# THE LUMBER DAILY

Tuesday, July 14, 2026
Habitat Rule Edition
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**MARKET PULSE | Lumber $631.00 | Brent $83 (+9.5%) | WTI $78 | S&P 7,515 | 10yr 4.61%**

## TOP STORIES

### British Columbia Opens the Value-Added Timber Program to Custom Cutters

British Columbia is adding a dedicated category to the BC Timber Sales Value-Added Manufacturing Program to secure fibre for custom cutters and processors, the Ministry of Forests said Monday. Custom cutters and processors take in wood and mill it to a customer's specification without owning a sawmilling facility of their own, and they have had no standing category in the program until now. Forests Minister Ravi Parmar tied the change to the recommendations of Canada's Forest Sector Transformation Task Force, which was commissioned in response to the current US duties and tariffs on Canadian wood products and pressed for stronger support of value-added operators. The BC Wood Specialties Group Association said its custom cutting and processing members took part in the task force's public consultation.

### Northeast BC Land Withdrawal Takes 45,000 Hectares Off the Table for a Decade

The province established the K'ih tsaa'dze Protection Area on Friday, covering roughly 45,000 hectares of Crown land in northeastern British Columbia inside Treaty 8 territory. The designation runs under the Environment and Land Use Act, backed by a designated area under Part 13 of the Forest Act, and holds for ten years while longer-term land-use planning with Doig River First Nation continues. It blocks new land and resource dispositions and new industrial activity, while existing lawful activities may continue provided they do not disturb new ground. Forestry activity is restricted in the same area for four years. The stated conservation targets are caribou habitat and boreal ecosystems.

### US Inflation Cools to 3.5 Percent as Energy Falls, Just Before Oil Turned

The US consumer price index (CPI) fell 0.4 percent in June on a seasonally adjusted basis, pulling the annual rate down to 3.5 percent from 4.2 percent in May, the Bureau of Labor Statistics reported Tuesday. Forecasters had looked for a 0.2 percent monthly decline and a 3.8 percent annual rate. Energy did the work: the energy index dropped 5.7 percent on the month, its steepest monthly fall since April 2020, with gasoline and fuel oil each off more than 9 percent. Energy is still up 15.7 percent over twelve months. Services excluding energy were flat, shelter rose 0.1 percent, and transportation services fell 0.3 percent. The print covers June, and oil turned sharply higher on Monday, after the reference period closed.

## ■ DEEP DIVE: THE HARM RULE

### What the Rescission Actually Removes

The US Fish and Wildlife Service and the National Marine Fisheries Service published a final rule Tuesday rescinding the regulatory definition of "harm" under the Endangered Species Act (ESA). The definition is struck from Title 50 of the Code of Federal Regulations (CFR), parts 17 and 222. It has been in place in some form since 1975 and in its current wording since 1981, which required that habitat modification "actually kills or injures wildlife by significantly impairing essential behavioral patterns, including breeding, feeding or sheltering." That sentence is the bridge that made significant habitat modification a form of prohibited take under Section 9. The statutory verbs in the definition of take stay exactly where they are. What falls away is the regulation that carried habitat modification across to them. The rule is effective September 14 and is prospective only: issued permits and existing incidental take statements are not reopened.

### The Legal Ground Shifted First

In Babbitt v. Sweet Home Chapter of Communities for a Great Oregon, 515 U.S. 687 (1995), the Supreme Court upheld the harm definition. It did so under Chevron deference, which asked only whether an agency's reading of an ambiguous statute was permissible, not whether it was the best one. Loper Bright Enterprises v. Raimondo ended Chevron in 2024 and told courts to decide for themselves whether a statute authorizes the agency action in front of them. The services now argue the 1981 definition is not the single best reading of the ESA, and they lean on Justice Scalia's dissent in Sweet Home to say so. Whether Sweet Home survives as binding precedent under Loper Bright's carve-out for prior holdings is the question the courts will answer, and it is not a settled one.

### What Changes on Timberland, and What Does Not

In the Pacific Northwest the binding constraint on private and state forest has been habitat rather than the direct killing of animals: northern spotted owl, marbled murrelet, and listed salmonids. Landowners bought certainty with habitat conservation plans (HCPs) and the incidental take permits that come with them, negotiated over years against the definition now being withdrawn. Because the rule is prospective, those permits stand. A landowner holding one holds the same document today as last week. Habitat obligations also survive in other law that the rescission does not touch: Section 7 consultation still applies to federal actions and federal timber sales, the Clean Water Act still governs streams, and Washington's and Oregon's forest practices rules impose their own riparian and habitat requirements as a matter of state law. What the rescission narrows is one federal pathway among several that remain in force.

### The Litigation Arrives the Same Day

Earthjustice, with more than half a dozen conservation groups, sued both services in federal district court in Seattle. The Swinomish Indian Tribal Community and the Squaxin Island Tribe filed separately, arguing that habitat degradation is the primary cause of the Puget Sound salmon decline and that removing the definition removes the tool that addressed it. The September 14 effective date leaves challengers two months to seek a preliminary injunction, and Seattle is a deliberate venue choice. Practitioners on both sides have made the same point about the interim: a rescission this contested leaves the regulated community guessing about what now triggers liability, and litigation over individual projects is the likely near-term result. Anyone timing a harvest plan or a capital decision to the new state of the law is underwriting an outcome no court has ruled on yet.

## WHAT YOU MISSED YESTERDAY

*Monday, July 13 — business, markets, and the broader economy.*

- US stocks fell. The S&P 500 lost 0.79 percent to 7,515.34, the Nasdaq Composite fell 1.55 percent to 25,873.18, and the Dow Jones Industrial Average slipped 0.26 percent to 52,498.64. Chipmakers led the decline on concern that the largest cloud operators will trim spending on artificial intelligence infrastructure.
- Oil jumped. Brent rose about 9.5 percent to trade above $83 a barrel, its biggest single-day gain since May 2020, and WTI topped $78, after the US said it would reinstate a blockade of Iranian vessels in the Strait of Hormuz and charge 20 percent on cargo moving through the waterway. US Central Command said the blockade begins at 4 p.m. Eastern on Tuesday.
- The 10-year Treasury yield rose more than four basis points to 4.614 percent as the US-Iran ceasefire came under strain.
- The Canadian dollar was little changed against the US dollar, trading near 1.4143 on Tuesday.

## INDUSTRY & COMPANY NEWS

- **US Forest Service:** An arbitrator ruled that the agency violated its collective bargaining agreement and the 2010 Telework Enhancement Act when it issued return-to-office orders in early 2025, and ordered telework and remote-work agreements restored for close to 20,000 employees represented by the National Federation of Federal Employees. The decision also directs the agency to give staff who quit over the orders a chance to return. The Forest Service has 30 days to decide whether to appeal.
- **Mosaic Forest Management:** The manager of private timberlands on Vancouver Island and the Sunshine Coast is rebuilding how it handles public recreation access, following an independent review prompted by a 2025 survey that drew more than 7,600 responses. The review found inconsistent gate hours and unclear rules between user groups on a program designed to control access rather than manage it. The company said it will make access more predictable and plan recreation deliberately alongside First Nations and local governments.
- **Natural Resources Canada:** Ottawa announced more than $17 million for 12 forest-sector transformation projects in Quebec, aimed at low-carbon technology, Indigenous participation, added value in wood manufacturing, and export diversification. The province's forest sector accounts for close to 10 percent of Quebec exports by value, $6.4 billion in provincial economic output, and roughly 60,000 jobs.
- **Dream Billiards Sports Bar and Eatery:** The Ontario Court of Justice in Brampton fined the company $25,000 after a guilty plea for importing billiard-table legs made from rosewood without a permit, an offence under Canada's Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act. Rosewood is listed under the Convention on International Trade in Endangered Species (CITES). Enforcement officers inspected the shipment from India after border officers intercepted it in Mississauga in February 2025.
- **Thunder Bay Pulp and Paper:** The mill will test crude tall oil, a byproduct of its own pulping process, as an input for separating lithium from rock, in a pilot with Rock Tech Lithium backed by a C$262,500 investment from Ontario. The trial runs over the coming months and is aimed at a new revenue line for mill residuals.
- **Louisiana Tech University:** Gary Kennedy, dean of the College of Applied and Natural Sciences for the past 11 years, was named founding director of the RoyOMartin Forest Products Innovation Center, a new research operation focused on timber profitability and product development.

## ■ MARKET SNAPSHOT

| INDICATOR | VALUE | TREND |
|---|---|---|
| Lumber futures (Sep) | **$631.00** | Down $8.00 on the Tuesday session; September is now the front contract |
| Brent crude | **above $83/bbl** | +9.5% Monday, the largest one-day gain since May 2020, on the Hormuz blockade |
| US CPI, June | **3.5% y/y** | Down from 4.2%; headline fell 0.4% on the month as energy dropped 5.7% |
| 10-yr Treasury yield | **4.614%** | +4 bp Monday; the June inflation print pulled yields lower Tuesday morning |

## ■ THE BOTTOM LINE

Two policy moves and one inflation print set the tone. British Columbia carved out a fibre category for custom cutters and processors, the operators who mill to specification without owning a mill, and it framed the change as a value-added answer to US duties. The province separately locked 45,000 hectares in the northeast out of new industrial activity for a decade, with forestry restricted for four years. US consumer prices fell 0.4 percent in June and the annual rate came down to 3.5 percent, though energy did most of the work and oil turned higher the day before the print landed. The deep dive covers the rescission of the harm definition under the Endangered Species Act, which was published Tuesday, takes effect September 14, and was sued over in Seattle the same day. Existing habitat conservation plans and incidental take permits are untouched, and the near-term change on timberland is legal uncertainty while the courts work through it.

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