

TOP STORIES

EU Narrows Deforestation Rule's Wood Scope; Chips, Sawdust and Pellets Stay In

A rewritten product list for the European Union Deforestation Regulation (EUDR) entered into force September 18, the day after it was published in the EU's Official Journal. The Commission's delegated regulation, adopted July 13, adds the words "not including used products and second-hand products" to most wood headings, including 4403 logs, 4407 sawn wood, 4409 through 4412 mouldings and panels, 4418 builders' joinery and 4421, and to wooden seats and furniture under 9401 and 9403 and prefabricated buildings under 9406. Headings 4401, 4402, 4405 and 4408 carry no such exclusion. Wood chips, sawdust, wood waste and pellets under 4401 stay in scope, with exceptions for material that qualifies as waste under EU law and for single-use packing used exclusively to support, protect or carry another product and presented with it. Packing under 4415 is out when used or second-hand, or when single-use or reusable packing serves that same function and is presented with the other product. New pallets placed on the market as products in their own right stay in. The regulation now states that it does not apply to bamboo, rattan and other materials of a woody nature, and aircraft and motor-vehicle seats come off the list. No wood headings were added. Large and medium operators still face a December 30 compliance date. On September 16, ahead of Prime Minister Mark Carney's address to the European Parliament, the Forest Products Association of Canada (FPAC) said the regulation risks imposing tens of millions of dollars of unnecessary costs on Canadian producers, small woodlot owners and integrated supply chains. It asked for recognition of negligible-risk countries, streamlined geolocation and traceability requirements, and practical treatment of forest residuals and by-products.

Wausau Supply Plans \$41 Million Door Plant in West Branch, Michigan

Wausau Supply Company plans to build a 260,000-square-foot facility in West Branch, Michigan, to house the end-to-end process for door manufacturing, the state announced September 21. Michigan approved a \$575,000 performance-based grant for the project under its Michigan Business Development Program. The company plans to invest at least \$41 million and create an estimated 92 jobs with starting wages of \$22.00 an hour plus benefits, against a regional median wage of \$21.75. It already has a distribution and manufacturing facility in West Branch and 108 employees in Michigan. The state notes that the job and investment figures are company commitments under the grant agreement and can be amended or cancelled.

Court Approves Sale of Teal-Jones to Gillfor Manufacturing

British Columbia's Supreme Court approved the sale of the Teal-Jones Group to Gillfor Manufacturing Inc. on September 18, according to a joint statement from the two companies and the court-appointed monitor that circulated September 24. The sale is expected to close in the fourth quarter of 2026, subject to customary closing conditions, including approvals under the Competition Act and other required regulatory approvals. The statement says the Teal-Jones Surrey, Sumas and Tree Farm Licence 46 operations were headed for liquidation without the transaction. Gillfor manufactures and markets western red cedar. Teal-Jones has been under creditor protection since April 2024. The statement expects minimal disruption to service and production and discloses no price or job figures. Approval does not mean the sale has closed.

WHAT YOU MISSED YESTERDAY

Thursday, September 24 — business, markets, and the broader economy, with Friday morning's durable goods report.

- US equities finished little changed. The S&P 500 slipped 1.90 points, or 0.02 percent, to 7,704.13. The Dow fell 161.61, or 0.31 percent, to 51,349.98. The Nasdaq Composite rose 3.33, or 0.01 percent, to 26,939.37.
- Treasury par yields rose again. The two-year added 2 basis points to 4.87 percent, the 10-year 7 basis points to 5.18 percent and the 30-year 7 basis points to 5.47 percent. The 10-year is up 22 basis points in two sessions, from 4.96 percent on Tuesday.
- The weekly mortgage rate survey released Thursday put the 30-year fixed rate at 7.03 percent, from 6.95 percent a week earlier and 6.30 percent a year ago. The 15-year fixed rose to 6.42 percent from 6.26 percent.
- Initial jobless claims fell 1,000 to 197,000 in the week ending September 19, and the four-week average was 202,250. For the week ending September 5, Washington's insured unemployment rate was 1.8 percent and Oregon's 1.7 percent, both among the highest state rates.
- Durable goods orders released Friday were virtually unchanged in August at \$338.6 billion, down \$0.1 billion. Excluding transportation, orders rose 0.3 percent. The Canadian dollar daily average was 1.4136 to the US dollar, from 1.4096 Wednesday.

INDUSTRY & COMPANY NEWS

- **Canyon Lumber**, the Everett, Washington, Douglas fir specialty mill, is now led by the fourth generation of the Hambidge family, according to a trade report Thursday. Kelly Hambidge is president and chief financial officer, and her brother Jake Hambidge is vice president in charge of log purchasing and sales. The company started in Robe Canyon in the late 1800s and opened its Everett mill in 1907. It makes kiln-dried beams, architectural posts and beams, clear posts, bridge timbers, scaffold plank and clear finish boards.
- **Washington's Commissioner of Public Lands** said September 24 that the state cannot reach the 77,000 acres of structurally complex forest set aside under an August 2025 order, and that the order has been updated. About 55,000 acres will now be exempt from Department of Natural Resources harvest plans through at least 2030. In that time the department will seek authority to participate in the regulatory carbon market and a conservation lease program that would let tribes, municipalities or other state agencies fund the conservation of specific forests. The change does not by itself set a near-term harvest volume.
- **New Zealand and India** have both ratified their free trade agreement, which enters into force October 20, New Zealand's trade minister said September 21. The New Zealand government says more than 95 percent of its forestry and wood exports to India will be tariff-free from the first day, with almost all of the rest phased out over seven years. A second round of tariff cuts follows on January 1, 2027. New Zealand's forestry exports to India were worth NZ\$134 million in the year to June 2025.
- **Wildfire status.** Friday morning's national situation report held both the national and Northwest preparedness levels at 2. Personnel fell to 6,824 nationally, down 520, and to 3,115 in the Northwest, down 209, or 45.6 percent of the national total. Uncontained large fires fell to 26 nationally from 29, with 13 in the Northwest, unchanged. Rain fell Thursday on the Austin, Grasshopper, Three Queens, Sinlahekin and King fires, and more widespread rain is expected near and west of the Cascades. Among fires listed in the report, Little Giant, 30 miles northwest of Leavenworth, Washington, has the most structures lost, at 40, and is 81 percent contained. The report now lists 33 structures lost at Sinlahekin, up from 31 a day earlier, level with Grasshopper and the Rowe Creek Complex. The Timber Fire near Big Sur, California, is 59 percent contained with 920 personnel, up 241, and lists numerous structures and communication infrastructure threatened.

■ DEEP DIVE: THE PELLET OUTLET

Belledune Signs for Pellets

NB Power said September 17 that it has fuel agreements with Canadian suppliers covering the majority of what its Belledune Generating Station will need once it converts from coal to advanced pellets made from wood and agricultural hemp. The utility's board approved the project in August. Belledune is a 467-megawatt station in northeast New Brunswick, and federal rules require coal-fired generation to end by 2030. The station ran on 100 percent advanced pellets in test burns in 2024, and the utility targets completing the conversion between 2028 and 2030, with exact timing to be determined. NB Power disclosed no total fuel tonnage. Two suppliers announced contracts the same day. The Belledune Joint Venture, made up of Pabineau First Nation, Eel River Bar First Nation, Arbec Forest Products and Airex Energy, plans to make up to 150,000 metric tons a year of torrefied, or roasted, pellets from harvest residues and sawmill by-products at the Port of Belledune. The partners put the investment at about \$100 million without naming a currency. Chapleau BioCarbon will supply 75,000 metric tons a year of torrefied wood pellets through March 31, 2040, from a planned plant with annual capacity of 135,000 metric tons of torrefied pellets and soil amendments in Chapleau, Ontario, being developed with GreenFirst Forest Products and Chapleau-area First Nations. That project is still in detailed engineering and financing.

The June Survey

The federal government's monthly densified biomass survey for June, released September 14, counted 74 operating US manufacturers among the plants that report monthly, with 13.16 million tons a year of capacity and 2,529 full-time-equivalent employees. They produced 0.95 million tons of pellets and other densified fuel in June and sold 0.96 million. Exports were 807,986 tons at an average \$209.46 a ton, about 84 percent of the month's sales. Domestic sales were 154,118 tons at \$261.19. The export price has stayed between \$205.71 and \$209.46 in every month from January through June. In June 2025 the survey counted 75 manufacturers, with 0.90 million tons produced, 0.85 million sold, 0.72 million exported at \$207.73 and 0.14 million sold at home at \$235.49. Utility pellet inventory in the South stood at 503,736 tons at the end of June, up from 394,639 in February.

What Pellet Mills Pay for Residue

Sawmill residuals were the largest disclosed feedstock category received at pellet plants in June, at 743,784 tons and an average cost of \$35.72 a ton. Roundwood and pulpwood came to 224,463 tons at \$25.30, and residuals from other wood-product manufacturing to 20,110 tons at \$42.94. Sawmill residuals made up about three-quarters of the 988,357 disclosed tons and averaged \$10.42 a ton more than roundwood. Their monthly average this year has ranged from \$34.61 in April to \$36.35 in February. In June 2025 plants received 683,175 tons of sawmill residuals at \$35.05. The survey has withheld a fourth category, other residuals, since March, so June's total feedstock purchases do not compare with last year's total. On the three categories disclosed in both years, purchases rose 15 percent, to 988,357 tons from 859,793.

Where the Capacity Sits

The South holds 34 of the 74 plants and 10.63 million tons a year of capacity, about 81 percent of the total. The East has 27 plants with 1.77 million tons and the West 13 plants with 760,300 tons. The largest single plants are Georgia Biomass at 826,733 tons and the Enviva Pellets plant in Cottondale, Florida, at 826,725, followed by Highland Pellets in Arkansas at 744,060. The facility list shows two Southern plants temporarily not operating: Fram Telfair Forest Products in Lumber City, Georgia, at 135,000 tons and the Allendale White Pellet Plant in South Carolina at 32,000. In the West it lists Bear Mountain Forest Products at 120,000 tons in Brownsville, Oregon, and Mallard Creek in California at 100,000 tons. The facility list totals 13.10 million tons against the regional table's 13.16 million; the two tables have different coverage.

MARKETS & RATES SNAPSHOT

INDICATOR	VALUE	TREND
30-year fixed mortgage rate	7.03%	From 6.95% a week earlier; 6.30% a year ago
15-year fixed mortgage rate	6.42%	From 6.26% a week earlier
10-year Treasury par yield	5.18%	Up 7 basis points; up 22 from 4.96% Sept 22
30-year Treasury par yield	5.47%	Up 7 basis points; 2-year 4.87%, up 2
Initial jobless claims, week to Sept 19	197,000	Down 1,000; four-week average 202,250
Durable goods orders, August	\$338.6 billion	Virtually unchanged; ex-transportation up 0.3%
Canadian dollars per US dollar	1.4136	Daily average, from 1.4096 Sept 23

THE BOTTOM LINE

New Brunswick's Belledune station has agreements covering most of the fuel it will burn after coal, and one of the two named suppliers will make its pellets from harvest residues and sawmill by-products. Sawmill residuals cost US pellet plants about \$36 a ton on average in June, and exports accounted for about 84 percent of reported sales. Europe has excluded used and second-hand products from many wood categories while keeping chips, sawdust and pellets in scope, subject to specified exceptions. A British Columbia court approved the sale of a Surrey sawmill group under creditor protection, and a door plant worth at least \$41 million is planned in northern Michigan. Washington cut its structurally complex forest set-aside to about 55,000 acres. Rates kept climbing, with the 30-year fixed mortgage rate above 7 percent.