

WOOD MARKETS MONTHLY

August 30, 2011

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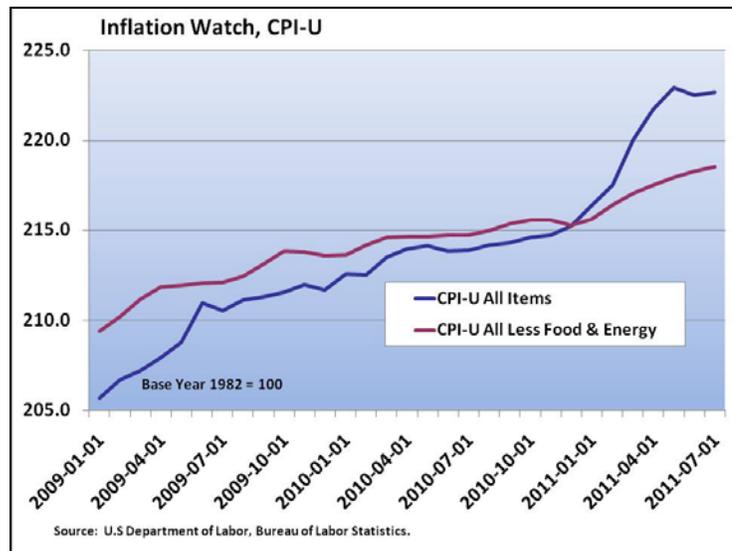
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Inflation Watch: CPI increased 0.5% in July with 12-month inflation at 3.6%

August 18, 2011 (BLS News Release) - The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.5 percent in July on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 3.6 percent before seasonal adjustment.

The gasoline index rebounded from previous declines and rose sharply in July, accounting for about half of the seasonally adjusted increase in the all items index. The food at home index accelerated in July and also contributed to the increase, as dairy and fruit indexes posted notable increases and five of the six major grocery store food groups rose. The index for all items less food and energy increased as well, though the 0.2 percent increase was slightly smaller than the two previous months. The shelter index accelerated in July, and the apparel index again increased sharply. In contrast, the index for new vehicles was unchanged after a long string of increases. The index for household furnishings and operations was flat in July as well, and the recreation index declined slightly.

The 12 month change in the all items index remained at 3.6 percent for the third month in a row. The change in the index for all items less food and energy continued its upward trend, rising to 1.8 percent in July, with the shelter and apparel indexes contributing notably to the acceleration. The energy index has risen 19.0 percent over the past year.

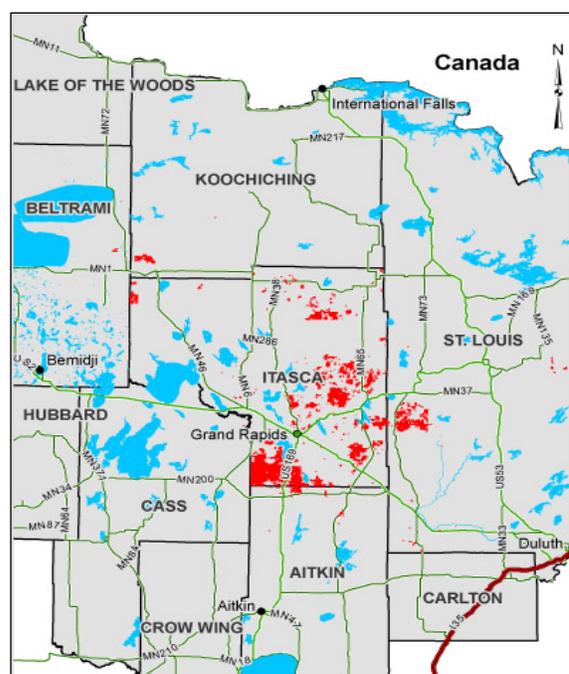
GENERAL INTEREST

U.S. economy sputters at 1% growth while corporate profits jump \$83.8 billion

August 26, 2011 (BEA News Release w/editors title) - Real gross domestic product [GDP] -- the output of goods and services produced by labor and property located in the United States -- increased at an annualized rate of 1.0 percent in the second quarter of 2011 as compared to the advance estimate of 1.3 percent, according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 0.4 percent. The increase in real GDP in the second quarter primarily reflected positive contributions from nonresidential fixed investment, exports, personal consumption expenditures (PCE), and federal government spending that were partly offset by negative contributions from state and local government spending and private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased. Corporate profits from current production (profits with inventory valuation and capital consumption adjustments) increased \$57.3 billion in the second quarter, compared with an increase of \$19.0 billion in the first quarter. Current-production cash flow (net cash flow with inventory valuation adjustment) -- the internal funds available to corporations for investment -- increased \$83.8 billion in the second quarter, compared with an increase of \$21.1 billion in the first.

UPM Blandin challenges property tax assessments on Minnesota forest land

August 1, 2011 (Multiple Local News Sources) - In seeking to have its property tax assessments lowered, the forestry company, a subsidiary of the Finnish conglomerate UPM-Kymmene, contends the land value has fallen as a result of the recessionary real estate bust. The move, which would have a major impact on the local governments in the areas where the Blandin property is located, wasn't expected by state and county officials. "This is going to be a big thing," said Itasca County Assessor Brian Connors. In Aitkin County, the tax challenges involve 126 property parcels, most consisting of 40 acres apiece. One township has 36 parcels with estimated market values ranging from \$34,400 to \$58,500. Blandin officials contend county assessors set the market values higher than actual values and assessed the property "unequally" when compared with other properties. Blandin owns and manages 187,876 acres of forest land in northern Minnesota.



UPM Blandin Minnesota forest land ownership.
Source: Blandin Forestry website.

July existing home sales slip on economic uncertainty, still up 21% from year ago

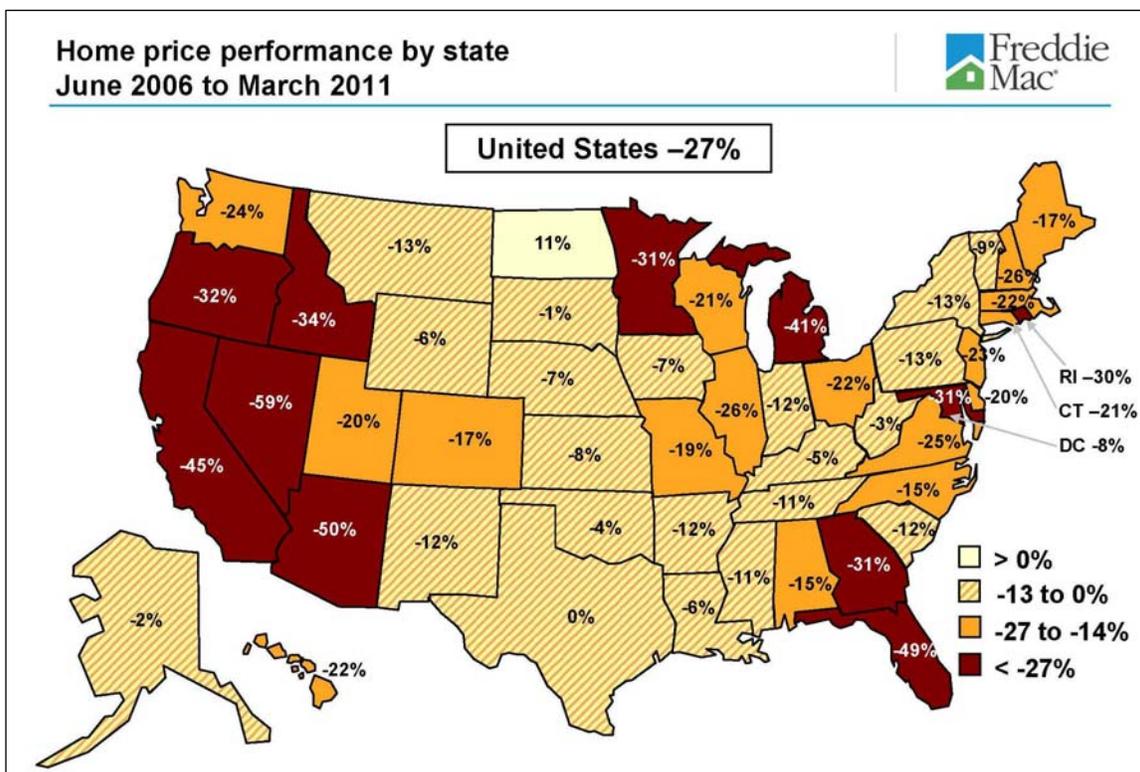
WASHINGTON, DC, August 18, 2011 (National Association of Realtors News Release) - Existing-home sales declined in July from an upwardly revised June pace but are notably higher than a year ago, according to the National Association of Realtors®. Total existing-home sales, which are completed transactions that include single-family, townhomes, condominiums and co-ops, fell 3.5 percent to a seasonally adjusted annual rate of 4.67 million in July from 4.84 million in June, but are 21.0 percent above the 3.86 million unit pace in July 2010, which was a cyclical low immediately following the expiration of the home buyer tax credit.

30-year mortgage rate hits record low 4.15% but, no boost to home sales

August 19, 2011 (Associated Press) - The average rate on a 30-year fixed mortgage has fallen to its lowest level on record. The rate on the most popular mortgage dipped to 4.15% from 4.32% a week ago, Freddie Mac said Thursday. Its previous low of 4.17 percent was reached in November. The average rate on a 15-year fixed mortgage, which is popular for refinancing, fell to 3.36%, also a record low. It's the third straight week of record lows for the popular refinancing

After previous recessions, housing accounted for 15 percent to 20 percent of overall economic growth. This time, in 2009 and 2010, housing contributed just 4 percent to the economy. Many would-be buyers can't take advantage of the low rates. The unemployment rate is 9.1 percent, few Americans are getting raises and many are struggling to shrink their debt loads. Banks are also insisting on higher credit scores and larger down payments for first-time buyers. Many repeat buyers have too little equity invested in their homes to qualify for loans. Others are too nervous about the economy or their job security to invest in a home.

Freddie Mac reports U.S. home prices down cumulative 27%



USFS voids high-priced timber contracts to save sawmills

Denver, August 4, 2011 (Associated Press) - The U.S. Forest Service is offering to void or renegotiate timber sale contracts in an effort to save sawmills in the Rocky Mountain region that have been hit hard by bark beetle infestations, the recession and financially unviable agreements. Acting regional forester Jerome Thomas said Thursday that sawmills are needed more than ever to help cope with a bark beetle infestation that has ravaged an estimated 41 million acres in the West. "These contracts have been a liability, rather than an asset," Thomas said. The offer will help sawmills in Colorado, South Dakota, Wyoming and Nebraska, he added. Bark beetles have killed 4 million acres of forests in Colorado and Wyoming. Loggers have only been able to cut down about 60,000 acres of dead trees to protect local communities, watersheds, campers and hikers from wildfires and falling trees.

U.S. Sen. Mark Udall said Colorado's three sawmills -- in Montrose, Saguache and Delta -- are struggling because of the downturn in the housing market and lower demand for wood products. Timber contracts purchased before the recession don't provide enough money to cover the costs of cutting trees and turning them into lumber and other wood products, he said.

One-time timber giant [Boise Cascade] quietly leaves town

August 24, 2011 (Local News) - After 94 years, what could be the last shipment of wood products from the Boise Cascade mill in Emmett, Idaho will leave the yard sometime in the middle of September. The mill that provided livelihoods for generations of Gem County families curtailed production at the beam manufacturing facility in June. Boise Cascade Vice President of Human Relations and Communication John Sahlberg said there will be some activity at the plant putting equipment in storage until sometime in October when the doors will be closed. With Boise Cascade's acquisition of a beam plant in Homedale earlier this year, there's much uncertainty about whether the Emmett facility will ever return to operation. "I wouldn't say it's impossible, but unfortunately, at this point it looks improbable," Sahlberg said. At its peak of operation in the 1970s, an estimated 1,500 workers were employed at the Emmett facility with a sawmill, plywood plant, co-generation power plant, and a beam manufacturing facility operating at the site.

Francis Wagner, a professor of forest products at the University of Idaho, said there were numerous conditions that developed over the last 30 years that conspired against operations like Boise Cascade's Emmett mill. But he said the key factor that initially turned the Payette River drainage into a wood products empire, was also the key factor that led to its eventual decline-timber on federal lands. "The mills in that area depended on forest service timber," he said. When a changing political environment that began in the 1980s started to choke off that supply, the mill's days were numbered. According to Wagner, the United States Forest Service manages 77 percent of the timber land in Idaho, including most of the logs that found their way into the Emmett mill pond. When management practices in USFS forests began to change, the forest service began to cut back on timber harvests, squeezing the supply of timber that Boise Cascade's southern Idaho operations depended on.

DuPont admits new weed herbicide Imprelis has killed trees

July 28, 2011 (The News Journal) - The DuPont Co. is admitting that its new herbicide, Imprelis, has damaged large spruce and pine trees on golf courses and properties from New Jersey to Wisconsin. DuPont, which has been investigating complaints, said that, "based on our ongoing review, we have observed tree injuries associated with Imprelis primarily on Norway spruce and white pine trees. Damage associated with Imprelis has been most prominent in Minnesota, Michigan, Indiana, Ohio, Pennsylvania, New Jersey and Wisconsin, according to the company's review. At least four lawsuits have been filed in federal court seeking damages from DuPont for tree damage the plaintiffs say was caused by Imprelis, which was introduced by the company last fall to control weed growth.

FINANCE & MANAGEMENT

Molpus to purchase 90,000 acres in northern Michigan

JACKSON, MS, August 2011 (News Release) - The Molpus Woodlands Group, LLC (Molpus), a timberland investment management organization headquartered in Jackson, Mississippi, has, on behalf of a client, entered into an agreement to purchase approximately 90,000 acres of timberland located in northern Michigan. The close of the purchase is set to occur at the end of August 2011. The timberland, located in Baraga, Houghton, Iron, and Ontonagon Counties, Michigan, consists mainly of northern hardwoods such as maple, yellow birch, white spruce, and white pine. Molpus currently maintains an office in Houghton, Michigan to oversee the management of approximately 67,000 acres in the Upper Peninsula of Michigan.

AbiBow reports improved Q2 earnings with net \$61 million

MONTREAL, Aug. 10, 2011 /CNW Telbec/ - AbitibiBowater Inc. (NYSE: ABH) (TSX:ABH) today reported net income for the second quarter of 2011 of \$61 million, or \$0.63 per diluted share, on sales of \$1.2 billion. These results compare with a net loss of \$297 million, or \$5.15 per diluted share, on sales of \$1.2 billion for the second quarter of 2010. The net income for the second quarter, before certain special items, was \$69 million, or \$0.71 per diluted share, compared with a second quarter 2010 net loss before special items of \$197 million, or \$3.31 per diluted share.

UPM Q2 operating profit up 42% y/y

HELSINKI, Aug. 3, 2011 (Globe Newswire) - Sales for the second quarter of 2011 were EUR 2,423 million, 9% higher than the EUR 2,216 million in the second quarter of 2010. Sales grew mainly due to higher sales prices, especially in the Paper business area. Delivery volumes increased in external pulp sales, Label, Paper and Plywood.

Appleton posts Q2 \$3.3 million loss and \$8.5 net loss ytd

APPLETON, WI, Aug. 8, 2011 (PRNewswire) - Appleton's second quarter 2011 net sales of \$216.6 million decreased 1.9% compared to second quarter 2010. Appleton's second quarter 2011 operating income was \$10.7 million compared to operating income of \$2.1 million during second quarter 2010. For Q2, net loss from continuing operations was \$3.281 million. For the six months ended July 3, 2011, the company reported a net loss from continuing operations of \$8.478 million.

Ainsworth Q2 loss narrows to \$12.9 million

Vancouver, August 5, 2011 (News Release) - Ainsworth Lumber Co. Ltd. (TSX: ANS and ANS.WT) today reported its financial results for the second quarter of 2011. In the second quarter of 2011, Ainsworth recorded a net loss from continuing operations of \$12.9 million compared to a loss of \$17.3 million in the second quarter of 2010. This decrease is primarily due to a \$27.2 million increase in the unrealized foreign exchange gain on long-term debt, a \$3.0 million decrease in amortization expense, a \$1.1 million decrease in finance expense and a \$10.9 million increase in income tax recovery, partially offset by a \$33.1 million decrease in gross profit.

Ainsworth President and CEO Rick Huff said, "the decision we made to implement strategic capital projects in the fourth quarter of 2010, which is typically a period of seasonally lower demand, resulted in operational efficiency gains in the second quarter of 2011. I am particularly pleased to report that, in Q2, our OSB mill in Barwick, Ontario recorded its highest volumes of production since its purchase in 2004. Additionally, the dryer improvements at 100 Mile House and the press overhaul at Grande Prairie enabled both mills to complete seamless changes in product mix," added Mr. Huff.

Boise, Inc. reports Q2 \$11.9 million net income on \$603.1 million sales

BOISE, Idaho – Boise Inc. (NYSE: BZ) today reported net income of \$11.9 million, or \$0.11 per diluted share, for second quarter 2011, compared with net income of \$13.3 million, or \$0.16 per diluted share, for second quarter 2010. There were no special items for second quarter 2011. Net income excluding special items was \$11.4 million, or \$0.14 per diluted share, for second quarter 2010. EBITDA excluding special items was \$70.5 million for second quarter 2011, compared with \$67.0 million for second quarter 2010. In August, Boise Inc.’s board of directors authorized a program, effective immediately, to repurchase up to \$75 million of Boise’s outstanding common stock. The timing and exact number of shares actually repurchased will be affected by several factors, including legal and regulatory requirements and changes in the market price of Boise Inc. stock.

Input Costs- Total fiber, energy, and chemical costs for second quarter 2011 were \$247.0 million, an increase of \$31.9 million, or 15%, compared with costs of \$215.1 million for second quarter 2010. This increase was driven primarily by fiber costs associated with Tharco in our Packaging segment as well as higher chemical and energy costs in our Paper segment. Prices for chemicals and fiber increased sequentially from first quarter 2011 to second quarter 2011. Total fiber costs during second quarter 2011 were \$137.7 million, an increase of \$20.6 million, or 18%, compared with \$117.1 million incurred in second quarter 2010. This was driven primarily by increased costs of purchased containerboard rollstock as a result of the Tharco acquisition in our Packaging segment and by increased prices for fiber in our Paper segment. These costs were offset partially by lower wood prices in our Packaging segment.

Q2 BOISE, INC. INPUT COSTS (in millions)			
	2Q 2011	2Q 2010	1Q 2011
Fiber	\$137.7	\$117.1	\$116.3
Energy	\$52.7	\$48.1	\$52.8
Chemicals	\$56.6	\$49.9	\$54.3
Total	\$247.0	\$215.1	\$223.3

Norbord Q2 nets \$1 million income on \$7 million tax recovery

TORONTO, ON (July 29, 2011) – Norbord Inc. (TSX: NBD, NBD.WT) recorded net earnings of \$1 million or \$0.03 per share in the second quarter of 2011 compared to a loss of \$2 million or \$0.05 per share in the first quarter of 2011 and earnings of \$33 million or \$0.76 per share in the second quarter of 2010. Earnings in the second quarter of 2011 include a \$7 million or \$0.16 per share income tax recovery due to the recognition of a non-recurring income tax benefit. North American operations generated break-even EBITDA this quarter versus \$7 million in the prior quarter and \$64 million in the same quarter last year. European operations generated EBITDA of \$13 million this quarter versus \$11 million in the prior quarter and \$10 million in the same quarter last year.

Market Conditions- In North America, new home construction activity has continued to decline with housing starts 5% lower year-to-date compared to last year. More importantly for the OSB industry, single family housing starts are down 17% versus last year. North American OSB prices in the second quarter were significantly lower than the same quarter last year as the exceptional pricing environment of last year did not repeat itself. Benchmark OSB prices were also lower than the prior quarter as the typical seasonal price increase did not materialize. North Central benchmark OSB prices averaged \$173 per thousand square feet (Msf) (7/16-inch basis) this quarter compared to \$198 per Msf in the prior quarter and \$295 per Msf in the same quarter last year. Expert forecasts for US housing starts in 2011 are being revised down and now range from 0.55 and 0.60 million, even lower than last year and well below the 25-year historical average of 1.5 million.

Performance- In North America, year-to-date OSB shipment volumes were consistent with the prior year despite curtailing 10% more capacity this year. Currently operating OSB plants ran at approximately 85%

of capacity this quarter. Including indefinite shuts, the company ran at 65% of capacity for Q2. OSB cash production costs per unit decreased by 4% versus the prior quarter and 1% versus the same quarter last year. Higher productivity and lower raw material usages more than offset higher resin prices.

LP reports Q2 \$33 million loss, sales down 19% compared to last year

NASHVILLE, Tenn., Jul 29, 2011 (BUSINESS WIRE) - Louisiana-Pacific Corporation (LP) (NYSE: LPX) reported today results for the second quarter of 2011, which included the following: Total sales for the second quarter of \$362 million were lower by 19% percent versus a year ago, primarily due to lower OSB prices. U.S. housing starts decreased 4 percent from second quarter 2010 levels. Loss from continuing operations of \$33 million, or \$0.25 per diluted share compared to income of \$24 million, or \$0.17 per diluted share in the second quarter of 2010. "Our results for this quarter reflect significantly lower OSB pricing and decreased volume of shipments in all product lines compared to the same quarter last year," said Rick Frost, Chief Executive Officer. "Demand continues to be weak. Jobs, consumer confidence, inventory of vacant homes for sale and the overall state of the economy continue to have a downward pull on housing."

YEAR TO DATE RESULTS- For the six months ended June 30, 2011, LP reported net sales of \$694 million, a decrease from \$745 million in the first six months of 2010. For the first six months of 2011, the company reported an operating loss of \$42 million as compared to income in the comparable period of 2010 of \$26 million. Adjusted EBITDA from continuing operations for the first six months of 2011 was a positive \$3 million compared to \$78 million in the first six months of 2010. For the first six months of 2011, LP reported a loss from continuing operations of \$56 million, or \$0.43 per diluted share, as compared to income of \$1 million, or \$0.01 per diluted share, for the first six months of 2010.

NewPage may file Chapter 11

MIAMISBURG, OH, Aug. 15, 2011 (PRNewswire) - NewPage Corp. has hired advisers to help "explore various restructuring alternatives," and it mentioned possible Chapter 11 bankruptcy protection in documents the papermaker filed this week with the U.S. Securities and Exchange Commission. "We cannot assure you that we will be able to refinance any of our indebtedness, or that we will be able to do so on commercially reasonable terms," says the Ohio-based papermaker's quarterly financial report to investors. NewPage operates central Wisconsin mills in Wisconsin Rapids, Biron and Stevens Point, as well as a mill in Duluth, Minnesota.

Manistique Papers in Michigan files bankruptcy, 150 mill jobs in limbo

MANISTIQUE, MI, Aug. 5, 2011 (Press Release) - Today, Manistique Papers Inc. (MPI) announced that it was filing Chapter 11 bankruptcy, ceasing production, and seeking a buyer. MPI had been working with its lender for an extended period of time seeking necessary working capital to continue operations. Yesterday, the lender informed MPI that the necessary working capital would not be provided despite MPI having never missed a loan payment and its majority stock holders offering to guaranty payments and support collateral value. MPI, a 90 year old company, is one of the largest employers in Manistique, Michigan employing approximately 150 people. It is North America's premier producer of 100% recycled fiber content specialty offset papers for printers and converters.

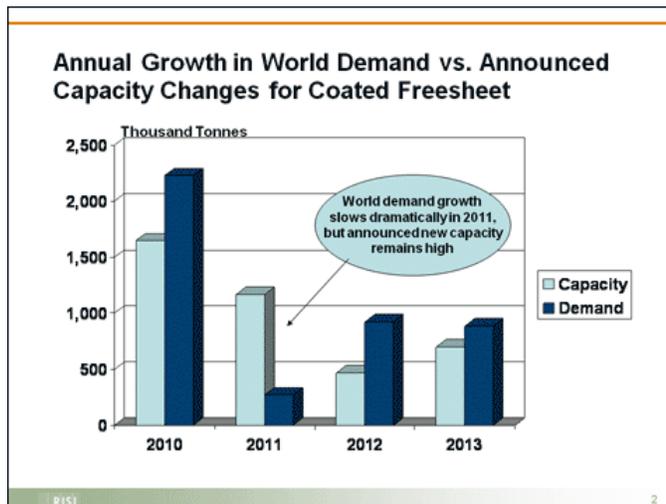
Maine paper mills get extension on demolition deadline, still hoping for Chinese buyer

EAST MILLINOCKET, ME, July 27, 2011 (Bangor Daily News) - The Toronto-based corporation that owns the two Katahdin region paper mills is giving Governor Paul LePage more time to close a deal with a potential Chinese buyer of the mills, he said Tuesday. "We are cautiously optimistic that a deal can be reached to re-establish the long history of papermaking in the Katahdin region to create economic prosperity," LePage said in a brief statement. The twin mills are still "for sale" with an advertised price of \$1 plus a \$2.17 million tax lien.

PRODUCTION & PRICES

Coated freesheet capacity expansion outpaces demand

August 11, 2011 (RISI) – During the 2008-09 recession, coated freesheet (CFS) producers shut down massive amounts of manufacturing capacity in Europe and North America to try and match demand while North American imports from Asia kept growing despite the weak demand. Oversupply actually shrunk in 2010 because world producers benefited from a nice 9% post-recession pop in global coated freesheet demand. However, that spurt was inflated by inventory rebuilding after the recession, and world demand growth is slowing to a crawl with an expected gain of only 1% in 2011. For the next two years, global demand growth should settle down to about 3% per year, assuming no double-dip recession in any major world economies. Unfortunately for North American producers, the slowdown in demand in 2011 is hitting in the peak year for announced CFS expansions in Asia. There are two new machines starting up in China this year with 800,000 tonnes capacity each plus one new machine in South Korea with 450,000 tonnes of capacity.



Source: RISI – PPI Fiber, August 2011.

July global pulp shipments tumble 11.1%, inventories rise by five days

BRUSSELS, Aug. 23, 2011 (RISI) - Global producer pulp deliveries fell 11.1% to 3.245 million tonnes in July, down from a revised 3.651 million tonnes the previous month, according to Pulp and Paper Products Council (PPPC) data. Shipments were 2.49% lower than the year-earlier period, down from 3.328 million tonnes in July 2010. Bleached softwood kraft (BSK) shipments fell from 1.768 million tonnes in June to 1.724 million tonnes in July, while bleached hardwood kraft (BHK) pulp deliveries fell from 1.764 million tonnes to 1.406 million tonnes last month. Global producer inventories stood at 39 days of supply in July, up from 34 days the previous month and six days more than July of last year.

Canadian softwood lumber exports to China set record high

August 12, 2011 (RL Woodwire) - Canadian softwood lumber exports to China reached a record 356 million board feet in June, up 12% from the previous monthly record in May of 319 mmbf, according to figures from Statistics Canada.

US market pulp spot prices slide \$35/tonne

August 2, 2011 (RISI) - In US pulp spot markets, benchmark northern bleached softwood kraft (NBSK) prices toppled as an ongoing slowdown in exports to China led producers to ship more supplies to domestic buyers who were hungry for cheaper pulp, market participants told RISI. Northern bleached softwood kraft (NBSK) spot prices slid to \$760-810/tonne net delivered to the US East and Midwest, down \$35/tonne from a revised \$800-840/tonne recorded two weeks ago. Terrace Bay Pulp, which exported up to 70% of its monthly output to China earlier this year, emerged as one of the most active NBSK producers during a seasonally slower time of demand. Northern bleached hardwood kraft (NBHK) declined to \$620-660/tonne net delivered, down \$25/tonne. Average spot market discounts rose to nearly 25% off June's effective list price, which led buyer sources to believe contract prices would decline whether or not producers announced new list prices. Through Tuesday no BHK producer had announced an Aug. 1 price in the USA.

RENEWABLE ENERGY

DOE's Billion-Ton Update perpetuates myth of nearly unlimited biomass supply

August 11, 2011 (RISI Viewpoint) - This week, the US Department of Energy (DOE) bolstered its 2005 Billion-Ton Study (BTS) with the Billion-Ton Update (BTU), attempting to sew up some massive holes in the original biomass supply projection. The original release quickly caused a stir in the fledgling biomass industry, but was quickly dismissed as unrealistic by seasoned players. In its first incarnation, the study gave no consideration to feedstock price, and created an assumption (intentional or not) that the spectacular tonnage would be available to market.

The 200-page update tenaciously to the prediction that over 1 billion dry tons (or 2 billion green tons) of biomass will be available by 2030 -- able to provide the necessary feedstock to displace 30% of the nation's petroleum appetite with cellulosic biofuels. The DOE proposes this material will come from forest sources, crop residues and energy crops, pinning most of the 18-year resource growth on intensive expansion of purpose-grown crops.

Beyond the big neon-lit billion ton proclamation, DOE admits "a major limitation of the 2005 BTS is that the identified biomass is not restricted by cost, and some of the potential would likely be too expensive relative to other renewable feedstocks under current and prospective technological changes." In reality, the billion-ton supply projection is merely academic, and unfortunate, because those who skim the headlines may make assumptions that the resource is readily available and virtually unlimited. Worse, others may get the idea that the biomass industry is out to gobble up every tree and every ear of corn for transportation fuel production -- a politically sticky interpretation.

Download the full report from the U.S. Department of Energy, EERE website at URL:

http://www1.eere.energy.gov/biomass/pdfs/billion_ton_update.pdf

Sappi CEO says U.S. bio-energy future jeopardized by pending EPA rules

PORTLAND, ME August 3, 2011 (The Portland Herald) – Mark Gardener, president and CEO, Sappi Fine Paper North America, said today "...the win-win approach of bringing both environmental and economic benefits through reduced fossil fuel usage at Sappi's Somerset, Maine paper mill could be jeopardized by the federal Environmental Protection Agency's pending Industrial Boiler MACT and Non-Hazardous Secondary Materials rules. One of our main concerns is that the proposed federal rules would classify biomass fuels as solid waste. As a result, boilers that use biomass as fuel will be reclassified as incinerators, which could require the installation of expensive control systems costing millions of dollars for compliance."

For Sappi and many other companies that use biomass boilers, the EPA's proposed rules would sharply increase costs and cause a substantial financial burden. The costs associated with compliance and the continued use of biomass would be so high that companies would be forced to use more fossil fuels and spend capital that could otherwise be invested in machine and equipment upgrades. As it stands, the Boiler MACT and NHSM rules discourage the use of renewable and carbon-neutral fuels and defeat the Obama administration's goal to encourage the use of alternative energy sources. It's "lose-lose" – promoting more oil dependence and diverting scarce capital that could be used to create jobs and grow the local economy.

Verso's Quinnesec, Mich. \$43 million bio-power project scheduled for startup this fall

Aug. 3, 2011 (Upper Michigans Source) - A \$43 million biomass power plant at the Verso paper mill in Quinnesec, Michigan is expected to be completed this fall. The renewable energy project will convert bark and wood scraps into biomass to power the paper mill. The new energy source is both

environmentally friendly and will meet more than 95 percent of the mills energy needs with purchased energy cost savings projected to be more than \$7 million a year.

Green Energy withdraws Georgia biomass permit application in wake of lawsuit

July 29, 2011 (Local News) - Green Energy Partners has withdrawn its application to the Georgia Environmental Protection Division for an air emission permit for its proposed \$60 million biomass gasification plant in Lithonia. In a July 20 letter to the EPD's Air Protection Branch, the company said it wished to withdraw its permit application for the installation of a wood gasification process to generate electricity.

The withdrawal of the application comes in the wake of a lawsuit filed on July 13 in DeKalb Superior Court by the nonprofit Citizens for a Healthy and Safe Environment and residents Mildred Banks and Gerald Sanders, who live near the 21-acre site where the plant will be built. The citizens accused the board of engaging in contract zoning, which is illegal in Georgia, and their lawsuit is asking the judge to declare the rezoning decision "to be a manifest abuse of the zoning power and therefore illegal and void."

Canada betting on biofuels and biochemicals to reinvigorate forest sector performance

August 16, 2011 (The Globe and Mail) - Paper demand in North America is in decline because of inroads by all things digital, and is shrinking about 3 per cent to 5 per cent annually. Meanwhile, the U.S. housing market looks like it will be moribund for years, and with it lumber demand. Among traditional products, only pulp, used to make such unglamorous items as toilet paper and cotton-substitute rayon, enjoys a buoyant market, although most experts expect the strength to be fleeting. New pulp capacity is expected to come on stream in 2013, putting downward pressure on prices.

The solution to these negative trends? Is it biofuels? Some foresters are viewing trees as giant versions of corn plants and sugar cane, the traditional sources of biomass-derived energy that are in hot demand due to oil prices and environmental concerns over fossil fuels. A biomass-derived jet-fuel proposal, being advanced by California-based renewable energy developer Rentech Inc. and supported by the Ontario government, may offer some clues on whether the industry has found a way to salvage its fortunes.

Paper giant Domtar Corp. is looking at another diversification approach. It is in a joint venture with FPInnovations, Canada's forestry research institute, to build a demonstration plant at its Windsor, Que., mill to extract nano-crystalline cellulose from wood pulp. The material, made of extremely small crystals has about eight times the tensile strength of stainless steel. It may have applications in iridescent films, pigments, high-durability varnishes and bioplastics, among other potential uses. The Quebec pilot plant will cost \$40-million to build and operate, and is scheduled to open later this year or early 2012.

Nova Scotia pellet mill goes into receivership

Aug. 22, 2011 (Local News) - Fifty people have lost their jobs and now taxpayers are out \$2.7 million after Enligna Canada was formally placed in receivership Wednesday by a Nova Scotia Supreme Court judge. The Upper Musquodoboit wood pellet mill shut its doors several days ago. Nova Scotia Business Inc. issued the company two loans in 2009 and 2010.

Bankrupt PA wood pellet mill faces auction block

Aug. 22, 2011 (Local News) - A Plainfield Township Pennsylvania wood pellet company that drew the ire of surrounding residents is scheduled to be put on the auction block this fall. A clerk at the Northampton County Sheriff's Office said TreeCycle LLC, the seasonally operated wood pellet plant on Engler Road, owes more than \$850,000 and more than \$30,000 in interest. The property is set to be auctioned to the highest bidder in October.