

WOOD MARKETS MONTHLY

December 20, 2012

Don Deckard, Forest Economist

<mailto:donald.deckard@state.mn.us>

Cover: EPA preempts Supreme Court logging roads case with final rule on stormwater runoff

General Interest – p3

- USFWS nearly doubles spotted owl “critical habitat” to 9.6 million acres
- Minn. researchers testing wasps to stop EAB
- USFS awards Colorado firms \$13.4 million to harvest beetle-killed timber
- The beetle who stole Christmas (decorations)
- Arrests made in massive maple syrup heist

Economy & Housing – p4

- November jobs reports better than expected
- Disposable personal income not coming back
- Fannie Mae revises housing forecast higher
- Q3 y/y foreclosures fall in 62% of metro areas

Finance & Management – p5

- Sappi Cloquet new labor contract with USW
- Wausau Brainerd announces 55 layoffs
- CAT closing Owatonna, Minn. logging equipment plant, 100 jobs lost
- IP selling TIN building products business to G-P
- Verso Sartell \$84 insurance settlement

Production & Prices – p6

- Global paper outlook positive for 2013, growth driven by tissue and packaging
- Lumber prices forecast to soar in 2013 as housing super-cycle begins
- Cabinet makers buying maple, supply is tight
- USFS chief says federal timber harvest must increase by 20% to reduce fire hazard
- Domtar slates \$30/tonne price hikes on pulp
- NewPage, Sappi, and Resolute announce \$20/tonne price hikes on NBHK
- Brazil start-up world’s largest pulp line
- China’s pulp imports up 15% ytd
- ONT. extends industrial electricity 25% discount

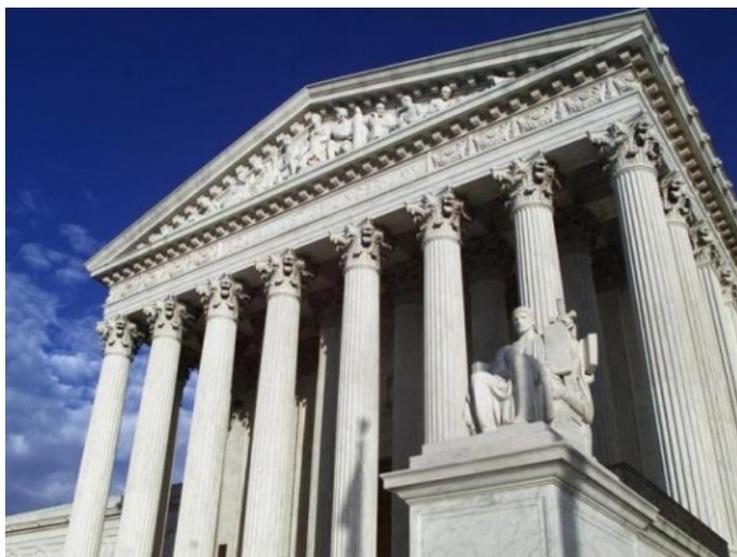
Bio-Markets – p8

- Activated charcoal, a low cost solution to clean up coal-fired power plants
- Lignin as drop-in replacement for phenols
- Resolute to make wood pellets in Thunder Bay
- 56 MW Georgia biomass power plant, paper mill

Wood Statistics Monthly – p9

NOTE: In accordance with Title 17 U.S.C. §107, any copyrighted material herein is distributed without profit or payment for non-profit news reporting and educational purposes only. Refer to:

<http://www.law.cornell.edu/uscode/17/107.shtml>



EPA preempts Supreme Court logging roads case with final rule on stormwater runoff but it’s not a done deal

December 4, 2012 (environmentalappealscourt.blogspot)— On Friday Nov. 30, U.S. EPA Administrator Lisa Jackson signed a Final Rule revising its Phase I stormwater regulations to clarify that stormwater discharges from logging roads do not constitute stormwater discharges associated with industrial activity and that a National Pollutant Discharge Elimination System (NPDES) permit is not required for these stormwater discharges. EPA indicated that it was "taking this action in response to *Northwest Environmental Defense Center v. Brown* (Ninth Circuit), in which the court held that stormwater runoff from certain logging roads is a point source discharge of industrial stormwater that requires an NPDES permit. EPA did not intend for logging roads to be regulated as industrial facilities and has revised its stormwater regulations to clarify the Agency's intent."

On Monday Dec. 3, the U.S. Supreme Court heard oral argument for the forest roads case *Decker v. Northwest Environmental Defense Center* (NEDC), which addresses three questions: (1) Is the Silvicultural Rule defining these roads as nonpoint sources a valid interpretation of the Clean Water Act (CWA)? (2) Did the U.S. EPA exclude logging from the industrial activity category which requires stormwater discharge (NPDES) permits? and, (3) Does the CWA allow NEDC to file this case in a Federal district court nearly 40 years after the Silvicultural Rule became final? EPA's final rule now makes most of the arguments moot.

--- continued on page 2 ---

Fifteen briefs support the positions of the state and industry petitioners; eight support NEDC. Thirty-one state attorneys general, associations of governors, state foresters, counties, state governments, state legislators, local governments, affected counties in the Northwest plus the Federal government all supported the petitioners. No states or other government representatives supported NEDC.

From a more legal perspective, the Ninth Circuit opinion represents a 180-degree reversal of one of the EPA's longest standing regulatory interpretations. The EPA has viewed stormwater runoff from logging roads as non-point source in nature ever since it first promulgated the Silvicultural Rule in 1973. The EPA made its position clear early on, stating in 1975 that "whether or not the rainfall happens to collect [in ditches] before flowing into navigable waters," that rainfall is properly regulated as "nonpoint in nature and should not be covered by the NPDES permit program. Throughout the last 37 years, Congress has acceded to this interpretation by never once correcting the EPA by statute. By adopting an unprecedented reading of the CWA, the Ninth Circuit court rejected four decades of EPA practice.

Silvicultural rule: The Ninth Circuit concluded that although the silvicultural rule did exempt certain discharges from permitting, it did not exempt runoff that was channelized before being discharged into waters of the United States because it is not "natural runoff," the term used in the rule. Further complicating matters, EPA, in a separate stormwater rule, later exempted certain point sources from permitting. Therefore, even if the logging road discharges are determined to be a form of point source pollution, they could still be exempt from regulation if the high court finds that they are not a form of "industrial activity."

When NEDC originally sued, U.S. District Judge Garr King of the District of Oregon wasn't much interested in whether sections of the roads feature ditches that channel stormwater to culverts that sent it into the South Fork Trask River and Little South Fork of the Kilchis River, respectively. The judge instead focused on the fact that the Justice Department said the runoff was not point source pollution. The case would have ended there if not for the 9th Circuit's intervention.

Political backlash: What happened instead was a political backlash in Washington, D.C., and the affected states when the appeals court ruling was issued. The Obama administration was paying close attention. After the decision, but before the case came before the Supreme Court, EPA announced plans to issue a rule that would confirm that such runoff is not subject to permitting. It recently sent its proposed rule to the White House for review. In that light, the actual question of whether logging roads should be subject to permitting has somewhat receded in importance. In fact, the Obama administration asked the court not to take up the industry and state petitions for the very reason that it was planning on addressing the industry concerns via the rulemaking.

The State of Oregon and the industry petitioners insisted the court should take the case anyway, in the hope that the court would at least find that logging runoff is not point source pollution. They are worried that if the 9th Circuit isn't reversed, EPA would still have future opportunities to regulate logging road runoff if it wanted to even if the rule is in effect. There is also the possibility that the court will decide the case on another issue that lurks beneath the surface: whether the appeals court even had the authority to hear the case in the first place. That's because Oregon and the industry defendants have argued that the appeals court effectively invalidated the silvicultural rule.

More info: Access the complete oral argument transcript ([click here](#)). Access a prepublication copy of the EPA final rule ([click here](#)). Access the Supreme Court docket ([click here](#)). Access links to all of the Merit and Amicus briefs ([click here](#)). Access the complete Ninth Circuit opinion ([click here](#)). Access EPA's Stormwater Discharges From Forest Roads website for complete background and information ([click here](#)). [#Water, #Land, #SupCt, #CA9]

GENERAL INTEREST

USFWS nearly doubles spotted owl “critical habitat” to 9.6 million acres

November 24, 2012 (Associated Press)—The latest building block of the Obama administration’s strategy to keep the northern spotted owl from extinction nearly doubles the amount of Northwest national forest land dedicated to protecting the bird by the Bush administration four years ago. The U.S. Fish and Wildlife Service announced 9.6 million acres in Oregon, Washington and Northern California will come under spotted owl “critical habitat” provisions, almost all of it federal lands. The amount is down from nearly 14 million acres proposed last February but vastly exceeds the 5.3 million acres proposed under the Bush administration in 2008. The new designation comes after a lawsuit and a finding from the Department of the Interior's inspector general in 2008 that Bush administration appointees distorted the science last time around. In 2008, the service designated 5.3 million acres as critical habitat, the vast majority already reserved from logging under the Clinton-era Northwest Forest Plan.

Minn. researchers testing wasps to stop emerald ash borer

November 27, 2012 (Pioneer Press)—The Minnesota Department of Agriculture is teaming up with the University of Minnesota and the U.S. Forest Service to combat the emerald ash borer. Scientists are researching stingless wasps, which are predators of the destructive beetle. Field testing started in 2010 in Great River Bluff State Park outside of Winona, St. Paul, and Grand Rapids. "The wasps are fussy eaters, not only do they only like EAB (the emerald ash borer), they can only eat EAB," said Brian Aukema, an assistant professor at the University of Minnesota. The biological control project is funded by a \$500,000 grant from the Minnesota Environment and Natural Resources Trust Fund.

USFS awards Colorado firms \$13.4 million to harvest 20,000 acres of beetle-killed timber

DENVER, November 26, 2012 (Aspen Business Journal)—Bolstering a long-term strategy to address fuel reduction and overall forest health, USDA Under Secretary Harris Sherman today announced two Forest Service 10-year stewardship contracts totaling \$13.4 million. The two contracts identify projects that will treat a minimum of 20,000 acres in two Colorado national forests. The stewardship contracts are focused on improving the health of subalpine and mountain forests affected by mountain pine beetle on portions of the Medicine Bow-Routt and the White River national forests in southern Wyoming and northern Colorado. The stewardship contracts announced today add to the \$100 million the Forest Service directed toward addressing bark beetle infestations in the Rocky Mountain Region since 2010.

The beetle who stole Christmas (decorations)

December 7, 2012 (Vancouver Sun)—The B.C. Liquor Distribution Branch was recently ordered to destroy \$182,000 worth of Christmas decorations imported from China because the shipment included an unwanted gift: a brown fir longhorned beetle. The wood-boring pest, which attacks dead or dying trees, was discovered by staff at a Metro liquor store last month as they unpacked wood and pine cone decorations. The beetle was reported to the Canadian Food Inspection Agency, which last week ordered the decorations be removed from stores and destroyed.

Arrests made in massive maple syrup heist

December 18, 2012 (Reuters)—Police in Quebec announced a breakthrough in the mysterious disappearance last August of 9,600 barrels of Canadian maple syrup. Initially reported at \$30 million market value, the value estimate has since been reduced to about \$20 million. Some 75% of the syrup has been recovered to date. Three suspects were arrested, vehicles were seized and syrup-making equipment recovered after a manhunt in Canada and the United States, the Quebec provincial police force said in a statement on Tuesday. Five other suspects were still being "actively" sought in the investigation that also netted two elevator carts, four syrup kettles, platform lifts and six electronic scales.

ECONOMY & HOUSING

November jobs report better than expected with 146,000 jobs added

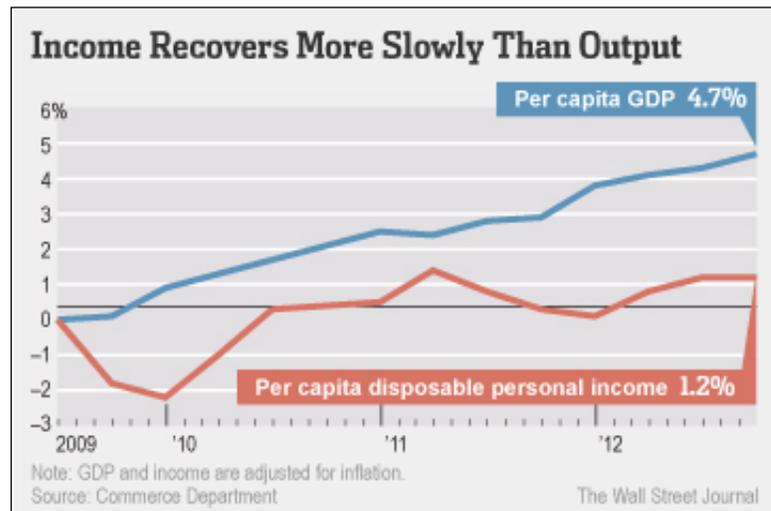
December 7, 2012 (Forbes)—The U.S. added 146,000 new jobs last month, new Labor Department data shows. Government economists say the hurricane didn't impede November's tally. Last month's figure fits with the labor market's performance this year. The country had averaged a monthly gain of 151,000 this year. In the past three months, the figure was closer to 170,000. Another employment metric, which accounts for job hunters not receiving unemployment benefits and those forced to work part-time, supported the headline figure. Total unemployed fell to 14.4% from 14.6% a month earlier. "The labor market continues to improve gradually, which is good news given fears over the fiscal cliff," says IHS economist Nigel Gault. "That suggests that if we can successfully negotiate the cliff, employment growth should accelerate in 2013."

Disposable personal income not coming back anytime soon

December 1, 2012 (WSJ)—Disposable income growth hasn't kept up with broader economic expansion during the recovery, and it's likely to remain under pressure for the foreseeable future. **Income after taxes, or disposable personal income, per capita has grown just 1.2% since the recovery began in June 2009** through the third quarter of this year.

By contrast, inflation-adjusted gross domestic product per capita has increased 4.7% over the same period.

To be sure, GDP fell further than income during the recession, but the path of recovery has been steadier for economic growth as a whole than individual income. Consumers have managed to prop up growth in recent quarters. Increased spending accounted for more than a third of the 2.7% GDP growth recorded in the third quarter. Job gains have helped boost spending, but without advancing incomes it will be hard for consumption to drive growth.



Fannie Mae revises 2012-13 housing starts forecast higher

November 9, 2012 (News Release)—Low inventory, rising sales, and firming prices have boosted home building activity. Given the recent improvement in housing activity, we revise higher our forecast for this year and next year from the prior forecast. **We now expect housing starts to increase 30% y/y, from 609,000 in 2011 to 770,000 in 2012, followed by slightly more moderate growth in 2013 to 936,000 starts, a 20% increase y/y.** There is an upside risk to our housing forecast: the pent-up demand and stronger household formation may result in better than anticipated housing activity next year.

Q3 y/y foreclosures fall in 62% of metro areas

October 25, 2012 (CNN)—According to RealtyTrac®, third quarter foreclosure activity decreased from a year ago in 131 out of the nation's 212 (62 percent) metropolitan areas with a population of 200,000 or more. "Nearly two-thirds of the nation's largest metros posted decreases in foreclosure activity in the third quarter, indicating that most of the nation's housing markets are past the worst of the foreclosure problem" said Daren Blomquist, vice president at RealtyTrac.

FINANCE & MANAGEMENT

Sappi Cloquet has new labor agreement with USW

BOSTON, December 8, 2012 (PRNewswire) - Sappi Fine Paper Cloquet, Minnesota and the United Steelworkers (USW) announced ratification of a new labor agreement. USW had authorized a strike, but that wasn't needed. Approximately 400 workers are covered by the labor agreement. With contract negotiation now complete, the Cloquet mill can continue to concentrate on producing world-class paper and completing the \$170 million capital project to convert the pulp mill to specialized cellulose.

Wausau Brainerd announces 55 layoffs, exits print paper business

BRAINERD, MN, Nov. 16, 2012 (Brainerd Dispatch)—Wausau Paper (NYSE: WPP)—has announced the end of print paper production at its Brainerd, Minnesota mill, meaning layoffs for 48 hourly and seven salary employees. Prior to layoffs, the mill employed 137 hourly staff and 34 salary workers. Layoffs of hourly staff are expected by December 31, with some salaried positions staying on until July. “This is not indicative of any kind of new event that is facing the company or the business related to Brainerd,” said Perry Gruber, director of investor relations with Wausau. “This is part of the strategy to convert the mill to specialty grades and leave the printing and writing business behind.”

In 2011, the Brainerd mill completed a \$27 million capital investment that rebuilt the No. 7 paper machine to make technical and specialty grades, such as those used to produce masking tape and to a limited degree packaging for the food industry. “While the local impacts are regretful,” Gruber said the broader reach of the technical paper grades will be better than printing paper and provide more opportunity for the Brainerd facility in the long term.

CAT closing logging equipment plant in Owatonna, Minn., 100 jobs lost

November 7-9, 2012 (Local News Remix)—Some unwelcome economic news hit Owatonna, Minnesota Thursday with word that Caterpillar Inc. (NYSE: CAT) will close its logging equipment plant, a move that will cost the community about 100 jobs. Tree harvesters currently made in Owatonna will transition to production at other Caterpillar plants in Prentice, Wisconsin and LaGrange, Georgia. Most employees are expected to be gone by January even though the plant won't officially close until March 1. Nineteen engineers will stay in Owatonna permanently and work on various projects for the construction, mining and logging machine giant, said spokeswoman Rachel Potts. Just last year, all employees in the factory posed for pictures to celebrate the manufacturing of their 10,000th forestry machine. John Carpenter, president of Caterpillar's Forest Products Division, said in a statement the closing was needed "to make our business more efficient and competitive."

IP selling Temple-Inland building products business to G-P for \$750 million cash

MEMPHIS, TN, December 13, 2012 (PRNewswire)—International Paper (NYSE:IP) today announced that it has reached an agreement to sell its Temple-Inland Building Products division to Georgia-Pacific LLC for \$750 million in cash, subject to certain pre-and post-closing adjustments. The assets to be sold include 16 manufacturing facilities - five solid wood mills, four particleboard plants, two medium-density fiberboard plants, one fiberboard plant and four gypsum wallboard plants.

Verso Sartell receives \$84 million insurance settlement

November 13, 2012 (St. Cloud Times)—Verso Paper Corp. (NYSE: VRS) on Tuesday announced it has received about \$84 million in an insurance settlement from the Memorial Day explosion and fire that injured four people, killed an employee and led to a decision to close its Sartell mill. The company received \$40 million during the third quarter, for which results were reported Tuesday, and has subsequently settled for another \$44 million and concluded the insurance claims process.

PRODUCTION & PRICES

Global paper outlook positive for 2013, growth driven by tissue and packaging

BEDFORD, MA, December 3, 2012 (RISI)—After a second consecutive year of only 1% growth in 2012, world paper and paperboard demand is predicted to rise 3% in 2013. Accelerating economic growth will be a significant factor in this positive forecast. We are expecting that the graphic paper share losses to electronic alternatives will relent to some degree next year. Therefore, growth in global paper and paperboard demand will move closer to the increase in the general economy compared to 2011-2012. Global printing & writing paper demand is predicted to register positive growth of 2%, after a flat performance in 2011-2012. Despite the projected rebound, global printing & writing paper consumption will remain 7 million tonnes below the peak reached in 2007.

Growth engines for the world paper and board industry will continue to be tissue and packaging. World tissue consumption is forecast to increase 4.5% in 2013, or slightly above the annual pace of the previous three years, and will be 6 million tonnes above its 2007 level or 22% higher. Global containerboard demand is predicted to rise 4% in 2013, following 2.5% annual growth in 2011-2012, with the growth relative to 2007 being 23 million tonnes or an 18% gain. Other paper and board usage, led by boxboard and specialty papers, is also expected to advance 4% in 2013, compared to 2% annual increases in 2011-2012. Other paper and paperboard demand is forecast to be 9 million tonnes above 2007 in 2013, translating into an 11% rise.

Lumber prices forecast to soar in 2013 as housing super-cycle begins

December 10, 2012 (International Wood Markets Group)—With the return of a demand-driven wood products market in 2012, it is now forecast that softwood lumber and panel prices will move to new highs in 2013 and record highs for lumber in 2014. A North American “super-cycle” is predicted as a result of emerging supply-side constraints (mainly on forests and logs) as well as changing demand dynamics. With the expectation of strong growth in U.S. housing starts over the next five years, combined with a better balance in the housing inventory and a recovering economy, the U.S. supply chain is expected to become overwhelmed at times, allowing wood products prices to soar. Five-year forecasts on OSB and plywood also see strong prices, but not as high as what are in store for lumber.

Domestic cabinet makers buying maple, supply is tight

December 12, 2012 (woodworkingnetwork.com)—Domestic cabinet manufacturers report steady to slightly higher demand for their products, with Hard Maple and Soft Maple lines leading the way. While not all lumber sellers are enjoying robust Hard Maple sales, Soft Maple is moving well for most everyone. Supplies of both Hard and Soft Maple are tight at the mill and yard levels. In addition, several mills are sold out of kiln-dried 4/4 FAS/1F Red Oak into January, and many have orders from flooring plants for all their green 4/4 #2&3A Common Red Oak production into February. Flooring plants have also been buying larger volumes of green 4/4 #1 Common Red Oak.

USFS chief says federal timber harvest must increase by 20% to reduce fire hazard

BOISE, December 4, 2012 (Capital Press)—Representatives of Idaho's forest industry reacted positively to U.S. Forest Service Chief Tom Tidwell's announcement that timber harvest on federal land would increase by 20 percent over the next couple of years. Tidwell told members of Boise's City Club November 30 that this year's severe wildfire season is an example of why it's critical to restore forest health by clearing out some of the fuel that is leading to much bigger wildfires. “Close to 9 million acres burned across the nation this year, much more than normal,” Tidwell said. Federal scientists predict that fire seasons of 12-15 million acres will be the norm in the future unless drastic measures are taken. “We have to find ways ... to reduce the level of severity of these fires. About 80 million of the agency's 193 million acres need to be restored and that thinning is one of the main tools to accomplish that” he said.

Domtar slates \$30/tonne NBSK, SBSK price hikes in North America

December 11, 2012 (RISI)—Domtar has begun informing North American customers that its northern bleached softwood kraft (NBSK) and southern bleached softwood kraft (SBSK) market pulp prices will increase \$30/tonne, effective January 1, 2013 until further notice. Domtar told domestic customers its NBSK list price would increase to \$900/tonne and its SBSK list price would increase to \$860/tonne. Brazilian firms Fibria and Suzano separately announced \$20-30/tonne global hikes last week, with list prices announced at \$850/tonne in North America, \$800/tonne in Europe, and \$700/tonne in Asia.

NewPage, Resolute, and Sappi announce NBHK \$20/tonne price hikes

November 30, 2012 (RISI)—NewPage announced to customers today that its northern bleached hardwood kraft (NBHK) pulp price would increase \$20/tonne in North America, bringing the number of NBHK producers to recently slate December increases to three. Resolute and Sappi separately announced \$755/tonne list prices on aspen and mixed NBHK for Dec. 1. Sappi, the first NBHK producer to announce a December hike on Thursday, also set a \$765/tonne US list on maple NBHK.

Brazil start-up world's largest pulp line at 1.5 million tpy capacity

December 10, 2012 (PulpPaperNews.com)—Eldorado Celulose e Papel has started up the world's largest single-line pulp mill at its Três Lagoas mill in the Brazilian province of Mato Grosso do Sul. When fully operational, the mill will have a capacity to produce 1.5 million tons a year of bleached eucalyptus pulp. The estimated capital investment was R\$6.2 billion [US\$3 billion]. Fiber supply is 100% plantations. Product is to be exported to paper producing markets in South America, North America, Europe and Asia.

China's pulp imports up 15.2% ytd, lumber & logs down

December 11, 2012 (CIBC Release)—With the planned startup of 16 million tonnes of paper capacity (mostly tissue and paperboard), China will continue to be a net buyer of increasing volumes of market pulp through 2014. The outlook for Chinese lumber imports will depend upon the level of stimulus programs the new regime embarks upon as well as government support levels for social housing.

Market Pulp - In November, China imported 1,410,000 tonnes of pulp at an average cost of \$654 per tonne. **YTD pulp imports are at 15,070,000 tonnes, up 15.2%** over the first eleven months of 2011 when China imported 13,080,000 tonnes of pulp at an average cost of \$833 per tonne.

Lumber - In November, China imported 1,860,000 m3 of lumber at an average cost of \$268 per m3. **YTD lumber imports are at 18,730,000 m3 of lumber, down 4.7%** over the first eleven months of 2011 when China imported 19,650,000 m3 of lumber at an average cost of \$265 per m3.

Logs - In November, China imported 3,370,000 m3 of logs at an average price of \$184 per m3. **YTD log imports are at 34,760,000 m3, down 11.1%** compared to the first eleven months of 2011 when China imported 39,090,000 m3 of logs at an average cost of \$196 per m3.

Ontario extends industrial electricity 25% rate discount program

December 14, 2012 (News Release)—Ontario intends to extend and revise the [Northern Industrial Electricity Rate \(NIER\) program](#) for three years to support continued growth and development in northern resource and manufacturing sectors. **The NIER program is available to facilities that consume 50,000 megawatt hours of electricity per year, and can reduce industrial electricity costs up to 25%. The NIER program has created or sustained almost 16,000 jobs at 24 mining and forestry facilities in northern communities since it was launched in 2010.** Tembec President and CEO James Lopez stated “partnering with the Government is helping to create an economic environment that is more favorable for our renewable resource industry, and enables forest products companies like ours to look ahead with greater confidence.” Roger Barber, Resolute Forest Products' general manager of forestry and fiber resources in Thunder Bay, applauded the decision. “It’s pretty hard to overstate how important this program is to our industry,” he said, estimating one-third of papermaking costs are devoted to energy consumption.

BIO-MARKETS

Activated charcoal, a low cost solution to clean up coal-fired power plants

December 5, 2012 (Midwest Energy News)—Wood biomass could soon have a new role in cleaning up coal-fired power plant emissions. A year-old company called **Biogenic Reagents** recently completed construction of a \$30 million, commercial-scale production facility in **Marquette, Michigan**, where it's cooking sustainably harvested wood into activated carbon, a **product that can pull mercury out of power plant emissions**. The technology could enable coal plants to comply with forthcoming EPA mercury rules at a relatively low cost. Activated carbon, sometimes called activated charcoal, is a porous material that's good at absorbing or bonding with other materials. Its most common use is in water filtration, everywhere from municipal water treatment plants to the water pitcher in your refrigerator. The use of activated carbon at power plants is a relatively new one. A mercury emissions control program at the U.S. Department of Energy's National Energy Technology Laboratory in Pittsburgh funded activated carbon research for about a decade ending in 2008. "What's compelling about it is it's an **inexpensive retrofit technology**," says Tom Feeley, who managed the DOE mercury control program.

Lignin has potential as drop-in replacement for phenols

December 8, 2012 (Pulp & Paper Canada)—Lignin could become the main renewable aromatic resource for the chemical industry in the future, according to an analysis by Frost & Sullivan. The first opportunity could emerge as early as 2015 from the direct substitution of phenol in most of its industrial applications: **phenolic resins, surfactants, epoxy resins, adhesives or polyester**, the study states. "The industry is just beginning to scratch the surface of lignin's potential," explains Frost & Sullivan consultant, Nicolas Smolarski. "It is the only renewable source for industrial aromatics production and is de-correlated from the fluctuating price of oil." Lignin represents 30% of all the non-fossil organic carbon on Earth.

Resolute to manufacture industrial wood pellets at its Thunder Bay, ON sawmill

THUNDER BAY, November 22, 2012 (CNW)—Resolute Forest Products today announced plans to build a \$10 million industrial wood pellet plant that will convert a currently underutilized residual material into a reliable source of renewable energy. Construction of the plant is expected to begin shortly and is scheduled for completion in 2014. **The company has signed a ten-year agreement to supply Ontario Power Generation with 45,000 metric tons of pellets annually**. The plant will be built adjacent to the company's sawmill in Thunder Bay, Ontario, creating approximately 24 new jobs when fully operational and improving the long-term viability of the sawmill and the approximately 350 jobs that it supports.

56 MW, \$95 million Georgia biomass power plant co-located at paper mill

December 6, 2012 (The Telegraph)—**A new biomass power plant announced Thursday is expected to bring hundreds of related jobs and a direct \$95 million investment**. The investment is being made by Dublin-based Green Power Solutions [GPS]. The GPS power plant will be co-located at an existing paper mill in Laurens County that was recently purchased by SP Fiber Technologies LLC. **The planned capital ex will allow GPS to provide the steam required for the paper mill's operations and to generate 56 megawatts of electricity that will be sold to Georgia Power Co. under a 20-year purchase agreement**.

World's first green investment bank opens for business

December 6, 2012 (Biomass Magazine)—The U.K. Department for Business, Innovation & Skills recently declared the U.K. Green Investment Bank plc open for business. The entity is the **world's first investment bank dedicated solely to green investments**. According to the U.K. government, the initiative is part of its commitment to setting the U.K. on course towards a green and growing economy. For start-up, the bank has been funded with EUR 3 billion (US\$4.8 billion) in government money.

Wood Statistics Monthly

| Category & Sub-Category | Latest Month | Month Ago | M/M Change | Year Ago | Y/Y Change |
|---|----------------|-----------|------------|-----------|------------|
| Industrial Production (2007=100 SA) | | | | | |
| Mfg - Lumber & Wood Products | Nov(p) 73.86 | 71.44 | 3.4% | 70.04 | 5.5% |
| Mfg - Pulp, Paper, & Paperboard | Nov(p) 83.20 | 83.04 | 0.2% | 85.20 | -2.3% |
| Mfg - All NAICS | Nov(p) 95.32 | 94.29 | 1.1% | 92.47 | 3.1% |
| Capacity Utilization (% SA) | | | | | |
| Mfg - Lumber & Wood Products | Nov(p) 69.3% | 66.9% | 3.6% | 64.0% | 8.3% |
| Mfg - Pulp, Paper, & Paperboard | Nov(p) 81.4% | 81.1% | 0.4% | 81.4% | 0.0% |
| Mfg - All NAICS | Nov(p) 77.3% | 76.5% | 1.0% | 76.2% | 1.4% |
| Exports F.A.S. Basis (US\$ Millions) | | | | | |
| Roundwood, Chips, & Misc | Oct \$224.6 | \$182.7 | 22.9% | \$198.0 | 13.4% |
| Lumber & Wood Products | Oct \$547.0 | \$521.8 | 4.8% | \$517.9 | 5.6% |
| Pulp, Paper, & Paperboard | Oct \$2,096.1 | \$2,163.3 | -3.1% | \$2,168.7 | -3.3% |
| Housing Market (000s Units SAAR) | | | | | |
| Private Housing Starts | Nov(p) 861 | 888 | -3.0% | 708 | 21.6% |
| Private Building Permits | Nov(p) 899 | 868 | 3.6% | 709 | 26.8% |
| New Residential Sales | Oct(p) 368 | 369 | -0.3% | 314 | 17.2% |
| Employment (000s Jobs NSA) | | | | | |
| Total Nonfarm | Nov(p) 135,069 | 134,702 | 0.3% | 133,172 | 1.4% |
| Manufacturing | Nov(p) 11,967 | 12,007 | -0.3% | 11,807 | 1.4% |
| State & Local Govt. | Nov(p) 19,650 | 19,519 | 0.7% | 19,650 | 0.0% |
| Forest Industry (000s Jobs NSA) | | | | | |
| Logging | Nov(p) 51.2 | 52.0 | -1.5% | 49.7 | 3.0% |
| Lumber & Wood Products | Nov(p) 335.0 | 333.4 | 0.5% | 331.7 | 1.0% |
| Pulp, Paper, & Paperboard | Oct(p) 108.9 | 109.4 | -0.5% | 108.6 | 0.3% |
| Converted Paper Products | Oct(p) 279.0 | 281 | -0.7% | 283.2 | -1.5% |
| Market Pulp SPOT Prices (US\$/ton) | | | | | |
| Eucalyptus (delivered US East) | Nov(r) \$810 | \$810 | 0.0% | \$820 | -1.2% |
| NBHK (delivered US East) | Nov(r) \$545 | \$530 | 2.8% | \$560 | -2.7% |
| NBSK (delivered US East) | Nov(r) \$630 | \$610 | 3.3% | \$670 | -6.0% |
| Structural Panel Prices (US\$/Msf) | | | | | |
| RL Structural Panel Composite | Dec-7 \$436 | \$422 | 3.3% | \$302 | 44.4% |
| OSB NC 7/16 Sheathing (fob) | Dec-7 \$345 | \$325 | 6.2% | \$192 | 79.7% |
| OSB SE 7/16 Sheathing (fob) | Dec-7 \$315 | \$292 | 7.9% | \$169 | 86.4% |
| Lumber Prices (US\$/Mbf) | | | | | |
| RL Eastern SPF Composite | Dec-7 \$399 | \$381 | 4.7% | \$305 | 30.8% |
| KD West-SPF 2x4, #2&Btr. del Chicago | Dec-7 \$433 | \$403 | 7.4% | \$308 | 40.6% |
| Red Oak Grn 4/4 #2A& (fob) | Dec-7 \$480 | \$480 | 0.0% | \$500 | -4.0% |
| Pallet Lbr Mixed Grn 4/4 RW (fob) | Dec-7 \$225 | \$225 | 0.0% | \$225 | 0.0% |
| US Rail Shipments (carloads) | | | | | |
| | 4 weeks | 5 weeks | | 4 weeks | |
| Roundwood & Chips | Nov 6,140 | 7,515 | n/a | 5,995 | 2.4% |
| Lumber & Wood Products | Nov 11,703 | 15,859 | n/a | 10,638 | 10.0% |
| Pulp & Paper Products | Nov 23,941 | 28,128 | n/a | 23,717 | 0.9% |
| Canadian Rail Shipments (carloads) | | | | | |
| | 4 weeks | 5 weeks | | 4 weeks | |
| Roundwood & Chips | Nov 6,033 | 7,619 | n/a | 6,190 | -2.5% |
| Lumber & Wood Products | Nov 10,898 | 14,193 | n/a | 10,534 | 3.5% |
| Pulp & Paper Products | Nov 13,290 | 15,527 | n/a | 13,534 | -1.8% |

(p) = preliminary, (r) = revised