

MADISON'S LUMBER REPORTER

Publisher
KetaDesign Productions

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Annual Subscription Prices
E-mail/Fax: C\$389
Discounts available for multiple
subscriptions
Published 50 times a year

www.madisonreport.com
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604 984-6838
PO Box 2486 Vancouver, BC
V6B 3W7 Canada

In Canada, add GST or HST
ISSN 0715-5468

Printed in Canada © 2013

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News & Updates

Sawmill, Panel Mill Curtailments

Temporary curtailments have been announced by several North American producers. Swanson Group, based in Glendale, OR, will take maintenance downtime at its Oregon lumber and plywood mills for the week of July 1. Boise Cascade, out of Boise, ID, will curtail production at three western US plywood mills due to market conditions. These curtailments will be at different times during the week of July 4 and will equate to roughly one week's total production. Vernon, BC's, Tolko Industries is taking down time at its Heffley Creek, Armstrong, and Lumby plywood and veneer mills during the first week of July. The mills are scheduled to resume production July 8.

Meanwhile, the US National Association of Home Builders issued a release Wednesday warning that US home builders and lumber dealers reported significant shortages of key home building materials such as lumber and wall board. The builder results come from special questions added to the monthly survey that serves as the basis for the NAHB/Wells Fargo Housing Market Index. Twenty-two per cent of builders reported shortages for Oriented Strand Board, 20 per cent were short of wall board, and 18 per cent were short of both lumber and plywood.

US Wildfires

An Arizona wildfire whipped up by strong winds threatened hundreds of homes on Wednesday, even as firefighters were gaining an edge on a California blaze raging near a pristine wilderness, authorities said. More than 500 firefighters were battling the Doce Fire in Arizona, which has burned through 2,830 hectares of chaparral, pine and juniper since Tuesday morning near Prescott, about 160 kilometres north of Phoenix, AZ, the Prescott National Forest said in a statement.

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Canadian Flooding Hampers CP Rail

Raging floodwaters throughout southern Alberta have claimed both of Canadian Pacific's main routes, leaving the transportation company scrambling to keep trains moving. Heavy rainfall over the Oldman and Bow river basins caused devastating floods throughout much of southwestern Alberta early Thursday morning, scouring away Canadian Pacific lines in Canmore and Crowsnest Pass.

The two lines are the railway's only links to the west coast.

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Home Sales, Pricing, US

Purchases of existing houses in the US rose 4.2 per cent to a 5.18 million annualized rate, the most since November 2009, the National Association of Realtors reported Thursday in Washington, DC. Surpassing the 5-million mark is a welcome sign, said Lawrence Yun, the Realtors' chief economist.

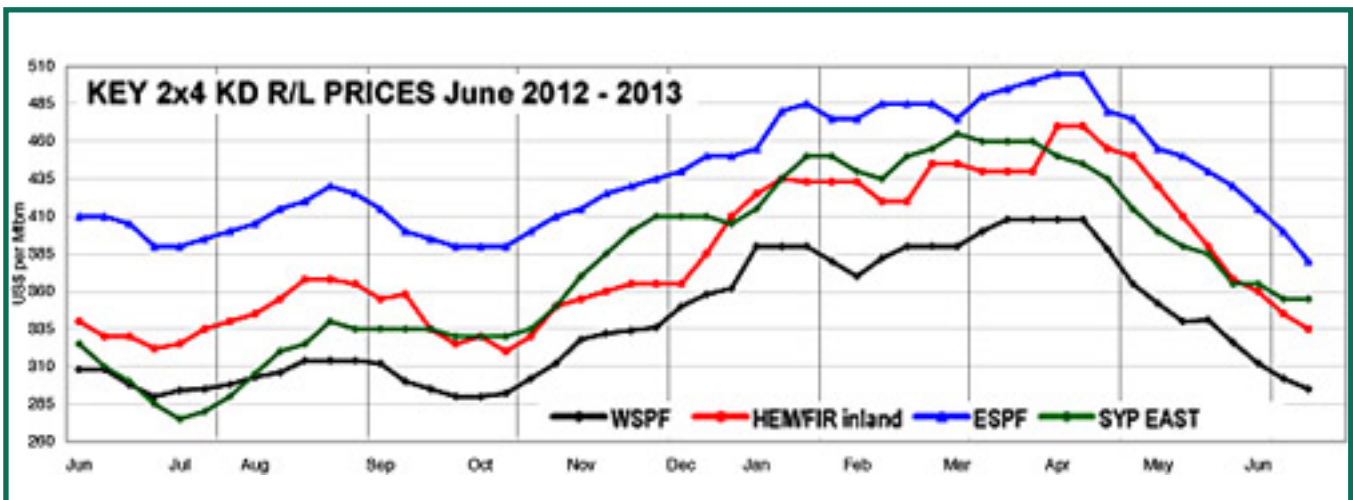
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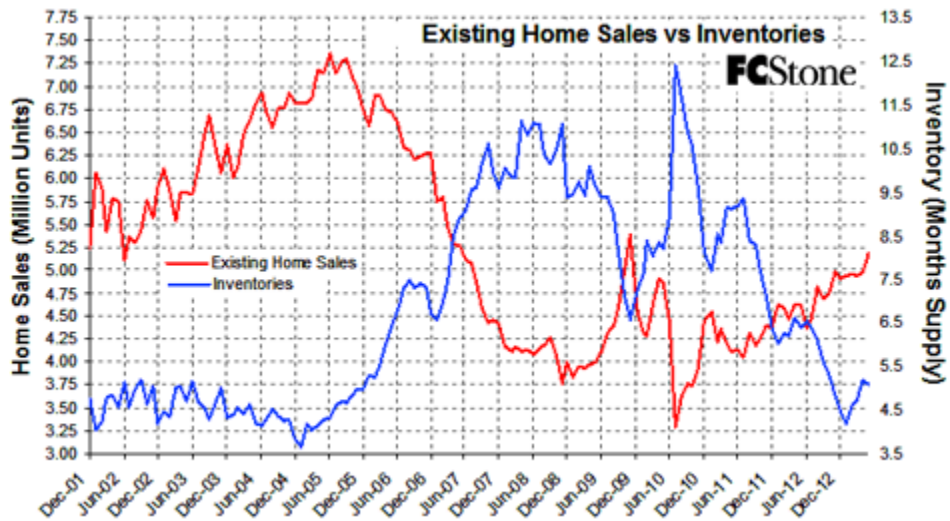
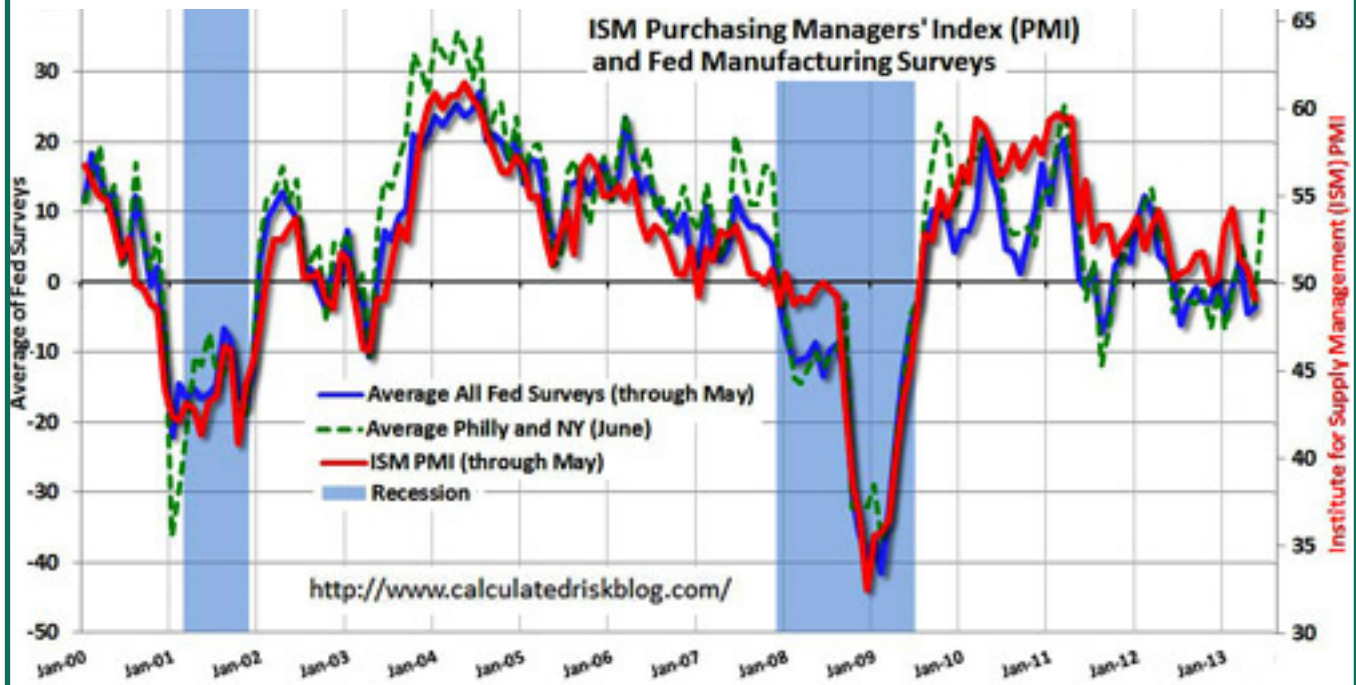
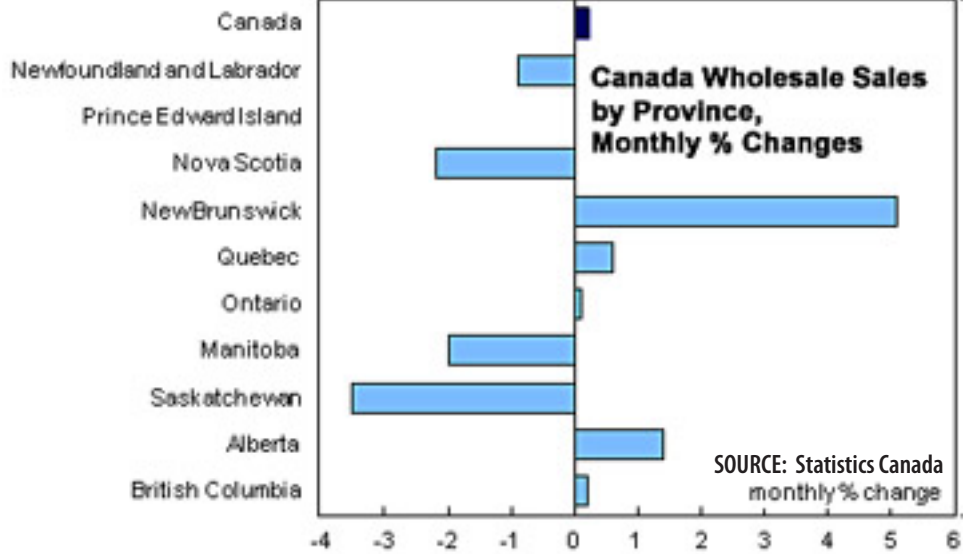
Forest Certification Discussions

A lawsuit recently launched by environmental groups charges that the Sustainable Forest Initiative, or SFI, is not maintaining standards in providing third-party certification to North American forest products companies.

Meanwhile, a report released this week suggests that a forest certification monopoly would be bad for industry and employment in the US.

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Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	295	302	-7	326	-31	298	-3
WSPF KD R/L 2x6	278	294	-16	322	-44	290	-12
WSPF KD R/L 2x8	288	300	-12	312	-24	314	-26
WSPF KD R/L 2x10	324	320	+4	334	-10	368	-44
WSPF KD PET 2x4 Stud	290	316	-26	335	-45	345	-55
WSPF KD PET 2x6 Stud	285	315	-30	340	-55	355	-70
Douglas Fir Green R/L 2x4	270	255	+15	330	-60	338	+32
Douglas Fir Green R/L 2x10	350	365	-15	390	-40	268	+82
ESPF KD 2x4 8ft Stud	370	380	-10	430	-60	410	-40
OSB Ontario 7/16" (CDN\$)	290	295	-5	360	-70	255	+35
CSplywood Toronto 3/8" (CDN\$)	335	326	+9	348	-13	410	-75

Weekly News

Wildfires, US

CONTINUED In New Mexico, the Silver Fire burns in the Gila National Forest to the east of Silver City, NM. The fire was started by lightning on June 7, about seven miles southwest of Kingston, AZ. Evacuations were ordered for Kingston in the middle of the night on June 10, and were lifted at noon on June 20. The area is still closed to the public; only residents with entry permits will be allowed to return.

Colorado wildfires have been sweeping through the state, so far claiming two lives and almost 500 homes. The most destructive of these, the 15,000 acre Black Forest wildfire outside Colorado Springs, CO, is being considered a "crime scene" officials have said. The fire, which has burned 29,000 acres, moved about seven miles on Thursday.

British Columbian fire crews heading north to battle Alaskan wildfires this week as wildfires are raging near Fairbanks, AK, with an area just under 50 hectares now up in smoke.

Alberta Flooding

CONTINUED According to CP Rail spokesperson Kevin Hrysak, high water conditions have affected Canadian Pacific rail lines in both locations, with high water scouring railbeds and bridge abutments, said the *Calgary Sun* Friday.

Reports indicate that the railbed supporting Canadian Pacific's Laggan Subdivision, part of the company's transcontinental main line, is severely abraded or totally washed away at some points through Canmore by Cougar Creek

A bridge carrying Canadian Pacific's Crowsnest Subdivision through Blairmore has been completely washed away, with ties clinging to sagging rails dangling over raging flood waters.

Canadian Pacific trains are backed up across Alberta and BC as the system is rerouted onto other railways.

Railways often have agreements with other railways to accommodate trains.

US Home Sales, Prices

CONTINUED Purchases of previously-owned homes rose in all four regions of the US, led by an 8 per cent gain in the Midwest and a 4 per cent advance in the South, said the NAR.

The number of homes listed for sale rose for the fourth straight month as the crucial spring selling season got underway. The inventory of existing homes listed for sale at the end of May increased 3.3 per cent to 2.2 million properties, down 10.1 per cent from year-ago levels. That represented a 5.1-month supply at the current sales pace, down from 5.2 months in April. Tightened inventories could encourage home builders to break ground on new

properties, which could in turn spark the economy.

Last month's supply of existing homes was the smallest for any May since 2002.

The median price of an existing home jumped 15.4 per cent in May from a year earlier to US\$208,000 last month, the highest since July 2008. The monthly gain was the biggest since October 2005, when the median surged a record 16.6 per cent.

Prices rose in 15 cities in March from February, up from only 11 in the previous month. The monthly figures aren't seasonally adjusted and may reflect the beginning of the spring buying season.

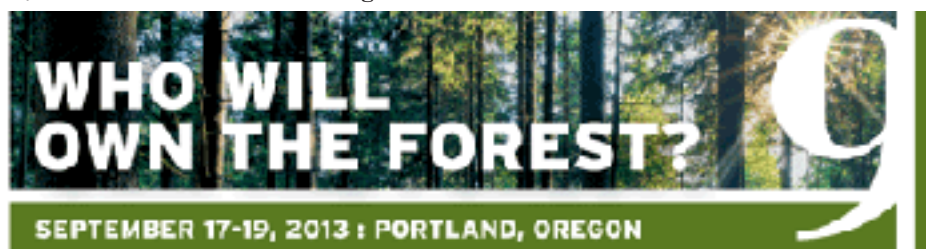
Prices have been increasing steadily since last summer but are about 29 per cent below the peak reached in July 2006.

Prices rose in Phoenix, AZ, by 22.5 per cent over the past 12 months, the biggest gain among cities. It was followed by San Francisco, CA, with a 22.2 per cent increase, and Las Vegas, NV, which rose by 20.6 per cent. New York City had the smallest year-over-year increase at 2.6 per cent, followed by Cleveland, OH, at 4.8 per cent.

Innova West Seeks . . .

Innova West Holdings is seeking a part-time lumber buyer. Experience in sourcing softwood lumber for furniture manufacturing required.

Contact Frank Real at 619 540-2202 for more information.



Forest Certification A Question of Validity

US Federal Trade Commission (FTC) officials responded to a recent complaint filed against the Sustainable Forestry Initiative (SFI) in Seattle, WA, that it will be evaluated against a new set of standards adopted in October and designed to weed through a growing thicket of environmental marketing tactics.

The May 31 complaint claims SFI is not disclosing substantial financial ties to the timber industry that might affect how it defines and applies certification standards. Campaigners for ForestEthics, which filed the complaint along with Greenpeace, contend that SFI certifies much more lenient logging practices than a rival certifying body, the Forest Stewardship Council (FSC), and undermines those in the marketplace who adhere to the more rigorous standards.

SFI officials responded that the new complaint is “substantially similar” to one filed by conservationists in 2009 on which the FTC took no enforcement action. The certification body has threatened to sue ForestEthics, saying that it files frivolous claims and spreads false and defamatory information.

Jim Kohm, head of the US FTC, was quoted May 31 in the *LA Times* about another forest certification case, “It took us about 30 seconds to have the Federal Trade Commission certified as ‘tested green,’ and we were neither tested nor green. They [the online certification firm] were saying that they were members of this certification body. But it turns out that the certification body was them.”

Since the publication of the *Green Guides* in 1992, the FTC has protected consumers from fraudulent, deceptive, and unfair business practices by corporations and industries that want to call their products or services ‘green’ or ‘eco-friendly’. The FTC could stop SFI from asserting that the organization is independent from the industry and corporations it is designed to serve.

FTC recently brought cases against Amazon, Macy’s, and Sears for selling clothing purportedly made of bamboo fibre that was actually fashioned from rayon. It also cracked down on the paint manufacturers Sherwin-Williams and PPG Industries for saying that some of their products did not produce hazardous fumes.

And it shut down the online forest certification firm selling ‘tested green’ certifications for products that were neither tested nor green. Federal trade authorities alleged

a violation of consumer protection laws and reached a settlement that prohibited the company from claiming that any outside party had evaluated the products it certified – or that the company had any environmental product expertise.

That enforcement action was one of a growing number the FTC has been asked to undertake as often-unverified claims of environmental friendliness wield increasing financial muscle in the marketplace, according to the *LA Times*.

But the forestry complaint laid bare an obscure schism in the forest products world between SFI, which mainly includes companies in the United States and Canada, and FSC, a more global group with ties to environmental advocacy organizations. The two bodies compete fiercely for companies to use their eco-friendly labels.

At stake is a marketplace in the US for green products and services that some say is worth as much as US\$500 billion a year.

Conflicts over certification are likely to grow in coming years as more companies seek to position themselves as green alternatives in the marketplace, said Scot Case, the markets development director for UL Environment, to the *New York Times* May 31. UL Environment publishes sustainability standards for scores of household and institutional products, from adhesives to window treatments.

Case told the *New York Times* that recent FTC enforcement actions had gotten the attention of manufacturers and retailers, who are now more careful about their claims of purity.

“With the FTC clamping down on the pure charlatans out there,” Case said, “it makes it easier for legitimate environmental labeling organizations like UL Environment to do what we do best — make it easier for consumers to buy greener products.”

Meanwhile, a study released Thursday maintains that environmental groups are seeking a forest certification monopoly instead of preserving the current system of competing certification programs. A research paper by *EconoSTATS* at George Mason University, by Brooks Mendell, PhD, and Amanda Hamsley Lang of Forisk Consulting, “*Comparing Forest Certification Standards in the US: Economic Analysis and Practical Consideration*,” found that an FSC monopoly has real implications, specifically in the Southern US as well as the Pacific Northwest, could hurt landowners, and could cost thousands of jobs.

Wayne Winegarden, a Contributing Editor to *EconoSTATS* and a Sr. Fellow in Business and Economics with the Pacific Research Institute, wrote a piece for *Forbes* Monday saying, “Mendell and Lang’s work illustrates that, when it comes to optimal regulations, intentions are not all that matter. A good policy balances the policy’s intentions against its consequences. Allowing forestry certification programs to compete against one another meets these criteria; competitive programs creates a feedback mechanism that allows the standards to address regulatory shortcomings quicker and constantly incents the standards to address the needs of landowners, consumers and environmentalists.”

Elsewhere, Florida passed legislation – HB 269 – in May to revise a 2008 law that led the Florida Department of Management Services to adopt the US Green Building Council’s Leadership in Energy and Environmental Design, or LEED, program as the certification standard for state office buildings. The Florida bill, which passed both the House and Senate without a single opposing vote, represented a backlash against LEED, which depends on the FSC for its wood certification.

Bill sponsor Representative Halsey Beshears, R-Monticello, said, “The purpose of this bill is not to pick any one organization or any one agency over another. It is to give Florida a choice rather than pigeon-holing between one green building code or another.”

Corey Brinkema, FSC president, told *The Florida Current* May 31 that it’s up to forest landowners to decide whether to participate, noting that 500,000 acres is certified in Alabama, Mississippi, and Georgia. He said locally grown wood also can get credit under the LEED program even if the forest is not certified by the FSC.

But Cindy Littlejohn, a lobbyist representing Plum Creek Timber, said to *The Florida Current* that the LEED endorsement is so difficult that Florida growers don’t participate because they won’t make enough money. She said Georgia and Maine passed executive orders similar to HB 269.

Georgia passed a resolution May 23 to support that state’s forests. The Georgia Republican Party resolved to actively discourage the use of LEED certification, stating that all local projects should recognize all timber certifications equally.

As well, the North Carolina House has passed HB 628 requiring consideration of the SFI and the American Tree Farm System.