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THE LUMBER DAILY

TOP STORIES

Washington Tables a New Offer as the August 19 Tariff Deadline Nears

Canada-United States Trade Minister Dominic LeBlanc met United States officials in Washington on Tuesday for the third time in three weeks, and negotiators are working toward a package that could go in front of President Trump as early as Monday, August 17. That is two days before 50 percent Section 338 tariffs on Canadian plywood, veneer, furniture, and paper take effect at midnight Eastern on August 19. The United States tabled a new proposal Tuesday that would lower some sectoral tariffs; officials briefed on the talks said Ottawa considered it insufficient. Canada's lead negotiator has warned her United States counterparts that imposing the new tariffs would risk halting the talks entirely, according to multiple reports. Measures under discussion include Canada's retaliatory auto tariffs, provincial alcohol restrictions, and dairy access. Quebec Premier Christine Frechette said Tuesday the province will restock United States wine only in exchange for concrete gains on forestry and aluminum tariffs.

Grasshopper Fire's Overnight Run Closes Highway 35 and Ends Mt. Hood Meadows' Summer

The Grasshopper Fire ran hard to the northeast Monday night, burning roughly 13,000 acres in 24 hours to reach 77,311 acres by Wednesday morning, with containment falling from 23 to 20 percent. The run pushed Level 3 go-now evacuation orders across the areas immediately northwest, west, and southwest of Dufur, damaged homes in its path, and forced cancellation of the Wasco County Fair. The Oregon Department of Transportation closed a 12-mile stretch of Highway 35 between the US 26 junction and Parkdale indefinitely, and Mt. Hood Meadows said Tuesday it is ending summer operations for the rest of the season. More than 1,800 personnel are assigned. The National Interagency Fire Center reported 101 uncontained large fires Wednesday at Preparedness Level 5, with year-to-date burned acreage at 6.45 million acres, 155 percent of the ten-year average; the Northwest holds 44 of the uncontained large fires and 18,129 of the 30,189 personnel committed nationally, 60 percent of the total. In Washington, the Little Giant Fire northwest of Leavenworth passed 122,000 acres at 5 percent containment with 26 structures lost.

GreenFirst Swings to a Profit as Chief Executive Joel Fournier Sets an October Exit

GreenFirst Forest Products reported second-quarter net income of C$5.5 million, or C$0.24 per diluted share, against a C$20.7 million loss in the first quarter, on net sales of C$96.1 million, up from C$60.6 million. The Ontario lumber producer's average realized price rose to C$764 per MBF from C$666, and adjusted EBITDA came in at positive C$11.8 million after a negative C$15.1 million first quarter; the quarter also benefited from a C$16.2 million reversal of an earlier inventory writedown. Duty and tariff expense nearly doubled to C$21.1 million, with the company paying a combined 45.16 percent on shipments into the United States once Section 232 is included. Chief executive officer Joel Fournier will resign effective October 31 for personal reasons, remaining in the role while the board searches for a successor.

■ DEEP DIVE: SECTION 338

The annex list

The tariffs taking effect August 19 apply to the forest-product tariff lines listed in two White House annexes; the Forest Products Association of Canada (FPAC) counts 98. Plywood, veneer sheets and panels, particleboard, fiberboard, select paper and paperboard, and wooden furniture are in scope at 50 percent, on top of existing most-favored-nation rates and any antidumping and countervailing duties (AD/CVD) already attached. Oriented strand board (OSB), newsprint, market pulp, glulam, and cross-laminated timber (CLT) do not appear on the annex lists. Section 338 also applies to shipments that qualify under the United States-Mexico-Canada Agreement (USMCA); origin compliance does not exempt a product. One industry estimate puts BC's exposure at up to about $1 billion of 2025 forest-product exports to the United States, with veneer the largest value at risk, followed by plywood, select paper and packaging near $123 million, and laminated veneer lumber (LVL) at roughly $84 million. The same analysis cautions that mapping Canadian export codes to the United States tariff schedule is imprecise and the exposure figures are estimates.

Where the exemption line falls

Products already covered by Section 232 are exempt from Section 338. Softwood lumber and logs sit under a 10 percent Section 232 tariff, and upholstered furniture and kitchen cabinets and vanities carry 25 percent, scheduled to rise January 1, 2027; that coverage spares lumber itself from the 50 percent rate. Products that carry AD/CVD but no Section 232 coverage can be hit by both, and published analysis of the annexes flags mouldings, trim, and baseboards, along with specialty products such as fencing, as categories where the new tariff could stack on existing duties. For softwood lumber, the combined AD/CVD cash-deposit rate stands at 35.16 percent, 45.16 percent with Section 232 included. West Fraser told investors its medium-density fiberboard (MDF) shipments are not affected, with a small share of its plywood and a low-double-digit percentage of its LVL volume exposed.

The duty machinery in the background

Commerce reinstated Quebec producer Les Produits Forestiers D&G and its affiliate Portbec into the countervailing-duty order on August 6 at a 1.05 percent rate, ending a seven-year court fight over a 2019 expedited review that had excluded the company at a de minimis 0.21 percent. The Court of International Trade entered final judgment July 21, and United States Customs and Border Protection began collecting the new deposit on the company's shipments August 6. The seventh administrative review is still open: the April preliminary calculated a combined 24.83 percent rate covering 2024 shipments, final results are due later this year, and cash-deposit rates hold at current levels until the final publishes.

The argument outside the room

The United States Lumber Coalition said Tuesday that Statistics Canada data show Canadian lumber shipments to markets outside the United States declined again over the past six months, and urged the administration to keep AD/CVD enforcement and the Section 232 tariff in place; the coalition argues Canada produces about 27 billion board feet a year against 7 billion of domestic consumption and must export roughly three-quarters of its production, most of it to the United States. The head of BC's Independent Wood Processors Association countered the same day that the coalition's program amounts to managed scarcity that raises costs for United States buyers. FPAC pressed Ottawa on Monday for a forestry-specific rail strategy, putting the sector's transportation bill at C$2 billion to C$3 billion a year on an average shipment distance of about 750 miles, with 96 percent of Ontario's forestry exports bound for the United States.

WHAT YOU MISSED YESTERDAY

Tuesday, August 11 — business, markets, and the broader economy.

- The S&P 500 closed at 7,728.20, down 0.3 percent for a second straight decline since Friday's record; the Dow lost 0.3 percent to 53,791.85, the Nasdaq fell 0.6 percent to 26,445.45, and the small-cap Russell 2000 added 0.3 percent.
- Alphabet fell 3.6 percent after raising its 2026 capital-spending guidance to $195-205 billion and posting its first quarter of negative free cash flow; the company also closed a $25 billion senior notes offering.
- The 10-year Treasury yield eased to 4.68 percent ahead of Wednesday's inflation report.
- WTI settled at $83.20, up 1.3 percent for a fourth straight gain, with Brent at $88.91; Strait of Hormuz transits are running near five vessels a day against roughly 14 in June, and talks on reopening the lane remain stalled.
- Wednesday morning's July consumer price index rose 0.1 percent on the month and 3.4 percent year over year, down from 3.5 percent, with core inflation at 2.5 percent; traders now put the odds of a September rate hike near 42 percent.

INDUSTRY & COMPANY NEWS

- **Millar Western** told employees Monday it will curtail its Quesnel River Pulp mill in BC from the end of the day shift September 4, with a planned November 1 restart that could slip if markets stay weak; the company cited sustained weak demand and poor pricing tied to tariffs on Chinese exports. The curtailment comes two weeks after Millar Western drew a federal Large Enterprise Tariff Loan.
- **Stora Enso** plans to permanently close its Veitsiluoto sawmill in Kemi, Finland, and centralize pine sawing at its Oulu and Kalajoki mills; change negotiations covering about 60 employees are expected to run three weeks, and under the current plan the mill, already under temporary curtailment, would not restart in October. Veitsiluoto has operated for more than a century.
- **Mercer International** posted a second-quarter net loss of $76 million on revenue of $460.3 million, took a $29 million writedown mostly against pulp and fiber inventory, and announced a restructuring of its Torgau, Germany wood-products operation alongside a strategic review of the site.
- **Trimlite**, the Wynnchurch Capital-backed door distributor, acquired Barnett Millworks of Theodore, Alabama, a family-owned residential door and millwork distributor founded in 1945 serving the Southeast and Gulf Coast; terms were not disclosed. It is Trimlite's second acquisition this year, after Harris Door and Millwork in March.
- **Packaging Corporation of America** announced a $140-per-ton increase on linerboard and corrugating medium effective September 1, with International Paper seeking $80 and Smurfit Westrock $100 in the same window, the third round of containerboard increases in five months. AICC, the independent packaging converters' association, opposed the moves, saying the three producers control about 63 percent of supply.
- **Ottawa** directed C$30.5 million through its Pacific development agency to 24 BC businesses responding to trade disruption; forest-sector recipients include Nanaimo Forest Products at C$5.5 million, BC Wood Specialties Group at C$5.28 million, and millwork producers Canadian Bavarian Millwork & Lumber and PowerWood at C$1 million each.

■ MARKETS & INFLATION SNAPSHOT

INDICATOR	VALUE	TREND
July CPI, year over year	**3.4%**	Down from 3.5% in June; core at 2.5%
10-yr Treasury	**4.68%**	Eased ahead of the CPI print
WTI crude	**$83.20**	Fourth straight gain on the Hormuz impasse
30-yr mortgage (Freddie Mac)	**6.69%**	Up 3 bp to an 11-month high
Lumber futures (Sept)	**~$580/MBF**	Edged up Tuesday after a 10-session slide from the late-July peak near $650

■ THE BOTTOM LINE

Canada and the United States have one week to land a framework before 50 percent tariffs hit nearly a hundred forest-product lines, and a package could reach the president by August 17. The Grasshopper Fire added 13,000 acres overnight, closed Highway 35, and ended Mt. Hood Meadows' summer season. GreenFirst swung to a profit on a 15 percent realized-price gain while its chief executive set an October exit. Quesnel River Pulp will idle for two months this fall, and Stora Enso plans to close its century-old Veitsiluoto sawmill for good. July inflation cooled to 3.4 percent, and September hike odds sit near 42 percent.