THE LUMBER DAILY

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Shutdown Map Edition
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TOP STORIES

Fifty Percent Duties Take Effect on Canadian Panels, Veneer and Doors

Negotiations broke off late Friday and the Section 338 duties attached at 12:01 a.m. eastern time Saturday. Prime Minister Mark Carney, speaking Saturday, said he had suspended talks the previous evening and ordered Canada's negotiators back to Ottawa, that the United States "asked too much and offered too little," and that Canada will match the new tariffs dollar for dollar in sectors including steel, dairy, appliances, agricultural equipment, pulp and paper, and electronics, along with goods already covered by the Section 232 and Section 338 actions. The measures are to be published in the coming days and take force the Tuesday after Labour Day, September 8. The August 18 proclamation that moved the effective date from August 19 to August 22 changed nothing else and published Monday at 91 FR 54789 with every tariff line intact. US Customs and Border Protection issued filing guidance at 11:16 p.m. Friday. Three Chapter 99 headings carry the 50 percent rate, among them the motor-vehicle annex that holds the 64 chapter 44 wood lines, dissolving wood pulp and roughly two dozen paper and paperboard lines, and two more set a zero additional rate, one for goods already under Section 232, wood products included, the other for civil aircraft. Entry timing governs rather than shipment date, the duty stacks on antidumping and countervailing duties, foreign trade zone admissions must be made under privileged foreign status, and the duty is subject to drawback. Canadian softwood lumber is on neither list, and because it already sits under Section 232 it takes the zero additional rate here. Its 10 percent Section 232 duty and its antidumping and countervailing deposits are untouched. Plenty of wood gets no such relief. Coniferous veneer at 4408.10.01 and pine mouldings at 4409.10.40 are on the annex, and so is subheading 4407.99.02, the residual nonconiferous line whose statistical breakouts include western red alder, walnut and hickory. Nothing in Section 232 reaches those, so they pay the full 50 percent.

The Northwest Is Holding Nearly Six of Every Ten Fire Personnel in the Country

The national situation report Monday put 22,085 people on fire assignments and 13,184 of them in the Northwest, the only geographic area besides the nation itself at preparedness level 5. The region is running 31 of the 86 uncontained large fires and holds 2,558,311 of the 3,627,600 acres inside active incidents. It has recorded 2,206 of the 50,784 fires reported nationally this year, about four percent of the starts, against 2,878,469 of the 7,818,359 acres, and it burned 34,008 of the 48,328 acres lost across the country on Sunday. National acreage stands at 168 percent of the ten-year average of 4,660,636. The Little Giant fire northwest of Leavenworth carries 2,292 people, more than any other incident in the country, at 144,832 acres and 15 percent containment, with 240 soldiers from the 1st Battalion, 23rd Infantry Regiment out of Joint Base Lewis-McChord assigned to it. Three 15-member management teams and 270 fireline personnel from Australia and New Zealand are working the Northwest and Great Basin. Two Saturday starts on the Wallowa-Whitman, McCulley and North Pole, are both at zero containment with crowning and spotting and evacuation orders around Bourne and Cable Cove. The Colwash fire on the Yakama reservation grew by 34,599 acres in a day through grass and brush west of Mabton, reaching 38,599 acres and 8 percent containment, with one structure destroyed.

James Hardie Sells Fermacell to Holcim and Will Close Its European Fiber Cement Plants

The company agreed to sell its European walling and flooring business, including the fermacell and Aestuver brands, to Holcim for 840 million euros in cash, about 980 million dollars, and said separately that it intends to close its European fiber cement business, subject to legal, regulatory and works council consultation. Roughly 600 million dollars of the proceeds go to debt repayment against a target of net leverage below two times by September 30, 2027, and the board authorized a new 250 million dollar buyback. The sale is expected to close in the first half of calendar 2027. Christian Claus stays on to run Fermacell under Holcim. James Hardie keeps the Hardie, TimberTech, AZEK Exteriors, Versatex and StruXure brands and says the two moves let it focus on its highest growth and return opportunities. Fiber cement competes directly with wood siding and trim in North America, and Boise Cascade became the sole nationwide distributor of the company's exterior portfolio at the end of July.

■ DEEP DIVE: THE SHUTDOWN MAP

Five Washington Zones Are Closed Outright

The state's industrial fire precaution system covers 35 shutdown zones, and Monday's posting has five of them at Level 4, general shutdown, all operations prohibited. Three sit in the Northeast Region out of Colville: zones 678 and 684 since August 3, and zone 686 since August 10. Two more are in the Southeast Region out of Ellensburg, zones 675 and 680, since August 17. Eight zones are at Level 3, all of them in the Northeast and Southeast as well. Twelve are at Level 2 and ten at Level 1. Every zone in the Northeast Region is at Level 3 or Level 4, and five of the six Southeast zones are, the exception sitting at Level 2. Nothing west of the Cascade crest is above Level 2.

The Seven-Hour Stop on Log Trucks

The Level 3 order posted for those eight zones prohibits cable yarding outright except for gravity systems with blocks and moving lines suspended ten feet, and prohibits power saws except at loading sites and on tractor-skidder operations, and then only between 8 p.m. and 1 p.m. It then permits a short list of activities "between the hours of 8 p.m. and 1 p.m. local time," and the list includes tractor, skidder, feller-buncher, forwarder and shovel operations where blade equipment is immediately available, blasting and metal cutting, and mechanized loading and hauling of any product or material. That is a hard stop on loading and hauling from 1 p.m. to 8 p.m. every day across eight eastside zones. Where a load crosses more than one zone, the level at the woods loading site governs the haul. Level 2, where about half the west-side zones sit, leaves hauling alone and pushes only saws, cable yarding, blasting and welding into the same window.

Oregon's General Shutdowns Are All on Federal Ground

Oregon's Department of Forestry lists 61 regulated-use areas, and none is at Level 4. Twenty-three are at Level 3, 18 at Level 2, two at Level 1, and 18 east-side areas are coded not applicable. Fire danger is rated Extreme in 29 areas and High in 30. Every general shutdown in the state sits on federal ground, and there are several. The Wallowa-Whitman National Forest has been at Level 4 forest-wide since August 8, which is the ground the McCulley and North Pole fires are burning. The Umatilla put its South Zone at Level 4 on August 6 and its North Zone at Level 3. The Deschutes, the Ochoco and Crooked River National Grassland, and the Prineville district of the Bureau of Land Management have all been at Level 4 since July 27. On the Mt. Hood, Unit 1, the Barlow and Hood River districts east of US 26 and OR 35, went to Level 4 on July 29, with Units 2, 3 and 4 at Level 3 since August 14. That is where the Grasshopper fire has been burning since July 23.

Idaho Parks the Saw and Keeps the Truck Moving

Idaho runs stages rather than precaution levels, and the Coeur d'Alene dispatch order that took effect at 12:01 a.m. on August 7 put Bonner and Boundary counties at Stage 2 and Kootenai, Shoshone and Benewah at Stage 1. It reaches all state, endowment, federal, tribal and private forest and range land in the dispatch area, covering the Idaho Panhandle National Forests, the Bureau of Land Management, the Department of Lands and the Coeur d'Alene Tribe. Stage 2 bars operating a chainsaw or any internal combustion equipment for felling, bucking, skidding, yarding, processing, road building and woodcutting from 1 p.m. to 1 a.m., with a patrol required for an hour after work stops. The fourth exemption reads "log loading and hauling only from landings and existing roads." A contractor in Bonner County loses twelve hours of cutting and keeps his trucks. Washington's Level 3 zones make the opposite trade: ground equipment and saws at loading sites work the morning, and the hauling stops at one.

WHAT YOU MISSED YESTERDAY

Friday, August 21 - business, markets, and the broader economy.

- Stocks recovered part of a weak week. The S&P 500 closed at 7,674.37, up 0.4 percent, the Dow at 53,277.01, up 1.0 percent, the Nasdaq at 26,180.45, up 0.4 percent, and the Russell 2000 at 3,017.87, up 0.9 percent. For the week the S&P fell 1.4 percent, the Dow 0.8 percent and the Nasdaq 2.1 percent. Thursday had been the Dow's worst session in three weeks, down 1.3 percent, with Walmart off 9 percent after a quarter in which it raised full-year guidance.
- Yields rose across the curve on Friday. The two-year closed at 4.24 percent, the ten-year at 4.74 percent and the thirty-year at 5.27 percent, up five, five and four basis points from Thursday.
- The flash purchasing managers survey put the composite at 56.0 for August from 54.5, the highest in more than four years, with services at 56.8. Manufacturing slipped to 53.2 from 53.9 and factory output to 51.9. Surveyed firms reported the third-largest lengthening of supplier delivery times in four years.
- Freddie Mac's Thursday survey put the thirty-year fixed mortgage at 6.65 percent from 6.67 percent a week earlier. Purchase applications fell 2 percent for the week ended August 14. Initial jobless claims came in at 206,000, down 6,000.
- Crude held its gains. October WTI settled at $87.06 on Friday and Brent at $94.39, after Brent rose 2.4 percent Thursday in a fourth straight gain. The September contract expired Thursday, so Friday's settle is the October month.

INDUSTRY & COMPANY NEWS

- **Fibre Excellence Saint-Gaudens** drew a rescue offer at the Toulouse commercial court on Monday, the deadline for firm bids on the French pulp mill and its roughly 270 jobs. The filing came from ARIS, the Occitanie region's strategic investment agency, which says it filed to give the industrial partners time to finalize their own commitments. The offer carries a 90 million euro investment plan, of which the region says 85 million is secured. The court sits on September 8 in closed session. An earlier bid was rejected on July 27 and the company's Tarascon mill was liquidated two days later.
- **Statistics Canada** reported that mill-gate prices for lumber and other wood products rose 3.2 percent in July and 7.6 percent over the year, to an index of 138.1 against a January 2020 base. Pulp and paper products rose 5.1 percent in the month and 6.5 percent over the year. The industrial product price index as a whole rose 0.6 percent and 12.4 percent. The index measures what producers receive at the factory gate and excludes tariffs, indirect taxes and freight, though the agency notes tariffs can move the prices it measures indirectly.

- **Timber Products** started up a short-cycle laminating line at its Table Rock composite specialties plant in White City, Oregon, replacing an older press. The company says the Dieffenbacher line runs thermally fused laminate panels up to five by twelve feet and shelving in twelve-foot lengths at roughly three times the output of the press it replaced, with a crew of five falling to three or four at full ramp. No capital figure was disclosed. Timber Products, headquartered in Springfield, is one of five domestic producers behind the hardwood and decorative plywood case against China, Indonesia and Vietnam, where the Trade Commission voted affirmative on injury last Wednesday. The orders have not issued yet.
- **QXO** named Ken West president and chief operating officer effective September 1, reporting to Brad Jacobs. West comes from Honeywell, where he ran the process technology business, after thirteen years at PPG. The company describes itself as the second-largest publicly traded distributor of lumber and building materials and is targeting 50 billion dollars of annual revenue within the decade; its Beacon, Kodiak and TopBuild acquisitions have all closed.
- **Woodgrain** is extending its Fiberon decking, railing and outdoor living distribution into eleven western and central markets: Auburn, Washington and Tigard, Oregon, plus Boise, Salt Lake City, Sacramento, Ontario, Phoenix, Albuquerque, Houston, Cape Girardeau and Jackson. The Idaho moulding and millwork manufacturer and distributor had carried the line out of its southeastern warehouses, and says rollout timing follows in the coming weeks.
- **Kahrs** reported second-quarter net sales of 552 million Swedish kronor, up 9 percent, and operating earnings before interest, taxes and amortization of 22 million kronor for a 4.0 percent margin. First-half sales reached 1,082 million kronor with a net loss of 61 million. North America fell 10 percent organically on weak demand, and the hardwood flooring manufacturer is rebuilding its US business around direct retail accounts in place of distributor sales.

■ MARKETS & PRICES SNAPSHOT

INDICATOR	VALUE	TREND
Lumber futures, September delivery	**$574.00/MBF**	Settled $4.00 lower Friday; November settled at the same level and out-traded it as the roll ran
USD/CAD	**1.3760**	Bank of Canada daily rate Friday, the Canadian dollar's strongest since May
Canadian chapter 44 lines at 50 percent	**69**	Across the three annexes, 64 of them in the motor-vehicle annex
Philadelphia Fed manufacturing, August	**47.4**	From 41.4 in July, the highest current-activity reading since April 2021
September rate-hike odds	**About 39%**	Priced in fed funds futures at Friday's close; the Jackson Hole symposium runs August 27 to 29

■ THE BOTTOM LINE

The tariff question is answered for now, and the answer is 50 percent. Canadian plywood, veneer, fiberboard, doors and a long list of paper grades started clearing customs Saturday morning at the full rate, softwood lumber stayed out of it, and western red alder did not. Ottawa says its own list lands September 8 and names pulp and paper among the targets. In the woods, five Washington zones are shut down outright and eight more park their log trucks from one in the afternoon until eight at night, while a contractor across the Idaho line loses his saws instead and keeps hauling. The Northwest is holding nearly six of every ten fire personnel in the country on four percent of the year's fire starts.