

# MADISON'S LUMBER REPORTER

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## News & Updates

### Japan Lumber and Timber Demand: 2016

Total import of logs to Japan from Canada for full-year 2016 was 1,002,144 cubic metres, up 15 per cent to 830,827 cubic metres the previous year, according to the *Japan Lumber Journal* Thursday. For softwood logs, the largest Canadian export to Japan by far is Douglas fir, which was 814,350 cubic metres in 2016, up 23 per cent from 629,818 one year earlier.

Total Japan import of lumber from Canada for full-year 2016 was 1,965,497 cubic metres, down 2 per cent from 2,015,790 cubic metres the previous year. For softwood lumber, the largest Canadian export to Japan by far is Western Spruce-Pine-Fir, which was 1,331,800 cubic metres in 2016, almost flat from 1,334,305 one year earlier.

As for the US, total import of logs to Japan from USA for full-year 2016 were 1,829,609 cubic metres, down 1.6 per cent to 1,791,373 cubic metres for the previous year. For softwood logs, the largest US export to Japan by far is also Douglas fir, which was 1,750,241 cubic metres in 2016, up 2.7 per cent from 1,701,924 one year earlier.

Total Japan import of lumber from USA for full-year 2016 were 271,479 cubic metres, down 14.5 per cent to 317,370 cubic metres the previous year. For softwood lumber, the largest US export to Japan is once more Douglas Fir, which was 188,636 cubic metres in 2016, down 18.2 per cent from 230,629 one year earlier, said the *Journal*. **CONT'D PAGE 6**

### Sawmill Fire, US

In a bizarre incident, officials with the US Border Patrol said Thursday afternoon that an off-duty Border Patrol agent who was recreationally shooting caused a sawmill fire in Arizona, according to *FOX 10* Thursday.

The off-duty officer, according to Border Patrol officials, immediately reported the fire. The incident remains under investigation. **CONT'D PAGE 7**

### US New and Pending Home Sales: March 2017

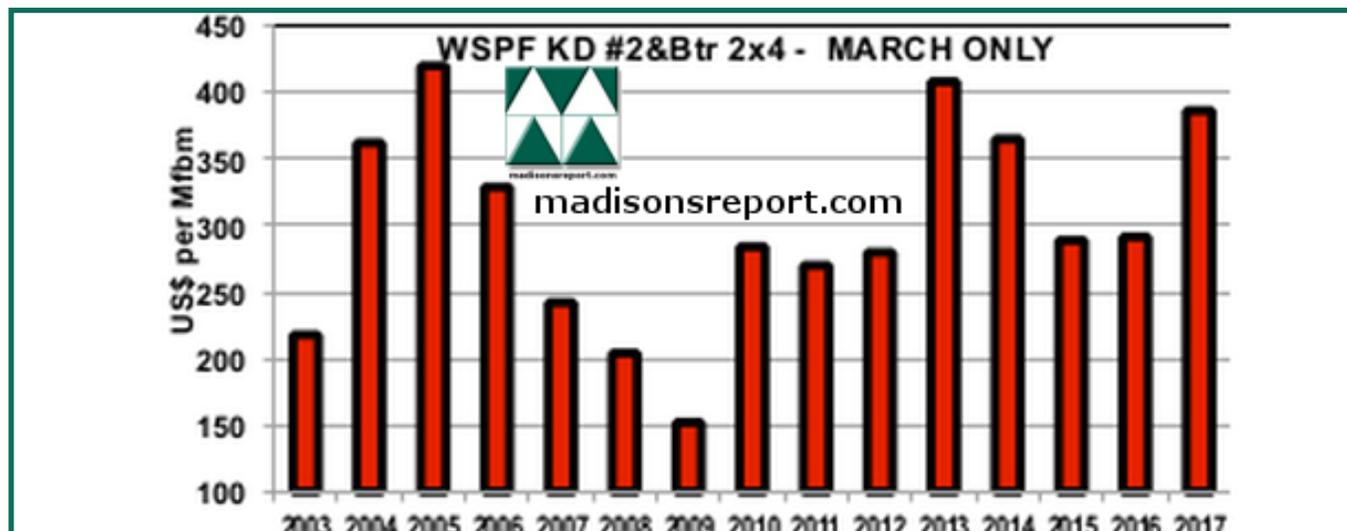
US sales of new homes shot up in March to the fastest pace in 8 months, the **Commerce Department** said Thursday.

Meanwhile according to the **National Association of Realtors** Friday, US pending home sales in March 2017 maintained their recent high level, but momentum slackened slightly in most of the country as dearth supply weighed on activity. **CONT'D PAGE 7**

### Material Updates on US Softwood Lumber Duty

The much-anticipated Preliminary Countervailing Duty on a wide range of Canadian softwood lumber product exports into the US became known this week, but the announcement created more questions than it answered.

Forest operators in the north scrambled to all available sources for answers about changes to paperwork and any new mechanism at the border, while those in the US tried to find out as much as they could about the effect of that for themselves. **CONT'D PAGES 9 and 10**



# Japan Lumber Journal

Sunday, April 30, 2017

## North American Timber

### Origin

#### Canada

#### Logs

Treated wood	64	2,178
<i>softwood</i>		
Sitka Spruce	10,917	240,699
Spruce, Fir	74,877	1,773,172
White & Yellow Cedar	6,819	182,036
Hemlock	91,764	1,771,828
Red Cedar	3,238	131,145
Douglas Fir	814,350	17,630,622

#### *hardwood*

Oak	75	4,644
Others, log, hewn	40	2,628

**(Total) 1,002,144 21,738,952**

#### Lumber

#### *softwood*

SPF, planed (-160mm)	1,331,800	41,358,276
Pine (-160mm)	480	19,342
Larch, planed(-160mm)	13	1,194
Hemlock, etc, planed	240,698	9,065,367
Douglas Fir, etc, planed	210,323	8,722,131
Others, planed	18,067	1,187,556
Pine, (-160mm)	10	1,103
Sitka Spruce (-160mm)	4,306	228,390
Sitka Spruce (160mm-)	3,241	159,614
Other SPF(160mm-)	60	3,697
White & Yellow Cedar (-160mm)	63,256	2,532,575
White & Yellow Cedar (160mm-)	5,164	701,992
Hemlock (-160mm)	29,895	1,352,945
Hemlock (160mm-)	13,258	699,470
Douglas Fir (-160mm)	4,170	290,675
Douglas Fir (160mm-)	3,007	386,237
Others (-160mm)	2,929	403,824
Others (160mm-)	1,027	162,873
SPF, Larch, mfrd	13,322	639,530
Others, mfrd	12,076	1,079,652

#### *hardwood*

Railway Sleeper, untreated	1,295	89,769
Railway Sleeper, treated	27	1,480
Oak, planed	1,810	263,389
Maple(Acer spp.)	1,004	276,336
Cherry (Prunus spp.)	230	30,700
Ash(Fraxinus spp.)	991	101,513
Others, planed	2,711	438,286
Others, mfrd	327	185,853
<b>(Total)</b>	<b>1,965,497</b>	<b>70,383,769</b>

#### U.S.A.

#### Logs

#### *softwood*

Pine	141	10,351
Sitka Spruce	28,526	940,977
Spruce, Fir	4,153	186,334
White & Yellow Cedar	4,944	147,138
Hemlock	5,149	133,100
Red Cedar	3,397	132,400
Douglas Fir	1,750,241	45,525,775

#### *hardwood*

Treated wood, hardwood	0	336
Oak	16,021	1,380,443
Paulownia, excluding roughly squer	972	103,181
Others, log, hewn	16,065	1,888,883
<b>(Total)</b>	<b>1,829,609</b>	<b>50,448,918</b>

#### Lumber

#### *softwood*

SPF, planed (-160mm)	2,096	123,271
Pine (-160mm)	340	21,159
Other SPF(-160mm)	41	1,568
Hemlock, etc, planed	9,724	406,662
Douglas Fir, etc, planed	188,636	8,226,236
Others, planed	501	60,829
Sitka Spruce (-160mm)	1,077	66,446
Sitka Spruce (160mm-)	2,900	296,780
White & Yellow Cedar (-160mm)	40	8,251
White & Yellow Cedar (160mm-)	30	5,387
Hemlock (-160mm)	222	20,941
Hemlock (160mm-)	100	4,529
Douglas Fir (-160mm)	12,919	580,231
Douglas Fir (160mm-)	78	10,021
Others (-160mm)	3	837
SPF, Larch, mfrd	18	5,766
Others, mfrd	683	66,208

#### *hardwood*

Railway Sleeper, untreated	0	597
Mahogany	0	201
Other Main Tropicalwood, planed	14,944	2,133,128
Oak, planed	8	1,292
Beech, planed	3,298	502,029
Maple (Acer spp.)	1,775	281,317
Cherry (Prunus spp.)	8,155	817,188
Ash (Fraxinus spp.)	0	1,966
Tsuge, Tagayasan, etc	0	271
Dipterocarpus, planed	23,631	3,864,788
Others, planed	2	1,369
Bamboo, mfrd	2	472
Tsuge, Tagayasan, etc mfrd	256	92,717
Others, mfrd	256	92,717
<b>(Total)</b>	<b>271,479</b>	<b>17,602,457</b>



	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
Prices are in U.S. dollars per 1,000 fbm (net FOB mill)							
WSPF KD R/L 2x4	435	435	0	362	+73	285	+150
WSPF KD R/L 2x6	395	395	0	350	+45	280	+115
SYP KD R/L East Side 2x4	520	515	+5	490	+30	450	+70
SYP KD R/L East Side 2x6	410	405	+5	370	+40	330	+80
ESPF KD R/L 2x4	500	490	+10	440	+60	385	+115
WSPF KD PET 2x4 Stud	370	365	+5	330	+40	230	+140
WSPF KD PET 2x6 Stud	380	370	+10	320	+60	205	+175
Douglas Fir Green R/L 2x4	400	400	0	375	+25	330	+70
Douglas Fir Green R/L 2x10	505	505	0	475	+30	395	+110
ESPF KD 2x4 8ft Stud	485	475	+10	425	+60	320	+165
OSB Ontario 7/16" (CDN\$/msf)	440	445	-5	405	+35	310	+130
CSplywood Toronto 3/8" (CDN\$/msf)	483	483	0	459	+24	411	+72

## Madison's Weekly Softwood Lumber News

### US Sawmill Fire

CONT'D FROM PG 2 Fire crews have cleared containment lines and other barriers around 40 percent of the perimeter of a southern Arizona wildfire that has burned 73.4 square miles of grass, brush and trees across southern Arizona, said *Associated Press* Friday.

Officials say high winds expected today could hamper efforts to halt and extinguish the fire burning southeast of Tucson. High winds Thursday forced officials to ground firefighting aircraft.

The fire has already crossed one mountain range and burned across a desert valley since it started Sunday south of Tucson, about 10 miles southeast of Green Valley.

### Home Sales, US

CONT'D FROM PG 2 The US Commerce Department said this past week that new-home sales rose 5.8 percent last month to a seasonally adjusted annual rate of 621,000, the highest rate since July last year. Sales are running 12 percent higher during the first three months of this year than during the same period in 2016.

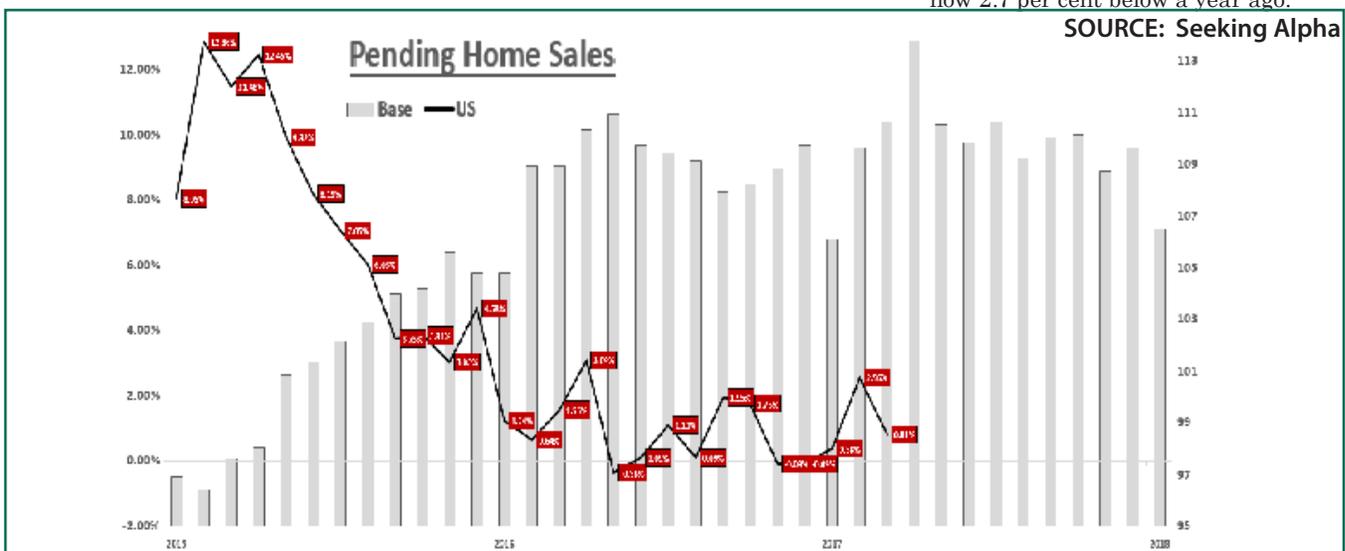
Homebuilding helps to feed growth across the economy. Housing starts and new-home sales are climbing amid a shortage of existing homes on the market, generating gains in construction jobs and sales of building materials.

The median sales price has increased just 1.2 percent over the past year to US\$311,400 in March.

New-home sales jumped last month in the Northeast and West, grew modestly in the South and fell in the Midwest. Elsewhere, the Pending Home Sales Index declined 0.8 percent to 111.4 in March from 112.3 in February. Despite last month's decrease, the index is 0.8 percent above a year ago.

The PHSI in the Northeast decreased 2.9 percent to 99.1 in March, but is still 1.8 percent above a year ago. In the Midwest the index declined 1.2 percent to 109.6 in March, and is now 2.4 percent lower than March 2016.

Pending home sales in the South rose 1.2 percent to an index of 129.4 in March and are now 3.9 percent above last March. The index in the West fell 2.9 percent in March to 94.5, and is now 2.7 percent below a year ago.



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# Canada US Softwood Lumber Duty 2017

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To download the actual documents filed please visit our website:  
[CVD Affirmative Preliminary CVD Decision Memorandum](#)  
[CVD Company Exclusions Memo](#)  
[CVD Decision Memorandum](#)

## LATEST DEVELOPMENTS

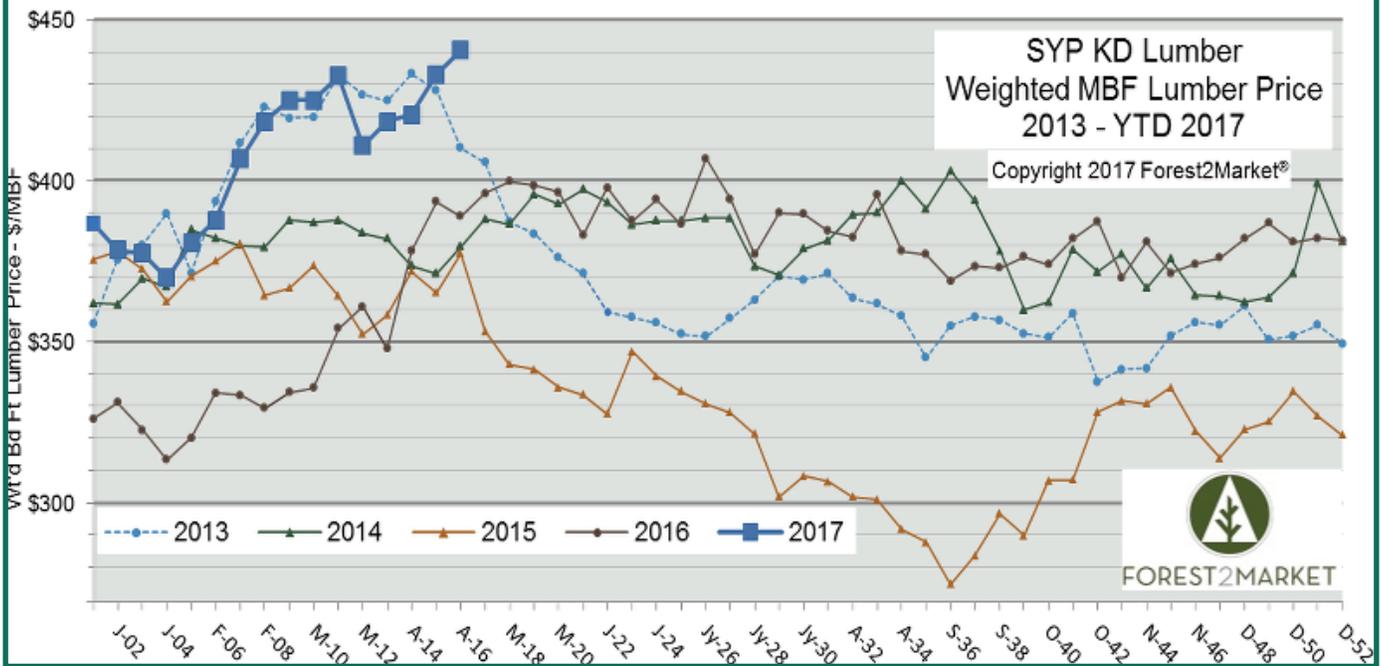
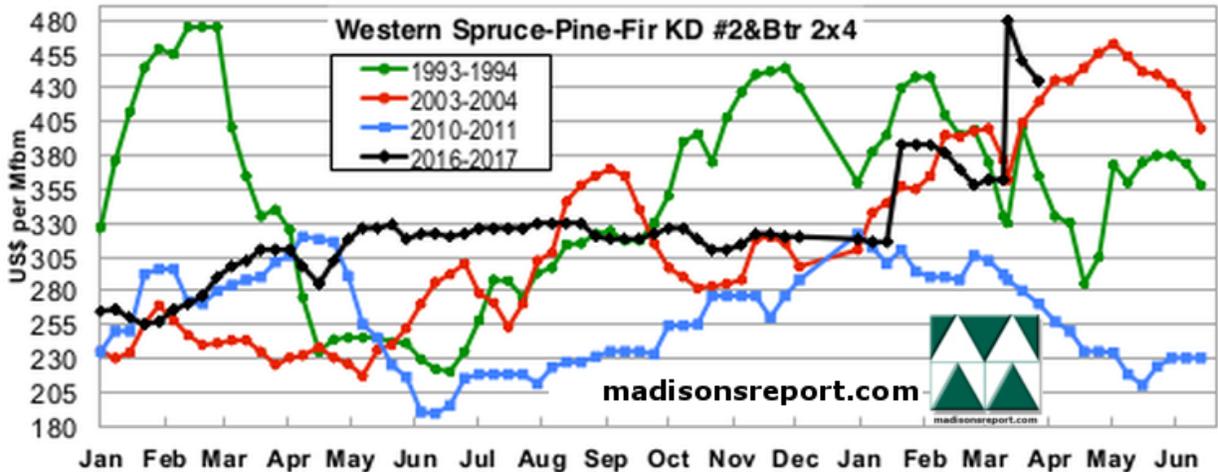
On Thursday afternoon of this week was held the British Columbia NAWLA regional meeting, featuring a panel of experts to explain the CVD announcements, it's implication, technical details for operators with US Customs, Canada's strategy going forward, and other updates.

Jason Fisher, Associate Deputy Minister, Forest Sector at Ministry of Forests, Lands and Natural Resource Operations, for the Province of BC explained some important differences between this current round, Softwood Lumber V [ \*LeSigh\* — ed ], and the other lumber trade disputes.

"Previously the countervailing duty was arrived at as an industry aggregate, this time it is company-specific," said Fisher. "The 'all others' rate is a weighted average of the range announced for the five individual companies. "There will be retroactive CVD and new anti-dumping invoices this summer.

"On April 28 there will be CVD invoices on new shipments. There is a gap period after four months, so the end of August, meaning there will be no CVD from September to December 30. However any AD would continue.

"The final determinations will be announced in November," added Fisher. CONT'D PAGE 10



# US Softwood Lumber Duty on Canadian Imports 2017

CONT'D FROM PAGE 9

"The final duty decision will be in December.

"Final duty payments will be known January 2018, and that is also when Canada will be in a position to appeal to the WTO and table evidence," concluded Fisher.

## US CUSTOMS INVOICES AS OF APRIL 28, 2017

As well, *Madison's* reached out Thursday morning to intrepid US Customs Broker Mike Jones, for more tangible details on changes to the mechanism at the border for Canadian operators shipping wood into the US starting Friday.

In an email explaining to clients Wednesday, Jones detailed, "The DOC's official announcement with regard to Scope Inclusions, other than the understood dimensional lumber, is still only including the language; square cut box spring frame, pallet, door and window frame, and truss "components" and "parts", not such articles when imported unassembled as allowed under title 19 CFR GRI2(a). However, they continue to include the HTSUS classification codes for such unassembled articles, as well as edge-glued lumber (4421.99.9400), but not the actual commodity; edge-glued lumber. Again, the DOC indicates these articles' description is dispositive, not the HTSUS classification code. Edge-glued, as a description, is not included, but it's classification code is, and the edge-glue classification code is specific to edge-glued lumber only, not like other codes that encompass a number of product descriptions."

Jones replied to a *Madison's* email Thursday morning, "The biggest unknowns impacting companies wanting to export at this time are;

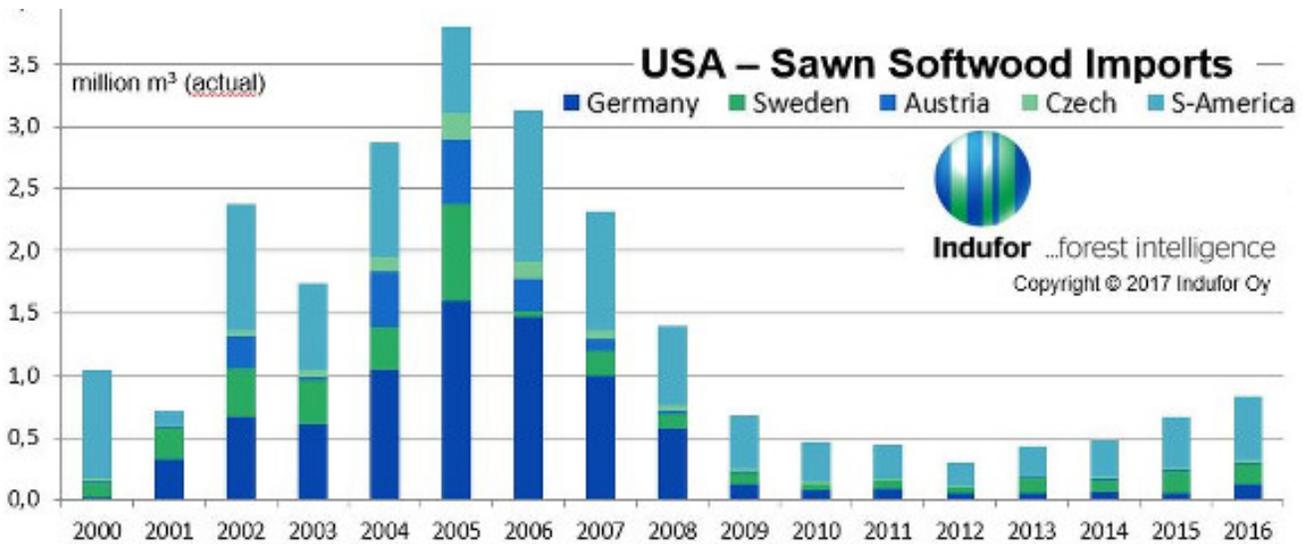
1) What articles will be included in the Federal Register publication, i.e., unassembled pallet, door and window frames, fence pickets, etc., and

"From our experience, there are still a number of companies who were still using the \$500.00 CAP for their Export Prices, which would have to be questions and resolved as part of U.S. Customs' process to determine the duties applicable."

This is the situation as it stood at time of printing Friday morning; *Madison's* will have more updates next week on what happened April 28 onward.

During this week, as this confusion unfolded, *Madison's* looked at some lumber price history to try to get a better understanding of these new market conditions for Canadian and US industry.

For more tangible details, Mike can be reached at:  
 Jones & Jones Customs Brokers & Trade Consultants  
 Michael D. Jones, President – CHB – Inactive Marine NCO  
 Blaine Phn: 360-332-6090 or 888-536-5079  
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*Sweden has passed Germany as the largest European supplier but the current volumes are far from the volumes reached in the mid-2000s. However, exports are picking up again as total demand increasing but continental supply growth will be limited.*



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