



Is the North American Dream Over ?

**1st Joint International Softwood Conference
and UNECE Timber Committee
Geneva, Switzerland
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**Canada Wood
Produits de bois canadien**



Presentation Plan

- 1. Softwood Lumber Agreement (SLA)**
- 2. Challenges for the Industry**
- 3. Opportunities and Solutions**
- 4. Responsible Trade Issues**
- 5. Conclusion**

1. Softwood Lumber Agreement (SLA)

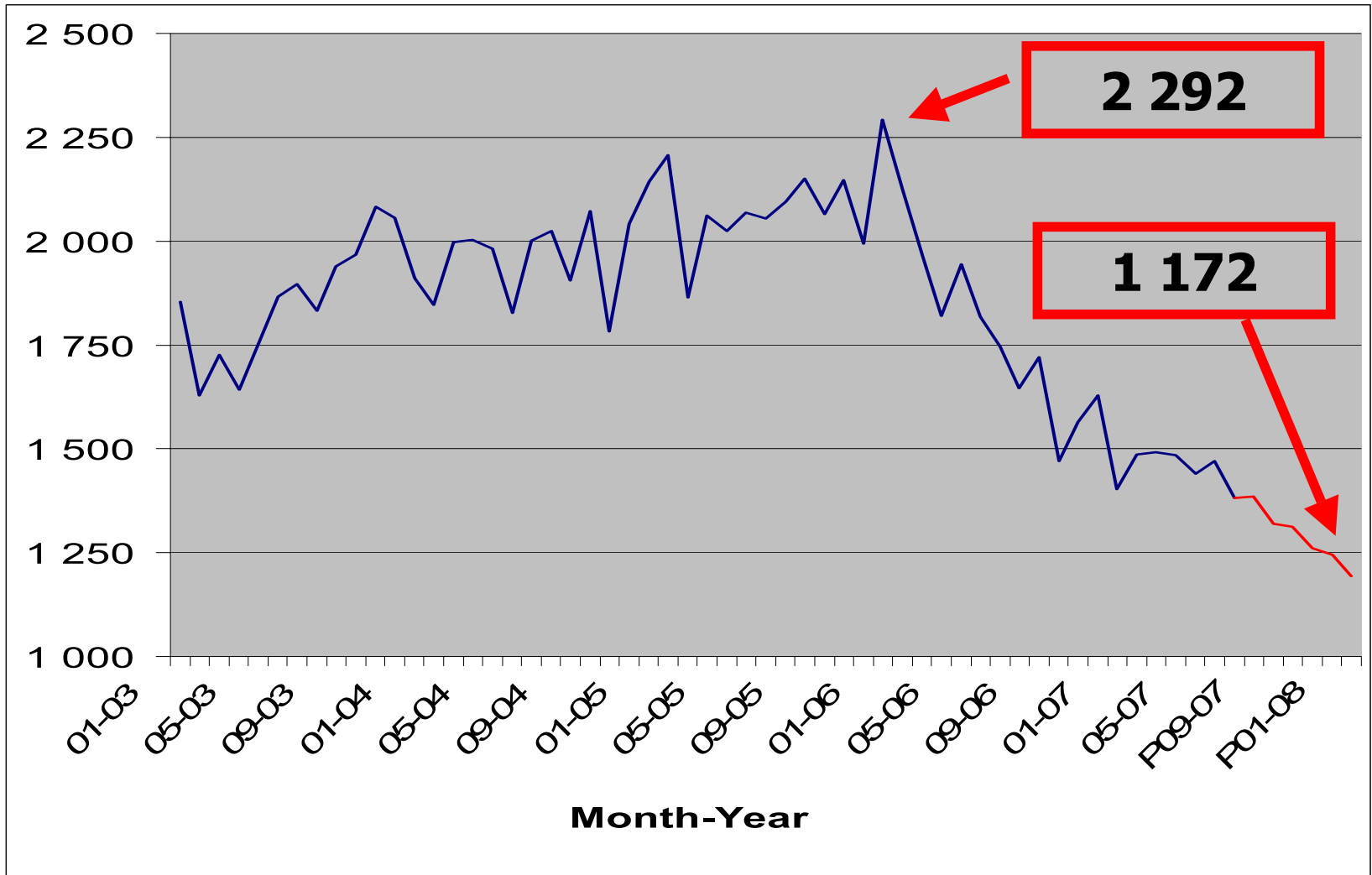
Options for Canadian provinces exporting to USA

Prevailing monthly price	Option « A »	Option « B »
Over USD 355	No export charge	No export charge and no volume restraint
USD 336-355	5%	2.5% + volume cannot exceed a region's share of 34% of US consumption
USD 316-335	10%	3% + volume cannot exceed a region's share of 32% of US consumption
USD 315 or under	15%	5% + volume cannot exceed a region's share of 30% of US consumption



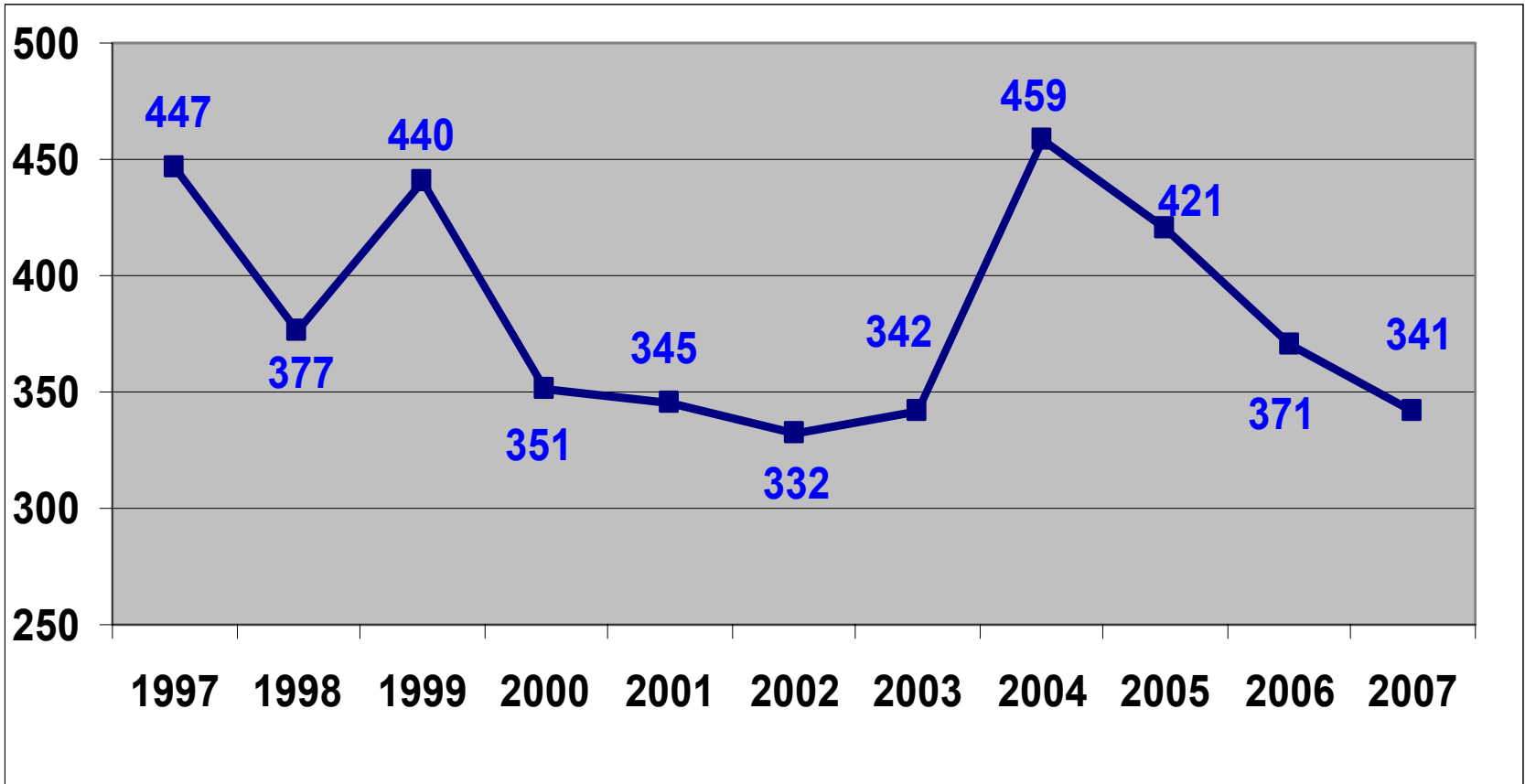
2. Challenges for the Industry

US housing starts (in 000')



2. Challenges for the Industry

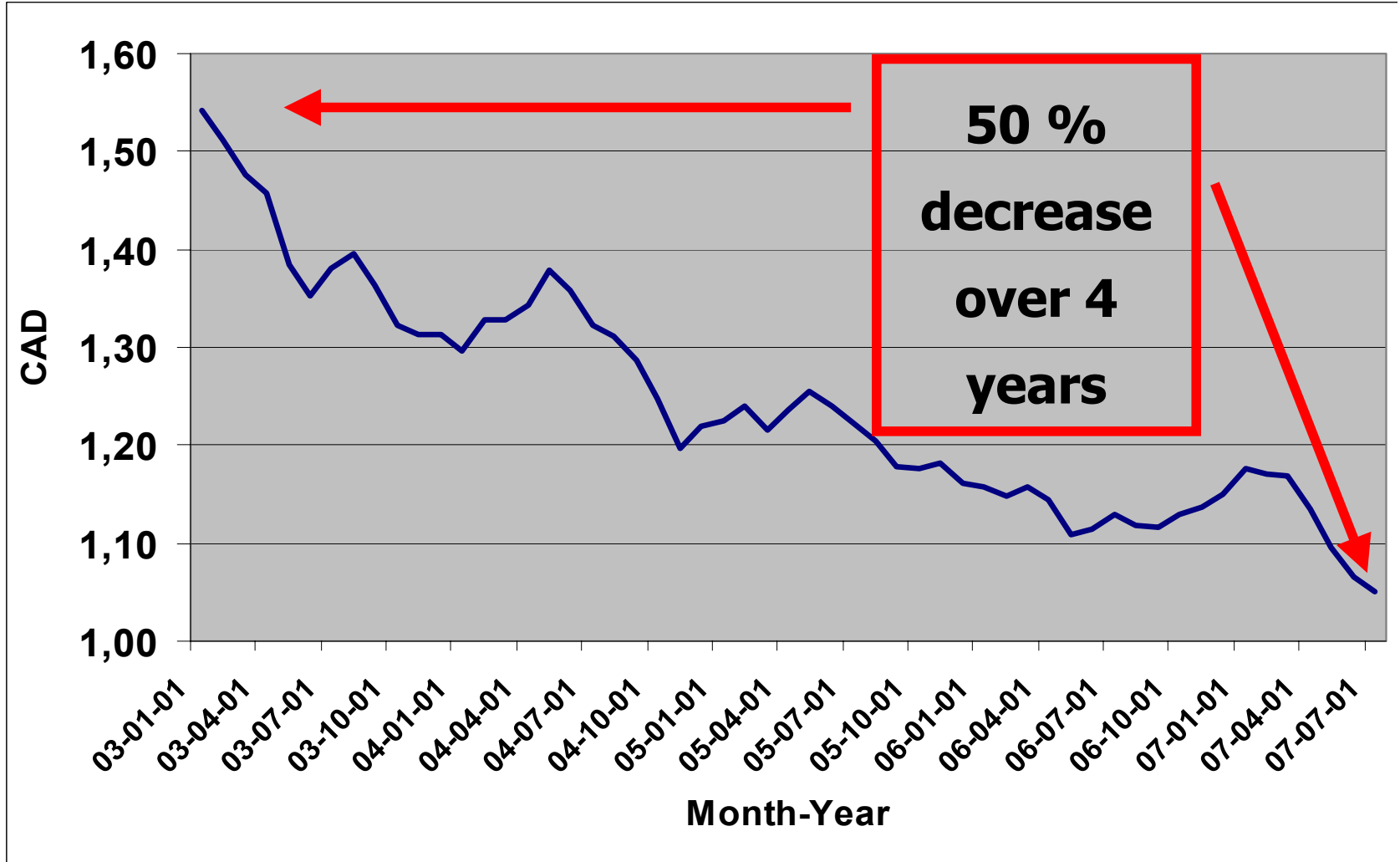
Average monthly prices – Great Lakes US Kiln Dried (\$ US per thousand board feet)



— Average Monthly prices

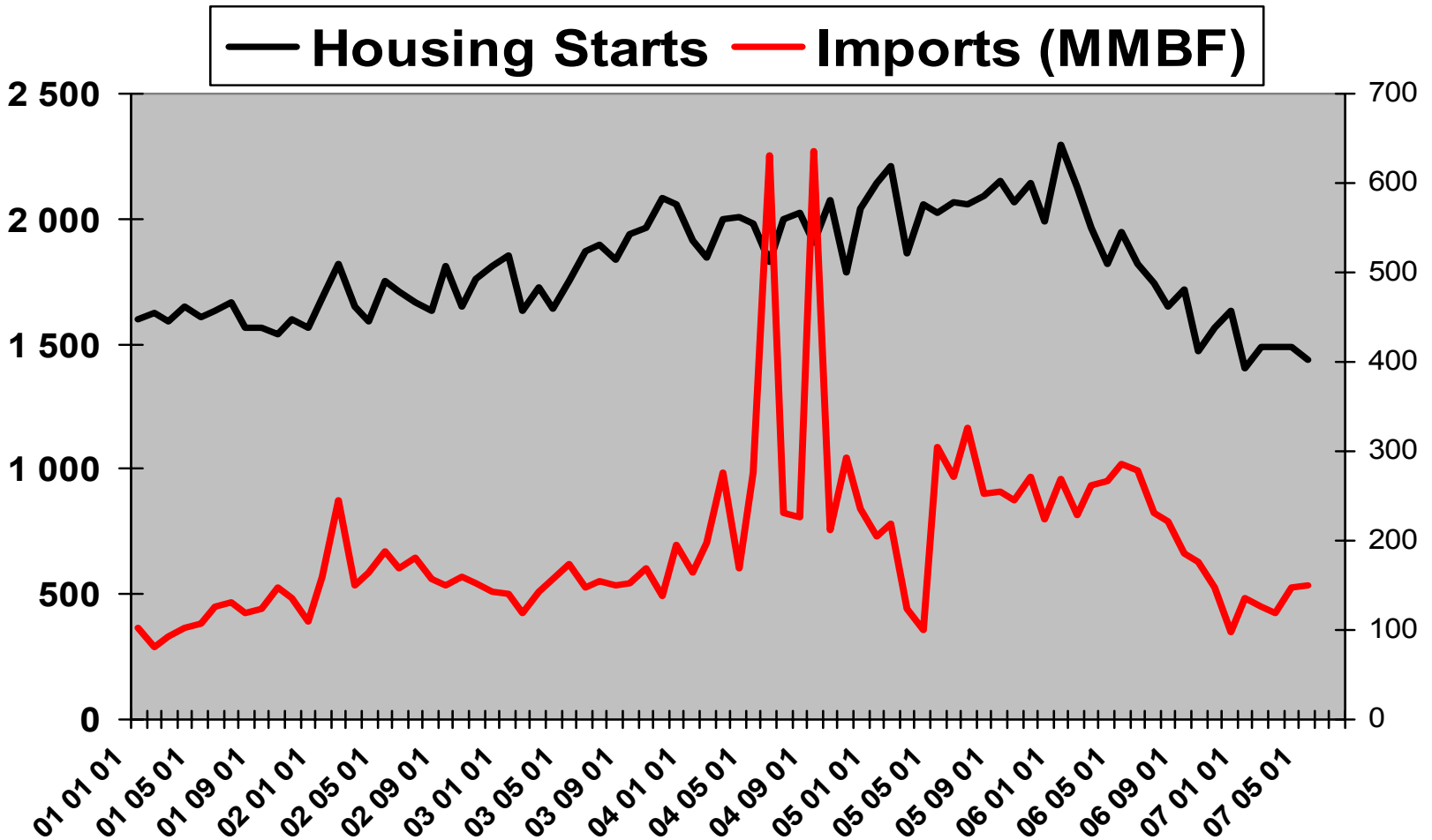
2. Challenges for the Industry

Decline of \$ US dollar vs \$ CDN



2. Challenges for the Industry

US Imports (excluding Canada) in relation to US housing starts



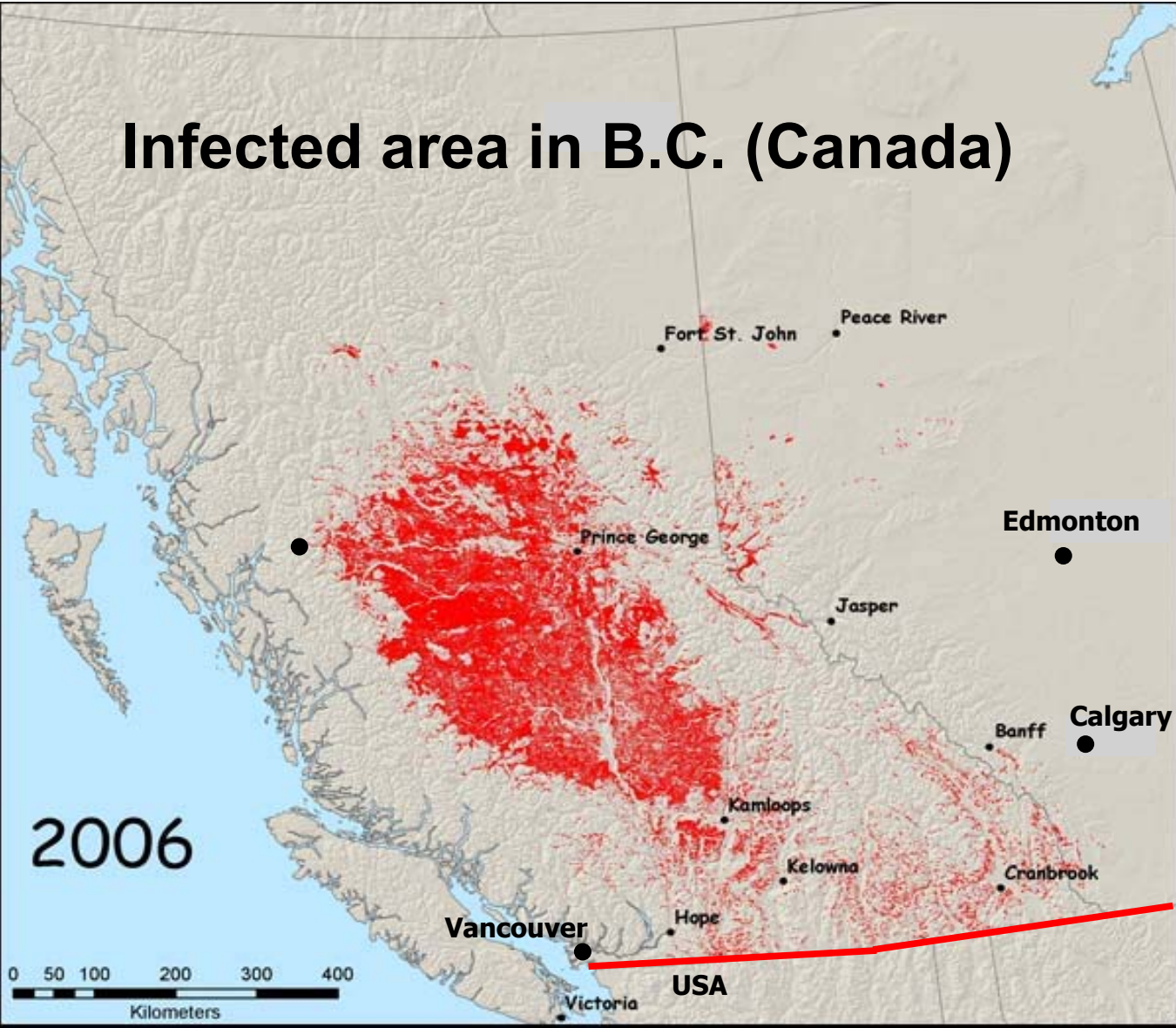
2. Challenges for the Industry

Mountain Pine Beetle (MPB) outbreak

- At the current rate of spread, 50 % of the mature pine will be dead by 2008 and 80 % by 2013.
- Threat to Alberta's lodgepole pine forests and the Jackpine stands of Canada's boreal forest.
- Infected area 9,2 M ha (end 2006) is more than 2X the size of Switzerland.
- Important source of biomass (pellets for Europe ?)



2. Challenges for the Industry



3. Opportunities and Solutions

Top North American softwood lumber producers - Over 1 Billion fbm

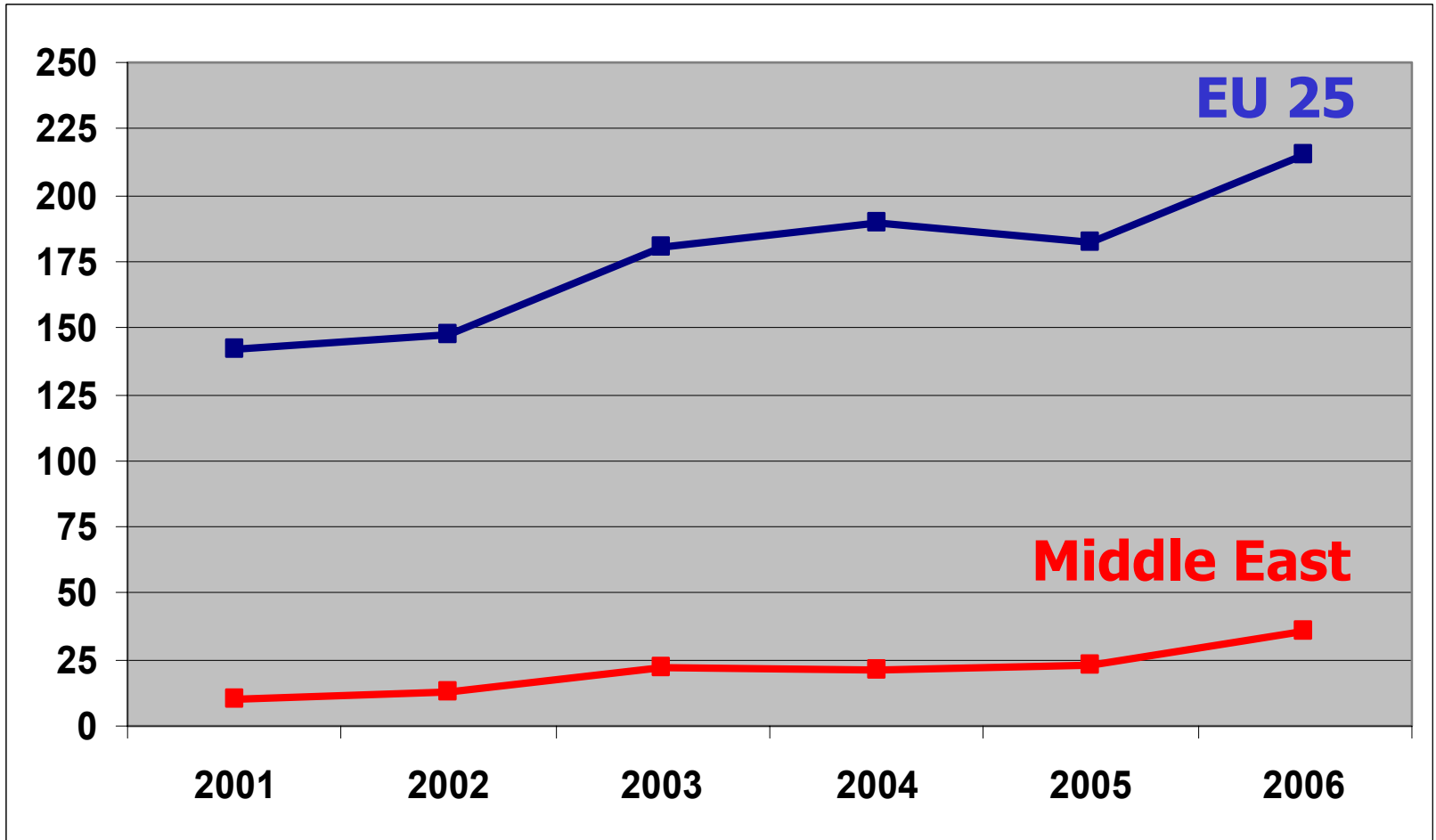
2006	Country	Company	Mills	000' m ³ net	(MMfbm, nominal)
1	USA	Weyerhaeuser	37	11 417	6 695
2	Canada	Canfor	19	7 705	4 801
3	Canada	West Fraser	19	6 695	4 172 + 2 310 = 6 482
4	Canada	Tolko	10	3 885	2 421
5	USA	International Paper	19	3 707	2 310
6	Canada	Abitibi-Consolidated	21	3 117	1 942+(900 Bowater) = 2 842
7	Canada	Tembec	13	2 776	1 730
8	USA	Sierra-Pacific	12	2 616	1 630
9	USA	Georgia-Pacific	20	2 568	1 600
10	USA	Hampton Affiliates	7	2 086	1 300
11	USA	Simpson Timber	6	1 958	1 220
12	Canada	Buchanan Lumber	7	1 926	1 200
13	Canada	Interfor	7	1 842	1 148
14	Canada	Domtar → Conifex	9	1 805	1 125
	Finland	Stora Enso Timber	25	7 300	3 639
	Finland	Metsaliito (Finnforest)	31	3 893	1 941
	Germany	Klausner Group	4	3 500	1 914

(Source : Wood Markets, 2007)



3. Opportunities and Solutions

**Canadian overseas exports (HS 440710)
to EU 25 and Middle East (in millions \$US)**



4. Responsible Trade Issues

Time for a change in perception

- **Wood vs steel and concrete**
- **Green building rating systems**
- **Climate change**



4. Responsible Trade Issues



Initiated in 2004, adopted in 2006

A condition of membership

General principles

- **Environment**
- **Phytosanitary measures**
- **Transportation**
- **Workers conditions**

Specific sectors

- **Softwood lumber**
- **Hardwood lumber**
- **Hardwood flooring**

Compliance procedures

Appendix B - Policy on Wood Origin and Legality

5. Conclusion

