

MARKET PULSE | Lumber \$638.00 | Brent \$76 (+5% wk) | Diesel \$4.58 | S&P 7,575 | 10yr 4.54%

TOP STORIES

EPA Moves to Force Chemical Removal at the Shuttered Cosmopolis Pulp Mill

Federal regulators confirmed this week that the owner of Cosmo Specialty Fibers in Cosmopolis, Washington must begin removing the corrosive process chemicals still stored at the defunct pulp mill this month, or the Environmental Protection Agency (EPA) will take over the work itself. More than 800,000 gallons of acids and other pulping chemicals remain in deteriorating storage tanks near the Chehalis River, and regulators have warned a failure could produce a catastrophic release. The order escalates an April EPA directive that required owner Richard Bassett to maintain power, fire suppression, around-the-clock security, and spill response at the Grays Harbor County site, which has been shut since December 2022. A forced cleanup would likely end any prospect of restarting the mill, and it extends the regulatory scrutiny that has moved across Washington's pulp sector since the fatal tank collapse at Longview.

Western Forest Products Extends Cowichan Bay Curtailment Through September

Western Forest Products' Cowichan Bay sawmill on Vancouver Island will stay down through September, extending a curtailment that began May 11 and affects 54 employees. The extension lands in a coastal BC segment that has absorbed years of rotating downtime across the island mills, and it is a separate event from the company's Chemainus curtailment, which dates to June 2025. The next US administrative review results on Canadian lumber duties are expected in August, the nearest calendar event with the potential to change coastal operating math.

Department of the Interior Narrows the Definition of Harm Under the Endangered Species Act

The Department of the Interior announced Friday, July 10 that it has finalized a rule rescinding the regulatory definition of harm in the Endangered Species Act, so that habitat modification alone will no longer count as injuring a protected species. Under the change, announced jointly with the Department of Commerce, the Fish and Wildlife Service and NOAA Fisheries will limit the definition to actions that directly injure or kill listed wildlife, unwinding a definition in place since 1981. The regulation had not yet appeared in the Federal Register as of the announcement. For timberland owners and federal-land operators in the West, habitat-modification claims tied to species such as the northern spotted owl have shaped harvest planning for three decades, and the narrowed definition will be tested in court almost immediately.

■ DEEP DIVE: THE BLUE MOUNTAINS PLAN

The Record Is Open

The Forest Service has opened the formal 90-day comment window on the draft revision of the Blue Mountains forest plan, and comments are due September 30. The 350-page draft environmental impact statement covers roughly 5.5 million acres across the Malheur, Umatilla, and Wallowa-Whitman national forests in eastern Oregon and southeastern Washington, including 242,000 acres of the Ochoco managed alongside the Malheur; the Hells Canyon National Recreation Area runs under its own plan. The plans being replaced date to 1990, and the scale of what changed since then frames the new numbers: the three forests combined to sell more than 500 million board feet a year in the late 1980s, and by 2001 the figure was 75 million. The Wallowa-Whitman alone averaged 203 million board feet of annual sales from 1976 to 1990 and has not sold more than 53 million in any year since fiscal 1992. Adoption of a final plan is targeted for early 2027.

The Spread Between the Alternatives

The draft studies three strategies, and the spread between them is the story. Alternative 1, the no-action option, continues the 1990 plans at about 106 million board feet a year. Alternative 2, the agency's proposed action, expands land suitable for timber production by 17 percent and projects 377 million board feet a year in the first decade — 176 million on the Malheur, 125 million on the Wallowa-Whitman, 76 million on the Umatilla — supporting roughly 3,050 jobs, with no new wilderness recommended. Alternative 3 projects 161 million board feet and about 1,415 jobs, and recommends 34,000 acres of wilderness additions around the Wenaha-Tucannon, North Fork Umatilla, Eagle Cap, and Strawberry Mountain areas. The agency declined to study a minimum-management option, writing that it would fail the multiple-use requirements of federal forest law. The draft also cautions that the volumes are projections; the 1990 plans carried even higher targets the forests rarely met.

The 21-Inch Rule and the Streamside Buffers

For about 30 years, an eastside screen has barred cutting most trees larger than 21 inches in diameter on these forests. Alternative 2 eliminates the limit outright. Alternative 3 keeps it while raising the cap to 30 inches for grand fir, the shade-tolerant species that has crowded many stands in the absence of fire. The proposed action would also give managers new flexibility to work inside streamside buffers that are currently no-cut zones. Baker County Commissioner Christina Witham, who sits on the Blues Intergovernmental Council, endorsed the proposed action on both counts, arguing the water-quality benefit of an untouched buffer disappears if a fire burns through it. Which way the final plan lands on the 21-inch screen will decide how much of the projected volume is large-diameter sawtimber rather than small-log thinning output, and that distinction sets what the region's mills can actually process.

The Fires Are Making the Argument

The comment window opened with the plan area burning. As of Sunday morning's national situation report, the Salmon fire (803 acres, on the Umatilla) and the Olive Butte fire (386 acres, on the Wallowa-Whitman) were active about 34 miles southwest of Baker City, and the Anthony fire (750 acres) was running through Wallowa-Whitman timber 34 miles north of it. All three stood at zero percent containment with evacuations in effect, and containment on the Salmon and Olive Butte fires is not estimated until late October. About 86 percent of Oregon is in drought per a late-June state report. The draft plan's central rationale — that a century of fire exclusion and three decades of reduced harvest left overstocked stands primed to burn — is playing out in real time on the forests it covers. Whatever volume number survives to the final plan, the eastern Oregon milling base that would absorb it has thinned steadily for a decade, and the first sales planned under the new framework remain several years out.

WHAT YOU MISSED YESTERDAY

Friday, July 10 — business, markets, and the broader economy.

- **Stocks closed out a fourth winning week in five.** The S&P 500 rose 0.4 percent Friday to 7,575.39; the Dow added 0.3 percent to 52,637.01 and the Nasdaq 0.3 percent to 26,281.61.
- **The session's catalyst was a debut:** shares of South Korean chipmaker SK Hynix jumped in their first day of US trading, lifting the technology complex.
- **The 10-year Treasury yield eased to about 4.54 percent,** a second straight daily decline, as softer oil prices tempered inflation concern.
- **Oil slipped Friday but finished the week sharply higher.** Brent closed near \$76 a barrel, up about 5 percent on the week, as renewed attacks on Strait of Hormuz shipping kept a supply premium in crude.
- **The Canadian dollar firmed,** with the US dollar easing to 1.4132 Canadian on Friday.

INDUSTRY & COMPANY NEWS

- **Bienville Lumber** — the Tolko Industries and Hunt Forest Products joint venture in Taylor, Louisiana — has begun shipping lumber by rail over a new Canadian Pacific Kansas City connection, with the railroad's chief executive on site for the opening. The mill produced over 160 million board feet of southern yellow pine in 2024 and aims to more than double that output in the next several years.
- **International Paper** temporarily suspended operations at its Pine Hill, Alabama mill after a weather event damaged a critical roof at the facility. The company is assessing repairs and expects to resume manufacturing in August.
- **Gresham House**, the UK asset manager, won Australian federal approval to buy Rushy Lagoon, Tasmania's largest farm, in a deal above A\$100 million. The 22,000-hectare property on the island's northeastern tip anchors a new A\$142 million natural-capital platform that will convert lower-productivity ground to softwood plantation alongside grazing and restoration, with a forecast of 5 million tonnes of timber over the project's life. Tasmanian farm groups opposed the sale.
- **Rebox Corp**, the Montreal-based buyer and reseller of once-used corrugated boxes, named Kyle Otting chief executive officer effective July 8, succeeding co-founder Mark Young. The company runs more than 35 distribution centres across the US and Canada, and the hire pulls from the pallet world: Otting previously led reusable-packaging operators 48forty Solutions and PLA Solutions.
- **BC Wildfire Service** reopened Highway 1 through the Fraser Canyon Saturday after a four-day closure, with one lane each way through the fire zone between Boston Bar and Jackass Summit. The twin Brunswick-complex fires remain out of control — Ainslie Creek at roughly 15,800 hectares and Brunswick Creek at 2,800 — and a new fire near Premier Lake put 72 East Kootenay properties on evacuation alert.

■ HARDWOOD & SUPPLY SNAPSHOT

INDICATOR	VALUE	TREND
10-yr Treasury yield	4.54%	Eased Friday, second straight decline as oil pressure on inflation let up
Brent crude	~\$76/bbl	+5% on the week as Hormuz shipping attacks resumed
CAD per USD	1.4132	Loonie firmed Friday; a headwind for Canadian shippers' US realizations
US wildfires YTD	38,956 fires / 3.58M acres	130% and 137% of the 10-yr averages; preparedness level 4

■ THE BOTTOM LINE

The Blue Mountains record is open, and the argument now has numbers: 106 million board feet a year if nothing changes, 377 million under the proposed action, comments due September 30. At Cosmopolis, a forced chemical removal would likely close the book on the idled pulp mill. The Cowichan Bay curtailment now runs into the fall. The Department of the Interior's narrower definition of harm under the Endangered Species Act now heads for the courts. And the fire risk the draft plan keeps citing is already burning on the forests it would govern.

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