts unexpectedly increased for a second month in March, Ottawa-based Canada Mortgage & Housing Corp said Tuesday.

Housing starts were 184,028 at a seasonally adjusted annual pace during the month, up from a revised 183,207 in February. Home starts have increased since January's reading of 163,945 units, which was the lowest since 2009. [READ MORE](#)

Housing Starts, Japan

Total February housing starts in Japan were 68,969 units, a 3 per cent increase over one year ago, according to the *Japan Lumber Reports*. The latest figures continue the consecutive increase of the past six months.

Seasonally adjusted starts were 949,000 units, a 9.4 per cent increase over January and the highest in four months. Building of new condominium units increased by 15.9 per cent compared to February 2012, with many of the new buildings containing more than 100 units each.

Meanwhile, new 2x4 rental units were 3,816, a 14.6 per cent increase over one year ago. Wood-based units were 35,727, comprising 51.8 per cent of total new construction.

Forestry Funding, UN Forestry Conference

Funding announcements for the forest industry by the governments of Canada, British Columbia, and Russia as well as the latest developments at the bi-annual UN Forestry Conference being held this week in Istanbul, Turkey, are examined. [READ MORE](#)

CANADIAN HOUSING STARTS

Actual and Seasonally Adjusted Annual Rates

	March 2013		February 2012	
	Actual	SAAR	Actual	SAAR
Canada, all areas	14,517	184,028	10,965	183,207
singles, urban centres	4,030	60,558	3,352	64,811
rural areas	756	26,811	663	21,626
multiples	9,731	96,659	6,950	96,770
Atlantic urban centres		7,698		6,057
Quebec urban centres		28,602		33,058
Ontario urban centres		52,390		62,119
Prairie urban centres		44,131		38,769
BC urban centres		24,396		21,578

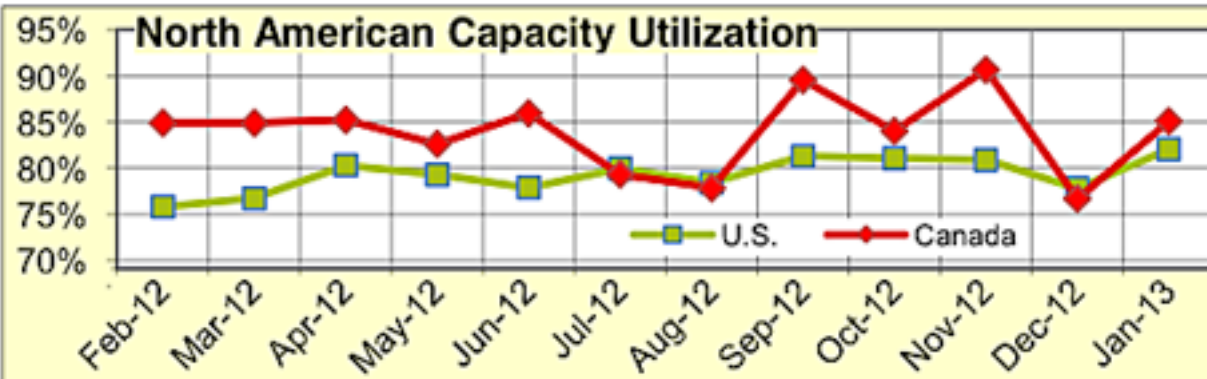
Source: Canada Mortgage and Housing Corporation

JAPANESE HOUSING STARTS

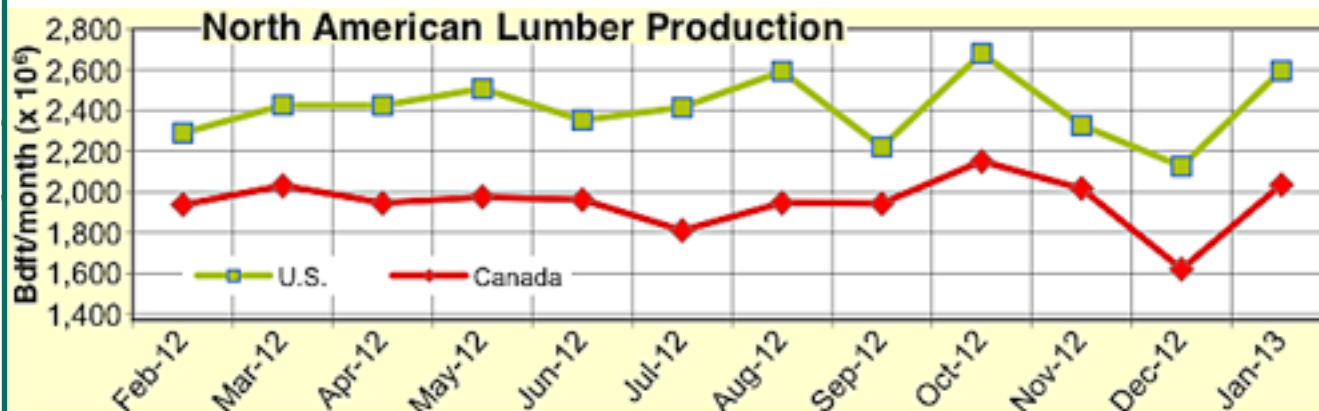
Month	TOTAL	Non-Wood	Wood	%Wood
Feb-13	68,969	33,242	35,727	52
Jan-13	69,289	31,982	37,307	54
Dec-12	75,944	32,392	43,552	57
Nov-12	80,145	34,395	45,749	57
Oct-12	84,251	37,883	46,368	55
Sep-12	74,176	31,159	43,017	58
Aug-12	77,500	34,485	43,015	56
Jul-12	75,421	32,883	42,538	56
Jun-12	72,566	31,654	40,912	56
May-12	69,638	31,439	38,199	55
Apr-12	73,647	36,535	37,112	50
Mar-12	66,597	30,985	35,612	53

Source: Japan Wood-Products Information and Research Center

REAL ESTATE CREDIT HAS TURNED DOWN



Sources: FEA, LLC: Softwood Sawmills in the United States and Canada, WWPA



Source: Southern Forest Products Association, U.S. Census Bureau, Council of Forest Industries-CAN, WWPA

Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	408	408	0	408	0	275	+133
WSPF KD R/L 2x6	394	398	-4	394	0	284	+110
WSPF KD R/L 2x8	374	378	-4	378	-4	272	+102
WSPF KD R/L 2x10	408	410	-2	404	+4	314	+94
WSPF KD PET 2x4 Stud	465	470	-5	400	+65	280	+185
WSPF KD PET 2x6 Stud	435	440	-5	400	+35	300	+135
Douglas Fir Green R/L 2x4	388	395	-7	390	-2	240	+148
Douglas Fir Green R/L 2x10	418	420	-2	410	+8	240	+178
ESPF KD 2x4 8ft Stud	505	505	0	460	+45	350	+155
OSB Ontario 7/16" (CDN\$)	395	407	-12	430	-35	215	+180
CSplywood Toronto 3/8" (CDN\$)	402	394	+8	402	0	350	+52

Weekly News

BC Sawmill Fires Deemed Suspicious

CONTINUED KDL Group has an overall employment base of 150 people in their various departments. They have an array of resource industry activities, including logging, road building, forestry management and more. The company was started up in 1975 by David Hoy who eventually passed operations on to the next generation.

In Prince George, the cause of a Wednesday morning blaze that wreaked \$50,000 damage to West-Hill Lumber's sawmill and office building has been deemed suspicious, said Prince George Fire Rescue to the Prince George Citizen Thursday.

The mill and office were not in use at the time and there was no one at the site, assistant fire chief Drew Larsen said, when 18 firefighters from four halls armed with six fire apparatus were called to the scene at 3:35 a.m.

They found the office building engulfed in flames with the roof already collapsed. A second smaller building nearby caught fire as a result of the first blaze. Efforts were hampered by limited access due to the heavy snow still around the buildings.

Housing Starts, Canada

CONTINUED The seasonally adjusted annual pace of urban starts decreased by 2.7 per cent in March to 157,217 units, led by a 6.6 per cent decline in single urban starts to 60,558 units, said the CMHC Tuesday. Multiple urban starts remained relatively unchanged at 96,659 units in March.

March's seasonally adjusted annual rates of urban starts decreased in Ontario by 15.7 per cent and in Quebec by 13.5 per cent. Urban starts increased in Atlantic Canada by 27.1 per cent, the Prairies by 13.8 per cent, and British Columbia by 13.1 per cent.

Canadian municipalities issued building permits worth \$6 billion in February, a 1.7 per cent increase from January, according to Statistics Canada also Tuesday. Higher construction intentions in the non-residential sector in eight provinces, led by Alberta, more than offset a decline in the residential sector. Despite February's advance, the total value of building permits has been trending downwards since late 2012.

With gains in all three components, the value of permits in the non-residential sector increased 18.9 per cent to \$2.4 billion, following three months of declines. Non-residential construction intentions rose in every province except New Brunswick and Nova Scotia.

Construction intentions in the commercial component increased 13.2 per cent to \$1.5 billion, continuing an upward trend that began in late 2011.

Construction intentions in the residential sector fell 7.2 per cent to \$3.6 billion in February, the ninth decrease in 12 months. Residential construction intentions have been pursuing a downward trend that began in mid-2012.

US Timber Production Bill

Further to US federal and state movements to improve forest management and increase the timber harvest on fed-

eral lands discussed in this week's issue of *Madison's Timber Preview*, Washington State Congressman Doc Hastings (R), Chair of the House Natural Resources Committee, introduced legislation Thursday that would encourage the increased production on federal timber lands. The bill, "The Restoration Healthy Forest for Healthy Community Act" was highly praised and supported by the National Association of Home Builders.

Hastings' bill would also extend the Safe Rural Schools law to allow counties to transition back to payments from active forest management instead of from the federal budget. By increasing the harvesting on federal lands, which supplies 2 per cent of the wood used by the forest products industry, an easing of escalating prices would be seen and housing would remain at affordable prices.

Calendar

April 2012

IWPA 57th Annual Convention
April 17 to 19 - Vancouver, BC
<https://m360.iwpawood.org/>

May 2012

International Pulp Week 2013
May 5 to 8 - Vancouver, BC
<http://www.internationalpulpweek.com/>

26th Annual Global Forest & Paper Industry Conference
May 9 - Vancouver, BC
<http://www.pwc.com/ca/>

Funding for Forestry, and UN Conference

Global and Canadian Forest Industries

Just as the North American lumber and panel markets have embarked on a stellar recovery, a slew of recent funding announcements will help the industry move into an improved business cycle. The governments of British Columbia, Canada, and Russia have released new or renewed funding for various forest industry projects.

by Kéta Kosman

The Government of Canada chose the Council of Forest Industries (COFI) annual convention last week to announce an investment of \$19.5 million in five projects in Western Canada. The Investments in Forest Industry Transformation (IFIT) program will help bring to market new and innovative forest products, said a Natural Resources Canada press release April 4. Minister Joe Oliver also announced \$10.9 million in funding for the 2013–14 Expanding Market Opportunities Program, including support for a Canadian wood products trade office in India.

Please see the October 22, 2010 and the March 25, 2011 issues of your *Madison's Lumber Reporter* for details on federal Green Transformation Funding.

Also at COFI, BC Premier Christy Clark announced that the province is investing \$8.4 million to build new markets for BC wood products at home and in major markets around the globe, including China and India. Nine associations will receive \$6 million from the province for international market development. The remaining \$2.4 million is for BC's Wood First program, which promotes the use of wood as a preferred building material in mid-rise and non-residential construction, and advances BC's reputation as a global leader in wood innovation.

The Government of Canada announced April 8 two financial contributions, totalling \$4.8 million, in support of Quebec's forestry industry, through the Canada Economic Development's Quebec Economic Development Program

The non refundable grants are:

- \$3.8 million for FPInnovations; and,
- \$1 million for the Quebec Wood Export Bureau.

"The Government of Canada supports Quebec forest industry aid organizations that, like FPInnovations and the Quebec Wood Export Bureau, promote innovation and market development and contribute to the diversification of the economy and

job creation," said Denis Lebel, Minister of Transport, Infrastructure and Communities. "The forestry industry is an economic sector that represents nearly 60,000 jobs in Quebec and it is crucial to support it," he added.

Never one to make small moves, Russian President Vladimir Putin said Thursday to a State Council meeting that Russia will earmark 400 billion rubles (US\$13 billion) to finance 118 priority projects in the country's forestry industry to make the sector attractive for investment and address its long-term problems.

The existing system for forestry project selection, which favours large production facilities for timber processing, should also cater for small and medium businesses, Putin said, adding Russia also needed universal methods of support for all businesses which could bring economic and social benefits. Up to 20 per cent of logging, or about 35 million cubic metres of timber, in Russia is illegal, with economic damage from illegal timber sales estimated at up to 30 billion rubles (US\$970 million) annually, according to WWF Russia and World Bank data.

Elsewhere, on Monday at the Tenth UN Forum on Forests in Istanbul, Turkey, Turkish Minister of Forestry and Water Works, Veysel Eroglu, called on world countries to establish a special fund for reforestation, according to *WorldBulletin.net*.

"Rich countries with high greenhouse gas emissions need to spend money on reforestation. Let us all come together and establish a fund for reforestation. Turkey will support such a project," Eroglu underlined.

The United Nations Forum on Forests kicked off its Tenth session (UNFF10) with calls for action at all levels to promote the health of a vital resource that covers nearly a third of the globe and provides an invaluable variety of social, economic, and environmental benefits. Around 1.6 billion people – including more than 2,000 indigenous cultures – depend on forests for their livelihood. Forests are also the source of three-fourths of global freshwater, help to regulate the impact of storms and floods, and store carbon from the atmosphere. As well, more than three billion people depend on forests for wood for cooking and heating.

The forum was attended by nearly 2,000 participants, including over 1,200 delegates coming from 197 countries.

"Let's be very clear. The challenges to maintain this precious gift of nature and to manage it in a sustainable way are many and very serious," Under-Secretary-General for Economic and Social Affairs, Wu Hongbo, told the opening of the session.

Established in 2000 by the UN Economic and Social Council, the Forum is the only international body that addresses

all forest and tree policy issues. Its current session – the first to be held outside of UN Headquarters – will consider a range of measures to improve sustainable forest management and conclude with an outcome document. UNFF10 aims to catalyze actions to reduce deforestation; improve the economies of people who derive their livelihoods and sustenance from forests; increase the forests under protection; and increase assistance to developing countries to improve forest management.

Turkish Prime Minister Recep Tayyip Erdogan kicked off the Forum Monday with a heartfelt speech that touched upon the environmental cost of "cruel competition" and financial inequalities that see thriving richness at the expense of the poor, warning participants against a wide range of global environmental threats from pollution to scarcity of water.

"Humanity now needs to question how a bag of pasta ended up on the shelf before buying it," Erdogan said. "We need to start thinking of the tragedies a litre of oil, or cubic metre of gas, or a bag of coal has witnessed in the making."

Erdogan's speech caused a strong reaction from the delegates and United Nations officials, with Director of Secretariat of the United Nations Forum on Forests Jan McAlpine later describing the speech as "underlining the relation between humans and forests."

Hongbo also defined the session as "historic" due to its location, and Turkey's commitment as "undeniable."

Discussions are under way at the Forum on a global development agenda beyond 2015, the deadline for achieving the anti-poverty targets known as the Millennium Development Goals. At the same time, Member States are discussing the creation of a set of sustainable development goals, as agreed at the UN Conference on Sustainable Development (Rio+20), held last year in Brazil. National level policies for forests have far-reaching implications for global sustainable development. The formal forestry sector's contribution to global gross domestic product is estimated to be nearly US\$468 billion annually.

As government delegations and distinguished experts at the Forum discuss policy formulation on the contribution of forests to economic growth, social enhancement and environmental sustainability, a key issue will be adequate and sustained financing – another item on the Forum's agenda.

Set up by the UN Economic and Social Council in 2000, the Forum meets every two years. Its current session, which is being held away from UN Headquarters for the first time, will consider a range of measures to improve sustainable forest management.