

# MADISON'S LUMBER REPORTER

Publisher  
**KetaDesign Productions**

Editor  
**Kéta Kosman**  
Market Analyst  
**Earl Heath**

Annual Subscription Prices  
E-mail/Fax: US\$408.45  
Discounts available for multiple  
subscriptions  
Published 50 times a year

www.madisonsreport.com  
madrep@shawcable.com  
604 319-2266

PO Box 2486 Vancouver, BC  
V6B 3W7 Canada

In Canada, add GST or HST

ISSN 0715-5468

Printed in Canada © 2017

All material contained within is the property  
of KetaDesign Productions Inc. Reproduction  
or retransmission is expressly forbidden.



## News & Updates

### Tembec Open to Quotas: CEO

Eastern Canadian lumber producer Tembec's chief executive James Lopez said in an interview with *Canadian Press* Thursday before **Tembec's** annual meeting it is **open to quotas on exports to the United States**, in a break from the positions of some Canadian rivals and the Quebec government.

Lopez said he agrees that Canadian lumber should be exempt from restrictions because provincial systems are now market-based, and he's advocating for a compromise to secure a new agreement. Lopez is willing to accept limits on access in the belief that increasing home construction will ultimately result in higher lumber shipments and the supply of BC lumber is falling.

He said Canada's proposal for a quota in the range of 31 per cent — which is far higher than the original US proposal of 22 per cent — will likely win the day.

If the number is too low, Lopez says Quebec-based Tembec may not be able to sell all of its output or sell it profitably.

For its part, **Resolute Forest Products** has been very vocal, together with the Quebec government, as pro free trade with no quotas or duties. Montreal-based Resolute said producers in Quebec and Ontario pay market prices and should have access to free trade with the US.

Elsewhere, the **BC Lumber Trade Council** says it prefers free trade but could accept a flexible system that adjusts to market conditions instead of a hard quota. The BC Lumber Trade Council has said the claims levelled by the US lumber lobby are based on unsubstantiated arguments that were previously rejected by independent NAFTA panels.

### Chile Devastating Wildfires

A series of fast-spreading fires, mostly in Chile's central region, are being fanned by strong winds, high temperatures and a prolonged drought. One town, Santa Olga, has been destroyed by the blaze, said the BBC Friday. **CONT'D PAGE 7**

### Southern Pine Lumber Exports: November 2016

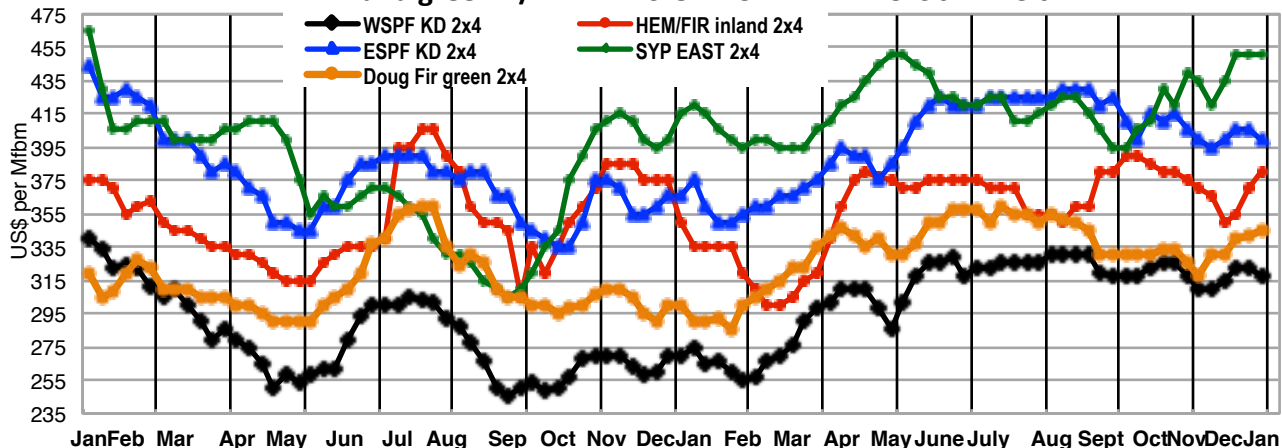
**Exports of Southern Pine** lumber remained strong in November, amounting to just under 62 million board feet (MMbf). This volume represents a hefty **increase of 29 per cent above the same month last year**, contributing to a year-to-date increase of 16 per cent when compared with the first eleven months of 2015, said the **Southern Forest Products Association** Thursday via *Lesprom Network*. **CONT'D PAGE 7**

### India Softwood Lumber Use: 2016

At the annual **Truck Logger AGM** last week in Vancouver, BC, Canada, **Premier Christy Clark** spoke about the **largest ever shipment** of British Columbia wood having just been sent over to India. As well, BC announced first major commercial wood demonstration project in India.

Coming up in March is the annual **DelhiWood** woodworking show, which is once again **sold out** according to event organizers. **CONT'D PAGE 8, 9 and 10**

**FIVE KEY 2x4 KD and green R/L DIMENSION LUMBER PRICES JAN'15-JAN '17**



**-- Madison's Forest Pulse --  
Madison's Quarterly Lumber  
Analysis in One Tasty Bite!**

The information tool for your forest management and investment decisions.

Our quarterly product is tailored to provide you with critical information about the North American solid wood, pulp, and paper industry at your fingertips in a timely manner. Get in on this vital analysis for your lumber investments.

Call us at 604 319-2266 or email [madrep@shawcable.com](mailto:madrep@shawcable.com) today to order a subscription!

*"I am amazed at the data you've been able to collect in this report and find it all very interesting. I can see this kind of information being especially desired by economists / bankers / the investment community and perhaps Industry CFO's and such for help formulating reports and such."*

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

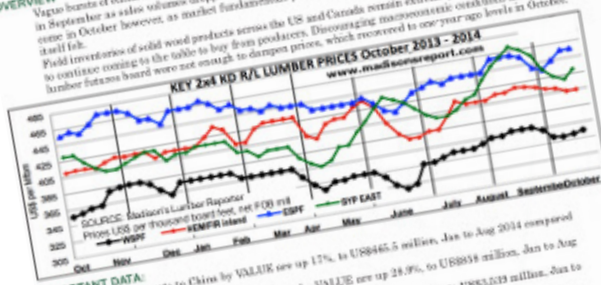
- Michael Low | Scotiabank | Director & Group Lead, Commercial Banking

Don't miss even one issue of this essential information!

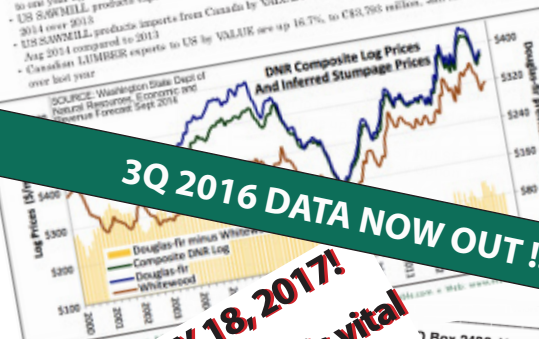
- foreshadows spot shortages, overages, and balance of supply with demand
- the latest on North American solid wood and paper companies
- presented in a compact six-page format every quarter

**MADISON'S**  
3Q 2014 North America Timber Industry Analysis and Projection

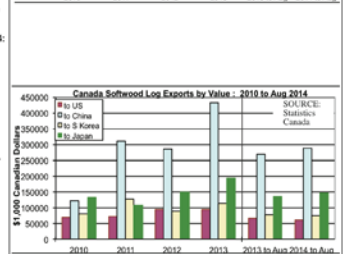
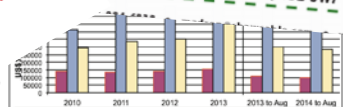
By Rita Korman, Publisher and Editor, Madison's Lumber Reporter  
November 1, 2014



**IMPORTANT DATA:**  
 - US LOG exports to China by VALUE are up 17%, to US\$445.5 million, Jan to Aug 2014 compared to one year ago.  
 - US SAWMILL products exports to China by VALUE are up 24.9%, to US\$658 million, Jan to Aug 2014 over 2013.  
 - US SAWMILL products imports from Canada by VALUE are up 39.2%, to US\$3,519 million, Jan to Aug 2014 compared to 2013.  
 - Canadian LUMBER exports to US by VALUE are up 16.7%, to C\$1,795 million, Jan to Aug 2014 over last year.



**LATEST ISSUE: JANUARY 18, 2017!**  
 Order now to not miss out on this vital and timely information



**Choose our Easy Pay Option: Four Quarterly Payments of just US\$250**

Yes, I want to be regularly informed on the North American solid wood, pulp and paper industry. Please sign me up for:

\_\_\_\_\_ Madison's FOREST PULSE US\$989/yr

or \_\_\_\_\_ Easy Pay Option US\$250/quarter

GST applies to Canadian subscribers

Company Name: \_\_\_\_\_

Attention: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Please charge my VISA/MC: Card No. \_\_\_\_\_ Exp. \_\_\_\_ / \_\_\_\_

Please bill me: (signature) \_\_\_\_\_

# Madison's Weekly Softwood Lumber Key Prices Table

www.madisonsreport.com



	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	316	318	-2	322	-6	260	+56
WSPF KD R/L 2x6	288	292	-4	292	-4	260	+28
SYP KD R/L East Side 2x4	450	450	0	460	-10	400	+50
SYP KD R/L East Side 2x6	320	325	-5	355	-35	290	+30
ESPF KD R/L 2x4	400	405	-10	410	-10	350	+50
WSPF KD PET 2x4 Stud	285	295	-5	295	-10	200	+85
WSPF KD PET 2x6 Stud	265	270	0	255	+10	215	+50
Douglas Fir Green R/L 2x4	345	345	-5	342	+3	285	+60
Douglas Fir Green R/L 2x10	395	390	+5	360	+35	330	+65
ESPF KD 2x4 8ft Stud	355	355	0	370	-15	265	+90
OSB Ontario 7/16" (CDN\$/msf)	358	370	-12	375	-17	330	+28
CSplywood Toronto 3/8" (CDN\$/msf)	393	396	-3	429	-36	395	-2

## Madison's Weekly Softwood Lumber News

### Epic Wildfires, Chile

CONT'D FROM PG 2 A prolonged drought and high temperatures have worsened the Chile blazes, which have so far destroyed more than 700,000 acres of forestland and killed 10 people, mainly firefighters and police officers, according to *New York Times* Wednesday. The government has declared a state of catastrophe in four regions, deployed 1,200 troops to support the efforts of firefighters and appealed for help from other countries.

As of Friday morning, about 130 active fires remained, 51 of which have been contained, according to the National Emergency Bureau of Chile. They cover an area of about 920 square miles.

their homes, and thousands have been evacuated from the affected areas.

At least 10 people have been arrested in connection with the fires.

Fierce winds and smoldering ash have complicated the challenge of containing the blazes, which on Wednesday destroyed the small hamlet of Santa Olga in the Maule region.

In total, 4,000 people — including firefighters, troops and national forestry bureau officers — and 46 aircraft have been deployed to combat the fires, according to the National Emergency Bureau.

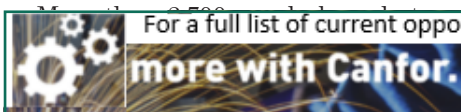
On Wednesday, a supertanker arrived from the United States to help put out fires in some areas. It had been paid for with a US\$2 million donation from the foundation of Lucy Ana

Avilés, a Chilean who lives in Denver and is married to Benjamin Walton, a Walmart heir.

### SFPA Exports

CONT'D FROM PG 2 Offshore shipments during November roughly break down as 34.4 MMBf dressed, 8.1 MMBf rough, and 19.3 MMBf treated lumber.

Softwood lumber imports to the US edged lower in November, reaching 1.28 billion board feet (Bbf), down three per cent from the volume imported during November of 2015. Through the first eleven months of last year, softwood imports are up 24 per cent when compared with the same period a year ago.



For a full list of current opportunities visit [canfor.com/careers](http://canfor.com/careers)

Certified Sawfiler/Benchman  
 Supervisor, Sawmill  
 Superintendent, J. D. Little Nursery  
 Manager, Human Resources  
 Supervisor In Training – Wood Products  
 Talent Acquisition Specialist (1 Year Contract)  
 Coordinator, Logistics and Supply Chain  
 Superintendent, Dry End  
 Supervisor, Sawmill

#### Canada

Chetwynd, BC  
 Prince George (Bear Lake), BC  
 Prince George, BC  
 Radium Hot Springs, BC  
 Vanderhoof, BC  
 Vancouver, BC  
 Vancouver, BC

#### USA

Darlington, South Carolina  
 Urbana, Arkansas

## Calendar

February 2017

**Western Silvicultural Contractors' Association Annual Conference**  
 February 1-3, 2017 – Victoria, BC  
<http://wsca.ca/wsca-agm/>  
**Association of BC Forest Professionals AGM**  
 February 22-24, 2017 – Prince George, BC  
<https://abcfp.ca/ABCFPConference/>

## India Lumber Demand: 2016

CONT'D FROM PAGE 2

Long-term potential for BC products in India are very positive. While traditionally a tropical hardwood market, log export restrictions in Myanmar, Malaysia, and other tropical countries have forced Indian manufacturers to look for alternate wood supply sources. As such, a shift is taking place from both from imported hardwoods to softwoods, and from logs to lumber, says **British Columbia Forestry Innovation Investment**.

The rapid opening of a market for softwood products presents a unique opportunity to position BC as a reliable supplier of fibre from sustainable sources. This, combined with India's growing consumption of wood products, reinforces the need for a strong push for Canadian products in the market.

### CANADA WOOD OFFICE IN INDIA

The office in India is a collaborative operation managed by **BCFii** and works in conjunction with **Canada Wood** and **Natural Resources Canada**. The India team continues to pursue research activities to stay abreast of the country's dynamic supply-demand scenario, particularly the increasing appetite for lumber over logs, and the growing willingness by manufacturers to consider softwoods for their products.

Activities in India will benefit from increased funding from the Province of BC, with a goal of increasing Canada's brand recognition and the exposure of BC species, and increasing early commercialization activities. Investment support will be via a partnership with Natural Resources Canada to support the ongoing operation and outreach activities from the FII India office, and the increasing involvement of the forest industry through Canada Wood.

### BRITISH COLUMBIA LUMBER SALES TO INDIA

British Columbia **Premier Christy Clark** on Thursday at the **Truck Logger AGM** in Vancouver, BC, announced that the largest shipment of mass timber from British Columbia to India is en route.

This shipment also includes lumber and will be used in the first major commercial wood demonstration project to showcase BC forest products in India.

As India's economy grows, traditional wood supply cannot meet increasing demand. As a leading supplier of sustainable forest products, British Columbia is seen as an attractive long-term supplier. Support for the project is being provided by the Government of BC's market development agency for forest products, **BCFii**, through its India office.

The wood products will be used to construct a facility housing several design workshops at **India's Centre for Environmental Planning and Technology (CEPT)** University located in Ahmedabad, Gujarat state, and will serve as a showcase to help grow awareness and demand in India for BC wood products.

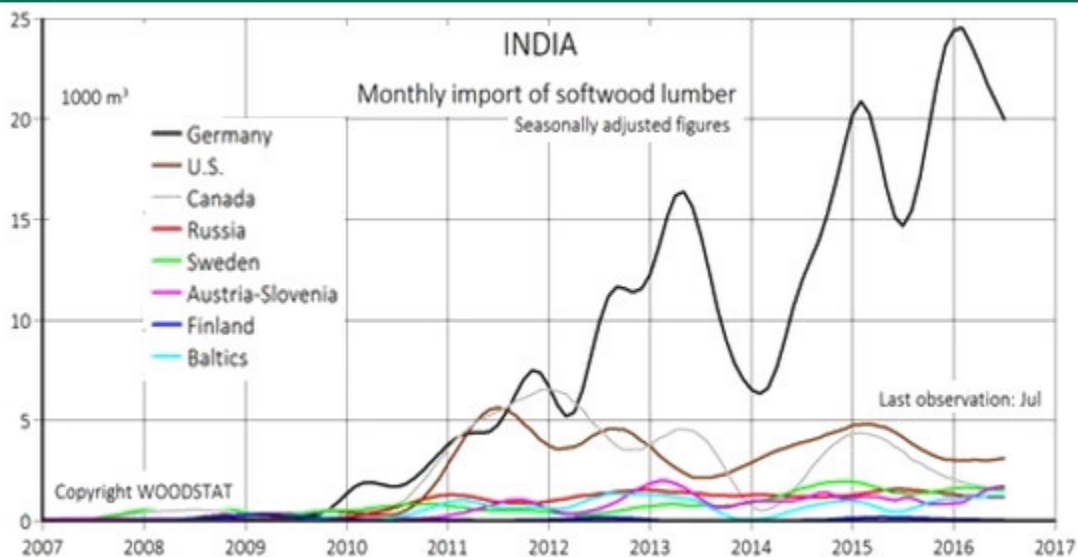
### BC-INDIA MOA: OCTOBER 2016

During an October 2016 trade mission to India, **BC Finance Minister Mike de Jong** visited the CEPT University campus to support a partnership between the Province and the university. In November, **FII India** entered into an agreement to support the extensive use of BC forest products in the project.

Under the agreement, the Province will invest approximately \$100,000 to share the costs, with CEPT, of the B.C. wood used in the project and to cover import duties for B.C. products not currently available in India.

In addition to the glue-laminated arches for the roof assembly supplied by Penticton-based **Structurlam**, other BC wood products, including those made of hemlock, Douglas fir and yellow cedar, are being used extensively throughout the project in a range of interior and exterior applications. These products are being supplied by Surrey's **Coast Clear Wood** and through a donation of lumber from the **Coast Forest Products Association**.

CONT'D PAGE 9



## Annual DelhiWood Show: March 2017

CONT'D FROM PAGE 8

The India woodworking show's organisers, **PDA Trade Fairs**, announced that event is again sold out. The exhibition opens on 1st March 2017.

DelhiWood has become the premier destination for woodworking professionals visiting biennially from across the globe. It has become Asia's only dedicated business-to-business meeting place for the entire woodworking eco system.

Leveraging the success of its previous editions, over 450 leading global brands from 30 countries are expected to participate, growing by 20 per cent compared with previous edition; the show floor is also marking a 25 per cent increase which will span over 25,000 square metres and a projected 20,000 attendees are visiting from across the Asian countries.

DelhiWood will continue providing a perfect platform for woodworking solutions, machineries, materials and components to showcase their products, innovative technologies and production scenarios to key furniture / kitchen manufacturers, architects, interior designers and builders.

### INDIA WOOD DEMAND: 2016

During January-July 2016, total import of softwood lumber in India, was equal to 252 000 cubic metres, according to *WoodStat*. Among India's main trading partners in North America and Europe, Germany become a dominant market player in India, with a share equal to almost 70 per cent.

The import of softwood lumber in India remained on the same level as in 2015 (around 252-253 thousands cubic metres). Nevertheless, Germany proved to be a main market player on this market, and compared with January-July 2015, the import from Germany increased by nearly 30 per cent, from 133 to 172 thousand cubic metres.

### ILLEGALLY HARVESTED TIMBER: INDIA

India is the third largest importer of the illegally logged timber in the world, shows a study by the **International Union of Forest Research Organisations**, a world-wide collaboration of scientists and research institutions working on forestry sciences, said the *Hindustan Times* December 20.

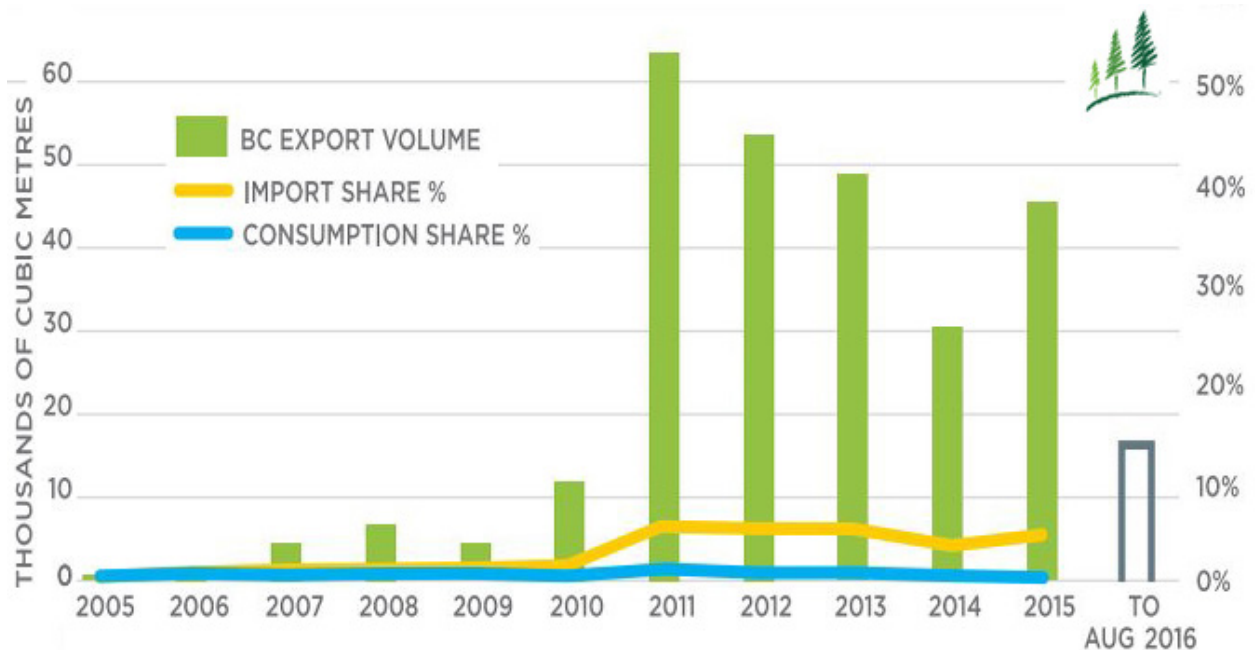
With an annual import value of over Rs 40 billion, the country accounts for close to 10 per cent of the global illegal wood trade.

According to the report, 42 per cent of the total roundwood and sawnwood traded globally is harvested illegally. The top producers of illegal timber are the countries in South East Asia and Amazon such as Indonesia, Myanmar, Cambodia, Brazil followed by the Russian Federation and Papua New Guinea. The largest consumer of illegally harvested wood is China followed by Vietnam.

Due to required timber legality verification in other developed countries, timber trade has shifted to markets such as China and India, where less stringent regulation is in place, says the report. The economic growth in these two countries is also driving the demand for illegally harvested timber.

From 2006 to 2013, the import volume of illegal wood products by China, India and Vietnam increased by more than 50 per cent whereas the illegal import volume slashed by one-third for the US and one half for the EU, respectively, which have put in place stringent verification process for legality of timber in the past few years.

CONT'D PAGE 10



## Annual DelhiWood Show: March 2017

CONT'D FROM PAGE 9

**DelhiWood** continues to enjoy the endorsement and support of **EUMABOIS** – the 14 country member association of **European Federation of Woodworking Machinery Manufacturers**. EUMABOIS is instrumental in influencing the presence of the world's leading woodworking tech companies at DelhiWood.

### DEHLIWOOD EXHIBITION

The 4 day trade exhibition will feature the latest in furniture production and woodworking from the following key segments on the show floor:

- Panel & Solid Wood production and processing
- Furniture production and processing
- Saw milling technology and processing
- Materials & Supplies for furniture production and woodworking
- Fittings, Hardware & Accessories for furniture, kitchen and cabinetry

In order to cater to the dynamism in the raw material segment, DelhiWood 2017 will feature added new product profiles featuring:

- Packaging Machines and Materials for furniture manufacturers and the woodworking industry
- Machines, Materials and Supplies for the Upholstery, Mattress and Sofa manufacturing segments.

An **International Timber Congress** is also in the pipeline to bring cutting edge timber knowledge to the woodworking community.

The congress is being conceptualised to present and discuss the latest technical and architectural developments and innovations in wood or timber construction. The congress is envisioned to become a prestigious international event in timber engineering, engineered wood products and design of timber structures and will attract researchers, engineers, architects, consultants, building officials, contractors and project managers, fabricators and suppliers from all continents.

### BC LUMBER MARKET, EXPORT SALES: INDIA

- 5 per cent of all commodity wood product (lumber and panels) imports by volume.
- 12 per cent of softwood lumber imports by volume.
- **2015:** 45,000 cubic metres of commodity wood products valued at \$11 million (this represents a 48 per cent increase in volume and a 38 per cent increase in value over the year before).
- **2016** (through Aug): 16,544 cubic metres valued at \$4.4 million.

### QUICK FACTS: INDIA'S CEPT WORKSHOPS FACILITY

- The 900 square-metre facility was designed by architect Gurpreet Singh of Aakar Design Consultants.
- The facility will be dedicated to instruction and learning in architectural design, furniture design, woodworking, metal work and modelling.
- The hybrid structure (which will be built with wood, concrete and steel) will include three pavilions incorporating different workshops.
- Thirty-three exposed glulam arches will extend from one end of each pavilion to the other.
- Other BC wood species will be used in various applications including hemlock for exposed ceiling battens, yellow cedar for door frames, and Douglas fir for roof purlins, gable ends, fascias, doors and partitions.
- The shipment includes 32 square metres of glue-laminated timber and solid wood from BC.
- The project is scheduled for completion later this year.
- The total cost of the project is \$800,000.

<b>India's import of softwood lumber (1 000 m<sup>3</sup>) from Europe (leading exporters) and North America</b>			
	<b>Jan - Jul 2016</b>	<b>Jan - Jul 2015</b>	<b>2016/2015</b>
Germany	172	133	+29%
U.S.	22	33	-33%
Canada	15	36	-58%
Sweden	13	13	-
Austria-Slovenia	11	13	-15%
Russia	9	14	-36%
Baltics	8	7	+14%
Other	2	4	-50%
<b>Total</b>	<b>252</b>	<b>253</b>	<b>-</b>

India's import of softwood lumber. Source: Woodstat, 2016