

MADISON'S LUMBER REPORTER

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News & Updates

More Softwood Lumber Trade Discussions

International Trade Minister Chrystia Freeland, who chairs the cabinet committee on Canada-US relations, told *The Globe and Mail* Tuesday that the White House talks between US President Obama and Prime Minister Trudeau next week will also result in steps to conclude a new softwood-lumber agreement.

Sources say US officials are telling Canadian negotiators they can't renew the deal during a US election year, fearing it could cost the Democrats seats in Congress. Sources say the leaders are expected to announce a process for negotiating a new deal without imposing penalties during those talks. The two leaders may agree to appoint two envoys to handle the dispute, says the *Globe and Mail*.

Meanwhile, on Friday, Québec's Minister of Forests, Wildlife and Parks, Laurent Lessard, announced he had had an opportunity to speak to Freeland. Minister Lessard took advantage of their conversation to mention that the Québec government intends to ensure that the particularities of its forest regime are recognized during the process to renew the softwood lumber agreement.

Sawmill Fires

Fire Rescue responded to a fire at the Tolko sawmill in Merritt, BC, around 1:30 Saturday afternoon.

As well, the cause of the Thursday night fire in a sawmill building at Weaber Inc in Lebanon County, PA, was under investigation Friday. **CONT'D PAGE 7**

Sawmill Accidents, Fatalities

Officials say a 50-year-old New Brunswick man has died after suffering a head injury at an Irving sawmill, according to *Canadian Press* Wednesday. The man sustained a head injury in the chipper building and later died in hospital.

Another man is dead following what a British Columbia forestry company is calling a "tragic accident" Saturday at one of its operations on northern Vancouver Island. TimberWest said an equipment operator was killed February 26 at the company's Bonanza Lake site near Port McNeil, BC. **CONT'D PAGE 7**

China Log Imports: 2015

Official data from China Customs released Thursday shows a sharp drop in log imports in 2015. China's log imports in 2015 totalled 44.55 million cubic metres valued at US\$8 billion, a year on year decline of 13 per cent in volume and 32 per cent in value. The average price for imported logs was US\$181 per cubic metre.

CONT'D PAGE 7

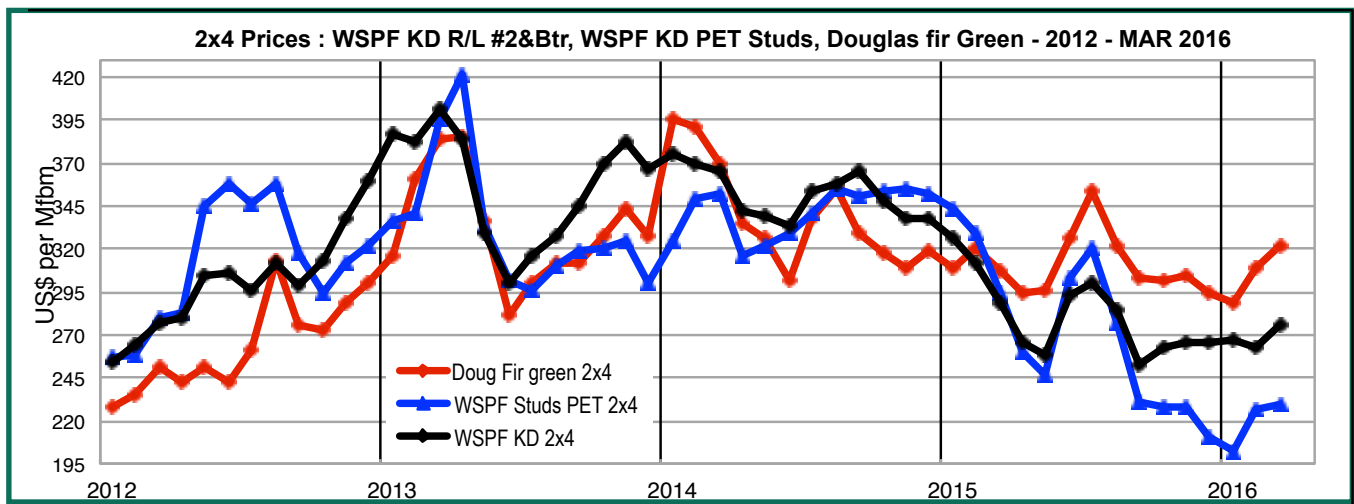
Wildfire Season 2016

Since the devastating fire at Slave Lake in May 2011, the province of Alberta has adopted an early start date to its wildfire season. **CONT'D PAGE 8**

BC Ministry of Forests Wildfire Funding 2016

The province of British Columbia announced February 26 it is boosting its wildfire prevention efforts with a one-time \$85 million injection of resources.

CONT'D PAGE 9



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I like the trend data on capacity / efficiency plus export import ratios."

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MADISON'S
3Q 2014 North America Timber Industry Analysis and Projection
By Keta Koutson, Publisher and Editor, Madison's Lumber Reporter
November 1, 2014

OVERVIEW
Vigilante hunts of embargos among North American's lumber and panel traders this summer gave way to dread in September as sales volumes dropped and prices softened somewhat. Negative sentiment was finally overtaken by Keta Koutson, Publisher and Editor, Madison's Lumber Reporter November 1, 2014

KEY 2x4 KD R/L LUMBER PRICES October 2013 - 2014
www.madisonreport.com

IMPORTANT DATA:
- US LOG exports to China by VALUE see up 17%, to US\$846.5 million, Jan to Aug 2014 compared to one year ago.
- US SAWMILL products exports to China by VALUE see up 28.9%, to US\$858 million, Jan to Aug 2014 over 2013.
- US SAWMILL products imports from Canada by VALUE are up 31.2%, to US\$5,533 million, Jan to Aug 2014 compared to 2013.
- Canadian LUMBER exports to US by VALUE are up 16.7%, to C\$1,793 million, Jan to Aug 2014 over last year.

DNR Composite Log Prices And Inferred Stumpage Prices

Canada Log Exports Jan-Aug '14:
China +7.40%
Japan +8.30%
S Korea -5.80%
USA -7.0%

It is interesting to note that the VALUE of both log and lumber exports from each country to China have increased, while VOLUMES remain relatively flat.

Also noteworthy is the steady increase in VALUES of lumber shipped from Canada to the US in the first eight months of this year.

Canada Softwood Log Exports by Value: 2010 to Aug 2014

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	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
<small>Prices are in U.S. dollars per 1,000 fbm (net FOB mill)</small>							
WSPF KD R/L 2x4	276	270	+6	255	+21	300	-24
WSPF KD R/L 2x6	268	268	0	255	+13	300	-32
SYP KD R/L East Side 2x4	395	395	0	395	0	400	-5
SYP KD R/L East Side 2x6	295	295	0	285	+10	335	-40
ESPF KD R/L 2x4	365	365	0	355	+10	400	-35
WSPF KD PET 2x4 Stud	230	240	-10	220	+10	320	-90
WSPF KD PET 2x6 Stud	210	220	-10	215	-5	315	-105
Douglas Fir Green R/L 2x4	322	315	+7	300	+22	310	+12
Douglas Fir Green R/L 2x10	380	380	0	340	+40	350	+30
ESPF KD 2x4 8ft Stud	300	300	0	290	+10	365	-65
OSB Ontario 7/16" (CDN\$/msf)	320	325	-5	305	+15	230	+90
CSplywood Toronto 3/8" (CDN\$/msf)	380	396	-16	404	-24	432	-52

Madison's Weekly Softwood Lumber News

Fires, Sawmills

CONT'D FROM PG 2 Fire Chief Dave Tompkinson said to *CFJC* radio a hydraulic oil tank was on fire at the Tolko sawmill in Merritt, BC, February 27.

"Prior to firefighters arriving, the sprinkler system had activated. The sawmill employees had actioned the fire with extinguishers and a hose line," said Tompkinson.

The fire was inside the the plant, and spread to some machinery above. Tomkinson says, as the fire department was leaving, the sawmill was already getting back up and running.

The cause of the fire is unknown.

The South Annville Township fire at the Weaber sawmill in Lebanon County, PA, which drew six fire companies, was discovered by security between Thursday night in the "McDonough" building, named for a band saw machine, which was not operating at the time, said *PennLive* Friday. There were some flames, but there was mostly smoke.

There were about 15 employees in the building and all were evacuated without injuries, but one person received oxygen on the scene.

An estimated 10 fire companies responded to the fire. The company had no estimate of the loss.

Sawmill Fatalities

CONT'D FROM PG 2 a 50-year-old New Brunswick man has died after suffering a head injury at an Irving sawmill.

WorkSafeNB says the accident occurred Monday at the J.D. Irving Inc. sawmill site in Sussex. WorkSafeNB issued a stop-work order and investigators were on site to determine the cause of the accident and whether there were violations of the Occupational Health and Safety Act.

A forest operator employed by one of TimberWest's contractors was moving his equipment at the time of a fatal accident at Port McNeill on Vancouver Island in British Columbia February 26.

The company will suspend operations across the province Monday, said *Canadian Press*, out of respect for those involved in the incident.

WorkSafeBC and the RCMP are investigating the death.

China Log Imports

CONT'D FROM PG 2 Of total log imports, 2015 softwood log imports fell 16 per cent to 30.06 million cubic metres, accounting for 67 per cent of the national total, said China Customs Wednesday. The average price for imported softwood logs was US\$122 per cubic metre, down 20 per cent from the previous year. The rate of decline for softwood log imports was larger than that for hardwood log imports.

Hardwood log imports fell 6 per cent to 14.49 million cubic metres and made up 33 per cent of the national total. The average price for imported hardwood logs was US\$303 per cubic metre, down 27 per cent.

Of total hardwood log imports, tropical log imports were 8.9 million

cubic metres valued at US\$2.8 billion, down 10 per cent in volume and 32 per cent in value and accounted for 20 per cent of the national total.

BC First Nation Signs...

The Lheidli T'enneh First Nation and British Columbia's Ministry of Forests forged a timber harvesting agreement that will last the next 25 years.

The Ministry announced on Tuesday that the indigenous nation encompassing Prince George would get access to 25,000 cubic metres of timber per year from within their traditional territory.

The agreement is focused on two parcels of timber covering 7,197 hectares of Crown land near Tabor Mountain and Sugar Bowl-Grizzly Den Provincial Park respectively.

Calendar

May 2016

International Pulp Week 2016

May 1 - 4, 2016 - Vancouver, BC

<http://www.forestproductssummit.com>

PwC's 29th Annual Global Forest, Paper & Packaging Industry Conference

May 4, 2016 - Vancouver, BC

<https://www.pwc.com/ca/en/industries/forest-paper-packaging/publications/annual-global-forest-paper-industry-conference.html>

Canada and US Wildfire Season 2016

British Columbia

BC Parks officials in conjunction with the BC Wildfire Service are planning a prescribed burn in Monck Provincial Park near Merritt this March to restore the area's ecosystem and reduce wildfire risks.

The eight-hectare burn area will be visible to people at Nicola Lakeshore Estates and residences west of the park near Monck Park Rd, and also from Highway 5A.

Alberta

Meanwhile, in Alberta, the lack of moisture from this winter isn't necessarily the tell-all sign of what kind of wildfire season the area will see this year. Kelly Burke, area information co-ordinator for Grande Prairie with Alberta Agriculture and Forestry, said Monday the weather the area will see during wildfire season, which starts March 1, will give a better idea.

Alberta Wildfire Information Officer Travis Fairweather is expecting similar conditions this year to last, but it's hard to predict if Alberta will get roughly 1,786 wildfires it recorded last season, because that depends on the amount of rain.

Crews are still bracing for a potentially busy season by starting early on March 1, so firefighters can be deployed to different parts of the province. Fairweather says an early winter thaw is exposing heaps of dry grass that can easily catch fire.

He says winter burn sites are risky right now because they could have potentially been burning under the snow for months. Officials want people in the backcountry to take precautions right now.

There were 202 wildfires last year in the Calgary Forest Protection Area, which is west of the city. All but seven were human caused.

Oregon

A task force aimed at minimizing the adverse impacts of drought in Oregon was created Thursday by House Bill 4113, which also appropriated US\$25,000 for it.

Oregon's governor and legislative leaders will appoint up to 15 members to the task force, which will identify tools and data to mitigate drought effects.

Another piece of drought-related legislation aims to reduce unnecessary water usage during times of scarcity for irrigators and the environment.

Under Senate Bill 1529, irrigation requirements imposed by homeowner associations and similar planned communities would be rendered unenforceable during droughts declared by Oregon's governor, state water regulators or local governments.

Rangeland protection associations, which fight wildfires in remote rural areas, may be authorized by county governments under House Bill 4007.

Previously, such associations could only be sanctioned by the Oregon Board of Forestry. Under HB 4007, new county-approved rangeland protection associations will be eligible for the same insurance benefits as those authorized by the board.

Colorado

Emergency responders have put out several grassfires around Larimer County during the last few weeks, and the National Weather Service issued a red flag warning for Larimer County on Saturday and from 11 a.m. to 7 p.m. Wednesday. The NWS issues the warnings when an area hits the sweet spot of high winds and low humidity.

Recent winds have stripped grasses of whatever moisture that remained from earlier-season snows, leaving behind lots of fodder for fires. Forest fires aren't much of an issue now because trees retain more moisture than grass, said Justin Whitesell, emergency operations manager with the Larimer County Office of Emergency Management.

Most grassfires this time of year are human-caused — related to campfires, vehicles or ill-advised slash- or trash-burning, Whitesell said.

Meteorologists and emergency responders advise residents to be aware of the heightened risk and follow local burning regulations. But as longtime Fort Collins residents probably know, the windy, dry weather we've seen lately is par for the course.

Alaska

The state Division of Forestry said Thursday the wildfire season is starting early in the Matanuska-Susitna Borough.

The division says fire escaped Monday from an unattended burn barrel, lit brush and destroyed a shed with tools near Meadow Lakes west of Wasilla. This is exactly one week after Alaska's first wildfire of 2016 was reported near Delta Junction.

This year's wildfire season is starting weeks earlier than what used to be considered normal. Low snow conditions have left Mat-Su and Southcentral facing another potentially disastrous fire season like that of 2015, officials warn.

Firefighters from the Central Mat-Su Fire Department and Meadow Lakes Fire Department prevented the fire from spreading to a home and kept the burn area to one-tenth of an acre.

The homeowner was issued a warning for an inadequate fire break and uncontrolled spread of a fire.

Firefighters say the incident illustrates how dry conditions are in southcentral Alaska.

A new long-range fire weather forecast issued Tuesday projects warmer and drier than normal weather in March and April

British Columbia Wildfire Funding

CONT'D FROM PAGE 2

The province of British Columbia has announced a new forest society which will be supported by \$85 million in government funding.

The new Forest Enhancement Society of BC will focus its efforts on wildfire risk reduction and concentrate its activities on forest rehabilitation, habitat restoration, awareness programs, as well as risk reduction. The work of the Forest Enhancement Society of B.C. will help meet the goal of a sustainable and reliable timber supply under the Forest Sector Competitiveness Strategy and aligns with the ministry's other programs designed to enhance B.C.'s forests, most notably Forests for Tomorrow, Land Based Investment Strategy and integrated silviculture strategies.

The society will conduct fuel management activities such as thinning, pruning, and removing woody debris from forests, especially those impacted by the mountain pine beetle infestation. It will also clear stands damaged by wildfire, design fuel management and forest rehabilitation activities, and work with rural property owners to raise awareness about steps they can take to protect their homes from wildfires.

Wildfire Response

After a decade of rising forest-fire risks due to climate change and another budget-busting year of wildfire fighting, British Columbia is boosting its fire prevention efforts with a one-time \$85 million injection of resources.

The funding will be administered by a newly announced forest enhancement society made up of former industry and civil-service professional foresters, Minister of Forests Steve Thomson said February 26.

The funds will be spent on efforts such as thinning and remov-

ing deadfall in high-fire-risk forest stands, clearing and replanting areas burned in wildfires, habitat restoration in pine-beetle damaged regions and public awareness in rural areas where populations intersect with forests.

British Columbia Wildfires

Wildfires scorched 280,000 hectares of forests in 2015, which wasn't as extensive as the 369,169 hectares that burned in 2014. But last year's fire season saw dozens of homes destroyed near the village of Rock Creek in the southern interior and a handful more at Puntzi Lake, a rural community near Williams Lake in the Cariboo.

The estimated cost of \$373 million in 2015 vastly exceeded the \$63 million provincial budget for wildfire fighting, the ninth time firefighting costs have blown beyond budget in the last 10 years.

Thomson said the province is also adding another \$10 million to its strategic wildfire prevention program, administered by the Union of BC Municipalities, which is aimed at helping

communities reduce wildfire risks where municipal boundaries reach into forests.

The forest enhancement society's work is intended to complement those efforts at a broader "landscape level" beyond municipal boundaries, Thomson said.

BC New Chief Forester

Diane Nicholls becomes the province's newest chief forester, Forests, Lands and Natural Resource Operations Minister Steve Thomson said February 26.

Nicholls, who is the province's 17th chief forester, has been acting in the position since November 2014.

As chief forester, Nicholls is responsible for determining timber harvest levels for each timber supply area and tree farm licence in the province.

Reporting to the deputy minister, she will also provide key strategic guidance and direction on forest stewardship to forestry practitioners in the ministry and industry.

The following table shows the number and percentage of people and lightning-caused fires for last year and the 10 preceding years.

SOURCE: BC Wildfire Service

Year	Total Fires	Total Hectares	Total Cost (millions)	Average Hectares per Fire	People-Caused	Lightning-Caused
2014	1484	369,169	\$297.9	248.8	664 (44.8%)	819 (55.2%)
2013	1861	18,298	\$122.2	9.8	564 (30.3%)	1297 (69.7%)
2012	1649	102,122	\$133.6	61.9	708 (42.9%)	941 (57.1%)
2011	653	12,604	\$53.5	19.3	444 (68%)	209 (32%)
2010	1672	337,149	\$212.2	201.6	680 (40.7%)	992 (59.3%)
2009	3064	247,419	\$382.1	80.8	881 (28.8%)	2183 (71.2%)
2008	2023	13,240	\$82.1	6.5	848 (41.9%)	1175 (58.1%)
2007	1606	29,440	\$98.8	18.3	687 (42.8%)	919 (57.2%)
2006	2570	139,265	\$159.0	54.2	1034 (40.2%)	1536 (59.8%)
2005	976	34,588	\$47.2	35.4	591 (60.6%)	385 (39.4%)
2004	2394	220,518	\$164.6	92.1	681 (28.4%)	1713 (71.6%)
Average *	1847	115,464	\$145.5	58.0	710.1 39.0%	1106.3 61.0%

* The average does not include the most recent year.