

# MADISON'S LUMBER REPORTER

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## News & Updates

### BC Forestry Labour Talks to Continue

Two days of negotiation this week, between the United Steelworkers and employers' group the IFLRA, concluded with no resolution. Talks are next scheduled for November 2. Disappointment reigns.

### Sawmill Closures, Tenure Swap, British Columbia

The first death knell of west coast lumber production facilities affected by the mountain pine beetle infestation was sounded this week when two major forest companies in BC each announced mill closures.

In total, 434 full-time mill jobs will be lost. For every direct job, between three and five support jobs – logging contractors, truck loggers, lumber truckers – will also disappear.

West Fraser Timber will close its flagship sawmill in Houston, BC, in March 2014, cutting 225 jobs, in an attempt to deal with the effect of the mountain pine beetle epidemic, the company announced late Thursday.

Canfor revealed, also late Thursday, that it will close its modern sawmill in Quesnel, BC, in 2Q 2014, affecting 209 employees.

The two companies plan to swap timber tenures in an effort to consolidate remaining timber supply. [READ MORE](#)

### Japan Biomass Power Generation

The Forest Agency of Japan has disclosed that there are about 60 biomass generation projects currently in planning stages, according to the *Japan Lumber Reports*.

By the end of May this year, the Agency for Natural Resources and Energy approved 18 biomass generation facilities. Facilities being considered going forward will provide heat supply as well as power, said the Forestry Agency.

There are about 40 planned woody biomass power facilities using government subsidies. The total power output of these is estimated at about 350,000 KW. Another 20 facilities, with no subsidies, are expected to produce about 200,000 KW. [READ MORE](#)

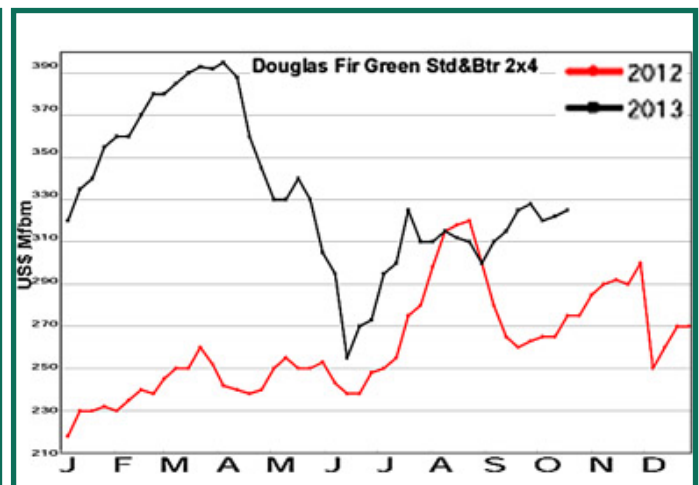
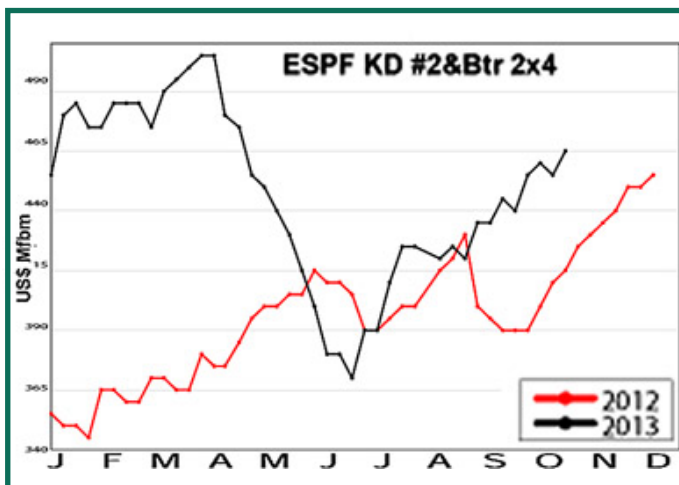
### Canada, US Trade Data

Canadian wholesale sales rose 0.5 per cent, to \$49.8 billion, in August, the fourth increase in five months, said Statistics Canada Monday. The motor vehicle industry was the largest contributor to the gain in August. In volume terms, wholesale sales were up 0.3 per cent.

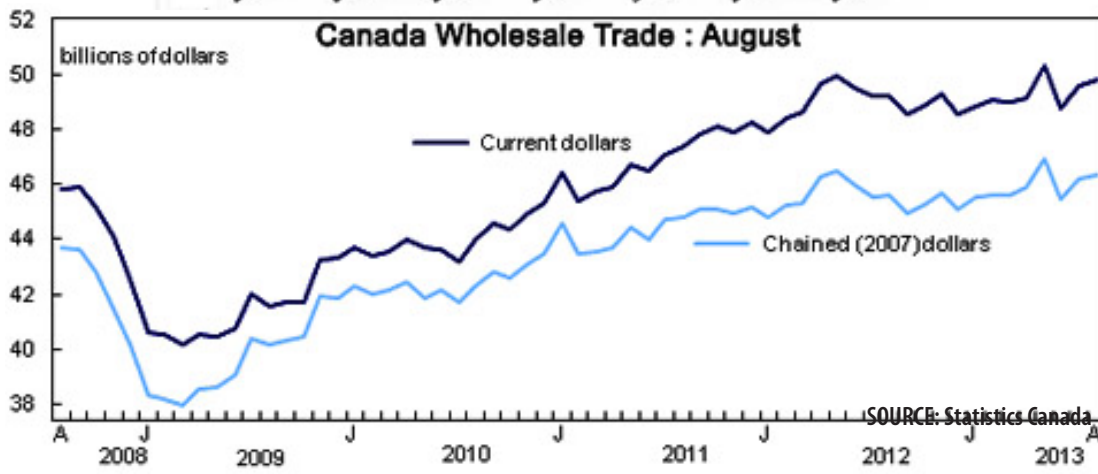
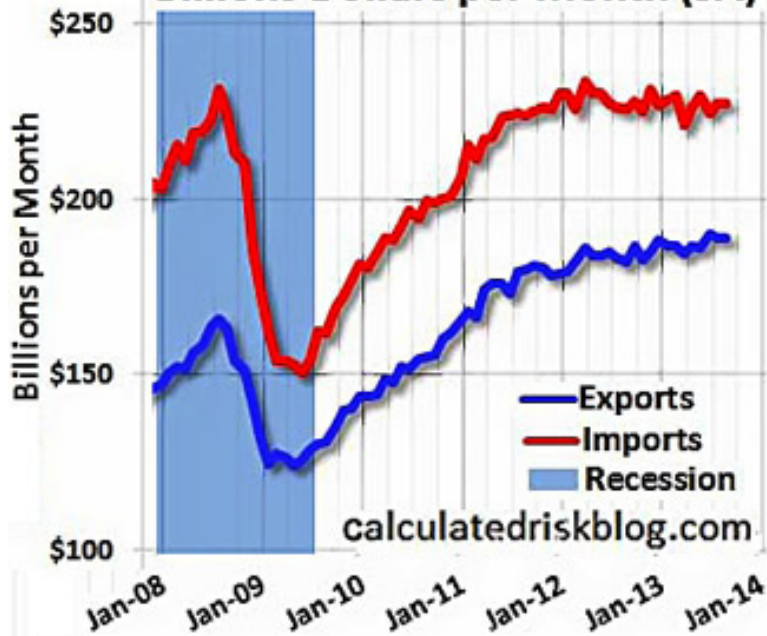
US exports dipped 0.1 per cent, to US\$189.2 billion, the the Commerce Department said Thursday. Sales of wheat, soybeans, and other farm products fell, while exports of autos and other manufactured goods rose. US auto exports climbed to a record US\$13.1 billion, up 5.5 per cent from the July level. [READ MORE](#)

### Alberta's Green House Gas Emissions Program

A new fund out of the Climate Change and Emissions Management (CCEMC) Corporation of Alberta, delivered by Alberta Innovates Bio Solutions, provides opportunities for projects that use plants, animals, and microbes to avoid or reduce greenhouse gases or to enhance carbon sequestration. [READ MORE](#)



### U.S. Trade, Exports and Imports, Billions Dollars per Month (SA)



## Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	364	362	+2	358	+6	312	+52
WSPF KD R/L 2x6	332	340	-8	338	-6	310	+22
WSPF KD R/L 2x8	340	340	0	344	-4	300	+40
WSPF KD R/L 2x10	450	444	+6	455	-5	345	+105
WSPF KD PET 2x4 Stud	319	319	0	325	-6	290	+29
WSPF KD PET 2x6 Stud	295	295	0	295	0	295	0
Douglas Fir Green R/L 2x4	325	322	+3	325	0	275	-50
Douglas Fir Green R/L 2x10	485	470	+15	430	+55	310	+175
ESPF KD 2x4 8ft Stud	375	380	-5	375	0	365	+10
OSB Ontario 7/16" (CDN\$)	223	235	-12	230	-7	315	-92
CSplywood Toronto 3/8" (CDN\$)	363	371	-8	382	-19	363	0

## Weekly News

### Sawmill Closures, BC

CONTINUED West Fraser plans to exchange part of its existing timber harvesting tenure in the Morice timber supply area, where Houston is located, with tenure currently held by Canfor in the Quesnel and Lakes areas.

West Fraser said the timber exchange would provide a boost to its modernized Quesnel mill, which employs 400 people.

The company will continue to develop two bioenergy plants to increase profitability at its Fraser Lake and Chetwynd sawmills.

### Japan Biomass Fuel

CONTINUED Also, there are about 30 existing biomass power generation facilities in Japan with a collective output of about 1.2 million KW, says the *Japan Lumber Reports*.

Production seems to be concentrating in Southern Kyushu, both the Pacific and Japan Sea sides of the North East, and the Western part of Honshu.

### Wholesale Trade, Canada and US

CONTINUED The trade deficit in America grew 0.4 per cent in August to US\$38.8 billion US, up from US\$38.6 billion in July, said the Commerce Department Thursday.

This year's trade deficit is running 10.8 per cent below last year's, a positive sign for economic growth. A smaller trade deficit acts as a boost to economic growth when it shows American companies earning more in their foreign sales.

The monthly deficit hit a four-year low in June. It has risen only slightly in the past two months.

Trade made no contribution to US

GDP growth in 2Q and will likely offer only a modest lift to 3Q output.

The US economy grew at a 2.5 per cent annual rate in the April-June quarter, stepping up from the first-quarter's 1.1 per cent pace. Third-quarter growth estimates are currently around 2 per cent.

Back in Canada, the largest increase of wholesale trade in dollar terms was in the motor vehicle and parts subsector, said StatsCan Monday, with sales rising 3.2 per cent to \$8.5 billion. The advance largely reflected higher sales in the motor vehicle industry, up 4.5 per cent, which posted its largest month-over-month gain since July 2011.

The largest decline in dollar terms was in the miscellaneous subsector, down 4. per cent, mainly as a result of a 12.9 per cent decrease in the agricultural supplies industry. This was the third consecutive decline, fueled by the uncertainty of global fertilizer prices.

Wholesale sales were up in Ontario, British Columbia, and Quebec in August, while the other seven provinces posted declines.

Wholesale inventories were down 0.5 per cent, to \$61.9 billion, in August, with three of the seven subsectors posting declines.

Inventories fell in the building material and supplies subsector, down 2.1 per cent, machinery, equipment and supplies subsector, down 1.3 per cent, and the miscellaneous subsector, down 0.8 per cent.

The inventory-to-sales ratio edged down to 1.24 in August.

### BC lumber exports to China Jump

British Columbia's lumber exports to China grew 32 per cent in January-August

2013, over the same period of 2012. Exports already hit \$899 million.

For the rest of 2013, BC's lumber deliveries to the Chinese market are set to break last year's record of \$1.1 billion.

### US Trucking Index Pops

Share prices of both Canadian Pacific and Canadian National Railway rosethis week on announcements by each company of improved earnings.

At the same time, the American Trucking Associations' (ATA) Trucking Index jumped by 8.4 per cent in September compared to the same time last year, the group announced Friday. This is the largest year-over-year gain since December 2011.

The ATA's advanced seasonally adjusted (SA) For-Hire Truck Tonnage Index increased 1.4 per cent in September, which matched the August gain.

Year-to-date, compared with the same period in 2012, the tonnage index is up 5.4 per cent.

### US Lumber Coalition Speaks in Vancouver, BC

The US Lumber Coalition, based in Washington, DC, and representing sawmill owners in the US, held an open information session this week at UBC.

At the informal meeting Thursday Coalition representatives explained their perception of both BC Timber Sales auctions and the Market Pricing System for BC log sales.

The 2006 Softwood Lumber Agreement has already been extended once, and now expires in October 2015.

Trade officials from the US and Canada will be in discussions of the current agreement as well as future plans.



# Alberta Emissions Program

## Climate Change and Biomass Energy

On October 10, the Climate Change and Emissions Management (CCEMC) Corporation of Alberta announced the offer of up to a total of \$40 million in funding to support projects that use plants, animals, and microbes to avoid or reduce greenhouse gases or to enhance carbon sequestration.

The announcement was made in Calgary at the Biological Solutions Forum.

by Kéta Kosman

That event was hosted by the Biological GHG Management Program, which is delivered by Alberta Innovates Bio Solutions (AI Bio) using core funding from the CCEMC. To date, the CCEMC investment has been supporting projects that improve fundamental understanding, overcome technological hurdles and demonstrate strategies to reduce net GHG emissions.

The Biological GHG Management Program was launched in June 2012. The program offers financial support for projects that will discover, develop, and deploy innovative technologies and strategies, and demonstrate cost-effective ways for the agriculture, forestry, and waste management sectors to help meet Alberta's climate change strategy goals. Funded projects support both the CCEMC's mandate to GHG emissions and AI Bio's mandate to grow and develop Alberta's bio-industries through science and innovation.

### Program Goals:

- Reduce biological GHG emissions from managed systems, such as agriculture, forestry, and landfills;
- Capture more atmospheric carbon for long-term sequestration (biological carbon sinks);
- Enhance the use of biological feedstocks in material processing and production.

### Funding Opportunities (three funding pools):

- R&D Projects are smaller-scale, one-year projects which address specific and targeted gaps in science, technology, market-readiness or policy that currently act as a barrier to progress. This funding pool also will support analysis of

novel concepts with significant potential for biological GHG management;

- Demonstration Projects explore application of technologies or strategies at 'real-world' scale. These projects provide a bridge between research and development and full-scale implementation, and an opportunity to address scaling-up challenges;

- Larger-scale Implementation Projects that will implement innovative tools, techniques and strategies for reducing direct GHG emissions or enhancing biological carbon sequestration will be invited by the CCEMC through a request for proposals.

### Eligible projects will:

- Discover, develop and/or deploy transformative practice changes in the forestry, agriculture, municipal waste handling, and/or energy sectors;
- Develop or modify bio-processes;
- Replace non-bio-based feedstocks with bio-based feedstocks;
- Develop and manufacture novel bio-products;
- Use biological organisms or bio-based materials to reduce emissions in non-biological industrial systems.

For its part, AI Bio leads and co-ordinates science and innovation to grow prosperity in Alberta's agriculture, food,

and forestry sectors. The latter two are that province's leading renewable industries, and currently contribute more than \$25 billion every year into the Alberta economy.

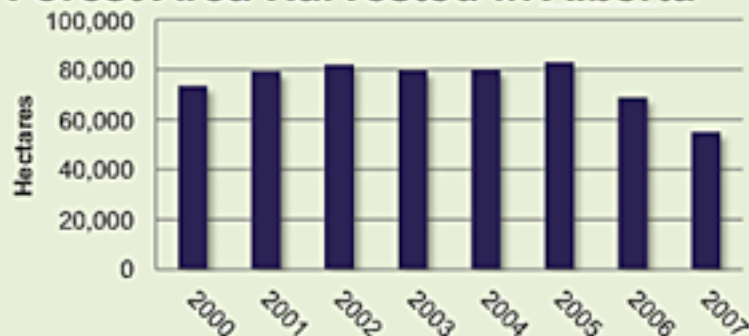
AI Bio is an integral part of Alberta's research and innovation system, along with colleagues in the Alberta Innovates group. AI Bio enjoys a reputation as a partner of choice with financial resources of almost \$60 million over the next three years.

With a mandate to support the growth and diversification of Alberta's bio-industries, AI Bio invests in research and development at different stages of the innovation continuum; leads foresighting, strategy development and specific initiatives; evaluates technologies and emerging opportunities; facilitates connections; creates and expands networks; and manages knowledge and communication.

Food and beverage manufacturing in Alberta reached \$12 billion in 2009, while in 2010 agriculture in Alberta created \$9.8 billion of value for farmers and Alberta's revenue from forest manufactured goods was \$2.4 billion.

Interested parties can find more information here: <http://bio.albertainnovates.ca/funding/>

## Forest Area Harvested in Alberta



### Softwood:

- Spruce.....35.4%
- Pine.....23.7%
- Fir.....1.6%

### Hardwood:

- Aspen/Poplar.....35.2%
- Birch.....1.4%

97.3%

SOURCE: Alberta Innovates