Madison's Lumber Reporter

KetaDesign Productions Editor Kéta Kosman Market Analyst Earl Heath

Publisher

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 © 2014 All material contained within is the property of KetaDesign Productions Inc. Reproduction



News & Updates

Canada Lumber Exports

Canadian softwood lumber exports to the USA in 2Q 2014 increased year on year by 11.5 per cent, to 3.213 billion board feet (or roughly 7.58 million cubic metres), said Canada's Softwood Lumber Controls Division this week. As they had in 1Q, producers from Québec expanded exports by roughly 33 per cent, to 497.36 million board feet.

According to the data, export figures again rose in 2Q for British Columbia, by 6.2 per cent to 1.533 billion board feet, after a 14 per cent drop for that region in 1Q.

For more detail see graphs and click external links on Page 6.

New Brunswick Forestry Deal Disputed

New Brunswick Premier David Alward said Tuesday a controversial forestry agreement with J.D. Irving should be finalized before the provincial election campaign begins next week, according to CBC. The government signed an initial deal with the company earlier in the year and a final agreement was expected to be in place by July 1.

The deal, which gives J.D. Irving and other Crown licence holders access to more softwood trees on public land, will be legally binding on future governments. It increases the amount of softwood available to industry by 20 per cent.

However, a group of First Nations chiefs in New Brunswick is asking the Court of Queen's Bench to block the provincial government's new forestry plan, which will give industry access to more Crown wood, said CBC Friday.

The chiefs have filed a motion asking for an injunction to prevent the government from signing logging agreements with several private companies, arguing the province has not met its legal and constitutional obligations to aboriginal people.

CONT'D PAGE 7

Kenora Sawmill to Reopen

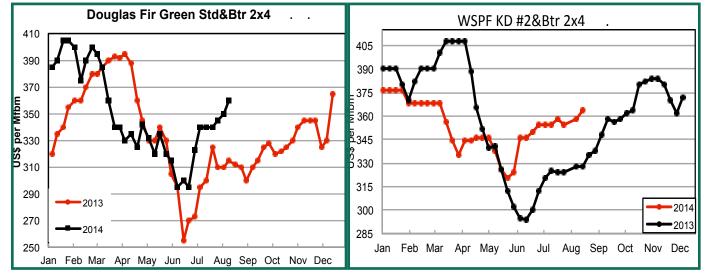
Unifor has reached a long-term contract with Kenora Forests Products in Kenora, ON, to re-start sawmill operations there by the beginning of 2015, according to the labour union's press release Thursday.

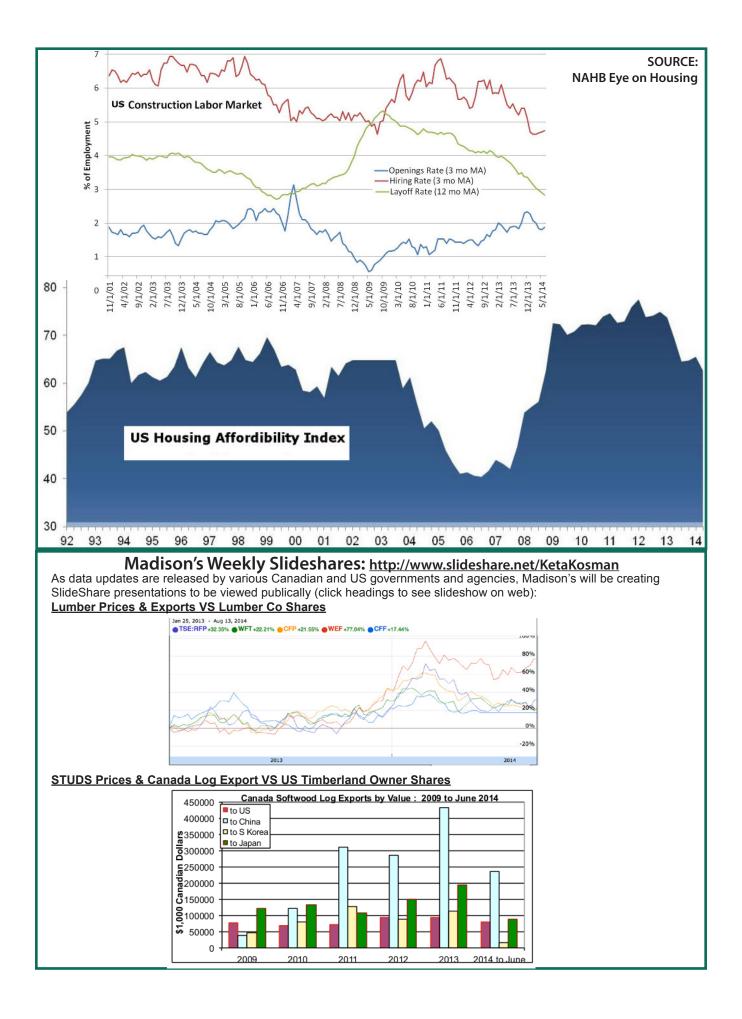
The new deal also will facilitate millions of dollars in capital investment for modernizing the mill and installing an additional saw line for expanded lumber production.

"This deal promises to restore hundreds of direct and in-direct jobs to the community while also providing key monetary improvements for over 100 unionized mill employees," said Unifor national representative Stephen Boon. CONTD PAGE 7

BC - China Lumber Export MOU

Further to last week's issue in your Madison's Lumber Reporter about the most recent earthquake in China, this week the government of British Columbia signed a Memorandum of Understanding with a province in China for the import of BC lumber and wood products.





Key Prices							
This	Week	Last Week	c Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	364	358	+6	346	+18	328	+36
WSPF KD R/L 2x6	374	360	+14	352	+22	310	+64
WSPF KD R/L 2x8	364	354	+10	346	+18	318	+46
WSPF KD R/L 2x10	394	394	0	392	+2	380	+14
WSPF KD PET 2x4 Stud	350	350	0	335	+15	315	+35
WSPF KD PET 2x6 Stud	355	355	0	325	+30	280	+75
Douglas Fir Green R/L 2x4	360	350	+10	340	+20	315	+45
Douglas Fir Green R/L 2x10	377	380	-3	345	+32	405	-28
ESPF KD 2x4 8ft Stud	440	430	+10	435	+5	385	+55
OSB Ontario 7/16" (CDN\$)	225	225	0	225	0	250	-25
CSPlywood Toronto 3/8" (CDN\$)	492	492	0	414	+78	398	+94

NB Forestry Deal Disputed

CONT'D FROM PG 2 The new forest policy, announced in March, also reduces the amount of forest that is off limits to industry to 23 per cent of the public forest from the previous standard of 28 per cent. The new deal is expected to result in the harvesting of an additional 660,000 cubic metres.

In March a group of 184 professors and other academics signed a letter calling for NB Natural Resources Minister to stop the process and revisit the strategy.

The First Nations chiefs launching the legal dispute said to CBC they decided to take action because the agreements, once signed, would be legally binding on future governments and irreversible. In the notice of motion, filed in Fredericton, the chiefs argue the government shouldn't be allowed to sign any such deals.

The applications are the chiefs of the 15 Mi'kmaq and Maliseet First Nations of New Brunswick and the Assembly of First Nations Chiefs in New Brunswick.

In addition to the provincial government, the other respondents are the five companies that hold Crown timber licences: AV Cell, Fornebu Lumber Company, J.D. Irving, AV Nackawic , and Twin Rivers Paper Company.

On Thursday, Alward announced he had invited First Nations chiefs to meet with him next week.

Kenora Forest Products to Reopen Sawmill

CONT'D FROM PG 2 "Kenora supported two sawmills and a large

- -

Weekly News

pulp and paper mill prior to 2005," noted Boon. "So we are confident the MNR will have little trouble ensuring Kenora Forest Products secures the necessary wood supply crucial for restoring operations at one of the city's three closed mills."

Boon said Kenora has been particularly hard hit by massive forestry job losses over the last decade.

"Trades pay will reach almost \$36/ hour with production pay averaging close to \$27/hour in the final year of this new agreement."

"In this new deal, Unifor and Kenora Forest Products committed to ensuring the area's aboriginal groups also share the benefits of a re-opened sawmill by establishing a of 30 per cent employment target for aboriginal participation in the mill's workforce," he said.

The deal takes effect this autumn and runs until the end of 2020.

Key terms include:

• wage increases of 18 per cent over six years (three per cent per annum;

 \$840 per worker increase in employer annual pension contributions; and

• one additional floating holiday.

Terrace Log Storage Yard Cleared Out

A Chinese-owned forest company has now moved all of its logs from a city-of-Terrace-owned property and has cleared the site in northern BC, according to the Terrace Standard Tuesday.

YaoRun Wood Company began leasing the approximately 20 acres from the city in early 2013 for \$10,000 a month, storing logs there until they could be processed for export.

- -

A forest service official said the company has now relocated its log yard to Hazelton, BC.

YaoRun ran afoul of local contractors in the middle of 2013 due to unpaid bills and, for a time, a contractor parked equipment at the spot, blocking access to the location.

The company also failed to pay stumpage to the provincial government several times, resulting in seizure notices being posted. That prevented YaoRun from moving the wood until it made payments to the province.

Beginning in late June this year, YaoRun began moving approximately 9,000 cubic metres of logs.

While the city did have a lease with YaoRun for the property, it also sought to sell a portion of the land and earlier this year struck a \$1 million tentative deal with a Terrace automotive dealership group for five acres on the corner of Keith and Kenney.

The plan would establish zoning for a mixture of residential and business uses on the above property which originally served as a log yard for a sawmill now dismantled.

Calendar

September 2014

Who Will Own the Forest? 10 September 16 - 18 - Portland, OR http://wwotf.worldforestry.org/ wwotf10/

Alberta Forest Products Association 71st AGM September 25 - 27 – Jasper, AB

http://www.albertaforestproducts.ca

.......

BC - China Wood Trade Lumber

Efforts to expand export markets for BC lumber took a major step forward Tuesday night with the signing of the MOU designed to increase the use of wood-frame construction in China, the BC Ministry of Forests, Lands and Natural Resource Operations announced Wednesday. Minister Steve Thomson and Tan Yueming, Minister of Housing and Urban Rural Development in China's Zhejiang province, took part in the official signing ceremony via videoconference.

The ceremony follows through on a commitment the two governments

made last autumn by Kéta Kosman during Thomson's trade mission to

China. In China, MOUs are the first step toward increasing commercial activity.

Cement construction is much more common in China than using wood, but officials in Zhejiang province have agreed to promote the use of wood in the construction of tourism facilities, resorts, and multi-family residential housing. The memorandum calls for the two governments to promote use of wood-frame construction, develop timber construction codes and standards in China, and organize exchange-of-knowledge visits between the provinces.

BC will also increase co-operation with Zhejiang on wood-frame construction research, with a specific focus on local construction needs in Zhejiang province, including government-funded public building projects and home renovations.

Forests Minister Steve Thomson says the agreement is an important step in BC's growing relationship with China. He says the deal will also encourage the Chinese province to set aside land for low-density housing.

The minister says the value of wood exports to China this year is up 6.6 per cent, and in 2013 BC exported a record \$1.4 billion worth of lumber to the country, an increase from \$1.1 billion in 2012.

The deal, which remains in effect for five-years, also allows BC to provide Zhejiang with wood-frame construction research with a specific focus on the province itself. Wood-frame construction is new to China, but quickly growing.

Zhejiang in China's tenth largest province by population.

Quick Facts from BC Ministry of Forests:

Zhejiang Province is a wealthy area located in the Yangtze Delta region. Its GDP is the fourth-highest in China at over US\$600 billion.

By 2020, Zhejiang plans to have more than 40 million people residing in its cities.

Zhejiang is well-known in China for its rolling hills, rivers and lakes. The province wants to pursue sustainable development to maintain its reputation as an eco-friendly tourism destination.

Wood-frame construction is a relatively new but growing technology in China. For example, use of framing lumber in China's growing resort construction sector was almost non-existent five years ago.

As for the earthquake damage, the Chinese government says it will take three years to repair the damage from the 6.5-magnitude earthquake that struck Yunnan earlier this month, according to CRI English Thursday.

A 200-million yuan reconstruction fund (US\$30 million) has been set up. Officials say the earthquake, which flattened an estimated 22,500 homes, has caused direct economic losses of some 60 billion yuan, and left 617 people dead and over three thousand others injured. A relief coordinator says the initial phase of relief work in the quake zone has been completed.

The tragedy has highlighted the difficulties China faces in extending

- -

safety standards for homes in remote areas of its countryside. According to the China Earthquake Administration, most of the homes in the mountainous area of Yunnan, where the quake hit, were made of bricks, wood and mud walls, said Voice of America Monday.

The structures were too old and weak to resist an earthquake, the agency said in a statement. As a result, the overwhelming majority of those killed in last month's 6.1 magnitude earthquake died under collapsed houses.

In Yunnan province, devastated by the 2008 earthquake, a local official told the Beijing-daily Xinjingbao this week that a provincial plan to renovate houses in the countryside has had little success in the six years since it was announced.

In 2008, Edward Ng, a professor of architecture at the Chinese University of Hong Kong, helped rebuild a quakehit village in Sichuan using local materials - including rubble from previously demolished homes. The structures would withstand the guake's main shock, leaving residents a few hours to escape before the home collapsed.

Ng told Voice of America local governments are open to these solutions. "They can't solve the problem themselves, and the local villagers are crying out for help."

The government has said it plans to extend anti-seismic standards to all buildings in China by 2020.

But analysts believe that while it is possible the government will be successful in cities, there are still enormous challenges for that goal to be realized in the countryside.

_ _ _ _ _ _

