



Also Serving – Interior Logging Association (ph 250-503-2199) & North West Loggers Association (ph 250-635-6801)

Issue # 550 Week of February 22, 2010

Man killed on logging road

A 35-year-old man is dead following an accident on logging road in Clayoquot Sound. Sgt. Jeff Preston, of the Tofino RCMP, said the accident took place in Bedingfield Bay last Friday evening when a vehicle struck a rock face. Just what caused the impact is unknown, he added. Preston said the coroner and WorkSafe BC are now investigating the accident. Police have not yet released the name of the victim who is a resident of Courtenay.

How big is biomass?

Global consumption of biomass increased by 51% between 2006 and 2009, according to a recent study, and much of the increase is because the pulp and paper industry has been switching from fossil fuels to woody biomass fuels.

The annual consumption of biomass used for energy generation by the global pulp industry in 2009 was an estimated 75 million tons. The leading biomass-consuming countries by volume are regions with large areas of forests, including Canada, the US, Brazil and Sweden.

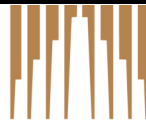
As use of bark and wood fiber for energy increased, pulp mills are buying more biomass from external sources. In 2006, 53% of woody biomass was purchased in the open market; in 2009, this share had increased to 69%.

Tolko mill down for 2 weeks

Tolko is shutting down its Armstrong sawmill for two weeks starting March 8 because record warm temperatures and because of the logging dispute with the Okanagan Indian Band.

The company says it's running out of wood because the Okanagan Indian Band is blocking access to the Browns Creek area over fears the watershed will be contaminated by logging.

Tolko lawyers are seeking an enforcement order to remove the band's blockade.



SUMMIT
INSURANCE BROKERS INC

250-564-4401 or toll free 1-800-663-5581

Higher lumber prices could mean tax cut

Lumber prices continue to climb, hitting \$317 US per 1,000 board feet last Friday and staying above \$300 US for the past week.

Industry spokesmen say planned production cuts have finally reduced the flow of lumber into the U.S. inventories to the point where prices are beginning to move upward.

Besides higher prices, there's the possibility of another economic windfall for companies exporting lumber to the U.S. In its monthly commodity price report, Scotiabank says if lumber prices stay above \$315 US for four consecutive weeks, the 15% export tax would drop to 10%. If it happens, it will be the first time in the history of the Canada-U.S. Softwood Lumber Agreement that the tax would be less than 15%. If the average price for lumber rises above \$335 US the tax would be cut to 5%, and if it tops \$355 US, there is no tax.



Also Serving – Interior Logging Association (ph 250-503-2199) & North West Loggers Association (ph 250-635-6801)

Profit-sharing in new mill contracts

Unionized workers at eight Canfor mills in the Interior will vote soon on a tentative contract that promises profit-sharing and wage increases. The Steelworkers union recently completed negotiations with Canfor in Prince George for what it calls a "pattern" agreement it says it plans to present to other Interior forest companies.

The profit-sharing part of the contract reportedly will give workers extra pay based on the forest company's profitability, as measured by return on capital earned (ROCE).

Lumber prices have climbed steadily over the past three months and are 30% higher now than in February 2009.

Abitibi suing Nfld. for \$500 million

Abitibi is using the North American Free Trade Agreement to fight for \$500 million in compensation from the government of Newfoundland and Labrador over its actions to expropriate a wide range of the company's land, timber and water-use rights as well as other assets.

Abitibi argues the province's actions more than a year ago were arbitrary, discriminatory and illegal under international law.

The claim seeks direct compensation for damages of approximately C\$500 million, plus additional costs and relief.

In early December 2008, Abitibi Bowater announced the permanent closure of its Grand Falls-Windsor mill in Newfoundland due to the economic downturn and decline in product demand. In retaliation, the province quickly passed Bill 75, an expropriation process, without any attempt to consult with the Company and without holding any public hearings.

"The expropriation was detrimental to the financial position of our Company," stated David J. Paterson, President and Chief Executive Officer. "After operating in Newfoundland and Labrador for more than a century and contributing significantly to the region's economic, social and sustainable development, the nationalization of AbitibiBowater's assets was unexpected and unnecessary."

New-home sales in the U.S. unexpectedly slumped to their lowest level in 47 years in January, stoking fears the housing market has lost its momentum. It's the third consecutive month of lower than usual housing starts across the nation.