

Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of
Appalachian Hardwood Manufacturers, Inc.

July 2019



China, Vietnam Events Attract Buyers

The trade dispute with China lingers and exports of hardwood lumber are down from previous years, BUT a larger crowd than was expected participated in the recent 24th Annual American Hardwood Export Council's China and Vietnam conventions.

There were more than 480 attendees in Ningbo, China and 240 in Hanoi, Vietnam for meetings on June 20-21 and June 25. The program focused on the sustainability and legality of U.S. hardwoods with an emphasis on Red Oak.

AHMI participated in both conventions along with 40 American companies. There were networking events with U.S. companies meeting with existing and new customers.

The trade war with China still impacts business with most Chinese importers asking for price reductions and concessions for the 10% and 25% tariffs on American lumber. The buyers reported that the Chinese economy has slowed in 2019 and consumers were not purchasing goods at the rate seen for the past five years.

The Chinese timber import companies said lumber warehouses in China have ample inventories. There was interest in new product but it was based on the price.

The Ningbo market has furniture and cabinet manufacturers. Ding Min, CEO of Colorful Furniture in Ningbo and current chairman of the Liaoning Province Furniture Association, said business in that area is good. His factories were working to fill furniture orders for domestic customers and Min was attending to meet new suppliers of American hardwoods.

Most buyers were seeking Red Oak, White Oak,



AHMI's Tom Inman explains the Appalachian hardwood resource to buyers in Ningbo, China

Walnut and Poplar supplies for the third quarter.

There were reports from manufacturing groups from Malaysia, Phillipines, Thailand and Singapore. These representatives said business in these areas, while still small in comparison to China, continues to grow every year.

The second half of the convention was in Hanoi, Vietnam, an area that is growing in hardwood consumption. Companies are relocating from China to Vietnam for lower cost labor and new manufacturing facilities.

While most of the current business is in the south, Nguyen Ton Quyen, chairman of the Vietnam Timber and Forest Product Association (VIFORES), said companies are considering Hanoi for expansion. The majority of participants in the convention were from the greater Hanoi area.

These buyers were seeking White Oak, Poplar and Walnut with some interest in Red Oak. The Vietnam furniture export industry is increasing.

AHMI distributed hundreds of Appalachian Hardwood promotional materials in Chinese and Vietnamese at the conventions. The list of contacts will be provided to AHMI Export members soon.

The way I see it..

By Tom Inman, AHMI President

...hardwood industry owners and managers are cautious when making decisions for the next week, quarter and year based on current markets.

Every owner/manager I talk with asks the same question at some point in the conversation: what do you think is going to happen?

I repeat the question back to them. The responses are varied:

Are we facing another 2008-2009 downturn in the hardwood industry?

Are there markets in other places to absorb the lumber that was going to China?

Will the industry overproduce and flood the market with lumber?

Will the price for timber be reduced to match the drop in lumber prices?

Wait. These answers are more questions. Uncertainty will do that.

There was positive news in recent days following the meeting between U.S. President Trump and China President Xi. They agreed to send negotiators back to the table and discuss the trade dispute that has drastically hurt the hardwood log and lumber industry exports to China.

The U.S. hardwood industry needs Chinese markets to improve. Chinese buyers at the recent AHEC China Convention were interested in logs and lumber at a price.

Buyers from Vietnam were more optimistic. They reported that orders were good at manufacturing plants and demand for wood was above average. The supply of wood, however, was WELL ABOVE average and they could be selective.

The forecast for the summer and fall by most U.S. sawmillers is fair. Log supplies have improved but production is held back because of slower lumber sales and uncertainty.

President John Kennedy said of uncertainty: "The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger—but recognize the opportunity."

Appalachian Hardwood Manufacturers 2019 Summer Conference Agenda

Saturday, July 27

Early arrivals enjoy The Greenbrier

6 pm - Early Bird Reception on Golf Club Patio
Dinner on your own

Sunday, July 28

2-4 pm - AHMI Board of Trustees Meeting in McKinley Room

3-5 pm - Meeting Registration in Lower Lobby

6 -7 pm - Welcome Reception Cameo Ballroom
Dinner on your own

Monday, July 29

8:30 am - General Session - Chesapeake Room
- **Scanning For Lumber Grade** - Technology has increased dramatically to scan hardwood lumber for grade. Two presentations on new equipment that can save time and labor with impressive results.

- **White Oak Initiative Strategy**- A coalition has been formed to increase white oak growth across the U.S. The plan would focus on Appalachian forests, landowners and manufacturers to improve management and harvesting practices.

- **Hardwood CLT Tower In VA** - Virginia Tech's School of Architecture is constructing the first Appalachian Poplar Cross Laminated Timber structure in North America. It is in Radford, VA.

INVITED - West Virginia Gov. Jim Justice and owner of The Greenbrier Resort has been invited to speak to our group on Business in West Virginia.

9 a.m. - **Ladies Breakfast** in Main Dining Room

10:30 a.m. - **Ladies Tour** - participate in Greenbrier Interior History Tour - Upper Lobby

12:15 pm - Golf Tourn. - Meadows Course

12:15 pm - Sporting Clays Tourn. - Gun Club

6-7 pm - Monday Reception Prime 44 Patio

Dinner on your own

Tuesday, July 30

9 am - **AHMI 401k MEP Program** - UBS Financial reps will be available to explain/enroll members in this new retirement program.

9 am - **Log Grading Rules Implementation** - AHMI and the Appalachian Hardwood Center have developed Rules for Scaling and Grading Hardwood Logs.

1 pm - **Tour Hardwood CLT Observatory** Tower in Radford, VA (*drive on your own*)
Have a safe trip home.

Crowd Is Up For AHMI Summer Conf.

Registrations are up from last year for the **2019 Summer Conference** of Appalachian Hardwood Manufacturers on **July 28-30** at **The Greenbrier** in **White Sulphur Springs, WV**.

There are five (5) opportunities for members and guests to learn ways to reduce costs, how to improve yield and the future for two key hardwood species. The business program includes:

1) Appalachian Poplar Cross-Laminated Timber Structure is an observatory under construction in Radford, VA. It was designed by the School of Architecture at Virginia Tech students and the two professors who lead the effort will explain the project, the decision to use Poplar and the great potential for the future.

It is the first structure in the U.S. to be built from CLT made exclusively of Appalachian Poplar. AHMI members are invited to tour the building on July 30 at the conclusion of the Conference.

2) Scanning For Lumber Grade, Improved Yield - Technology has increased dramatically to scan hardwood lumber for grade AND to improve yield. Two presentations from Eagle Machinery and JoeScan will discuss new equipment that saves labor and improves yield with impressive results.

3) Initiative Wants To Grow White Oak - A coalition has been formed to increase white oak growth across the U.S. The plan would focus on Appalachian forests, landowners and manufacturers to improve management and harvesting practices for this valuable hardwood resource. The Executive Director Jordy Jordahl will offer a strategy that will begin in the AHMI region.

We have planned two breakout sessions for Tuesday for members to gain more value:

a. AHMI 401k Enrollment Information - Representatives from UBS Financial will be on site to answer questions and enroll AHMI members in this multiple-employer program that offers retirement accounts for employees. The program began in March and has a dozen companies enrolled and reduces costs while offering a wide variety of investments.

Contact AHMI Office TODAY for rooms, registrations

b. Log Grading Rules Implementation - AHMI and the Appalachian Hardwood Center have developed Guidelines for Scaling and Grading Hardwood Logs. AHC's Curt Hassler will explain these guidelines, yield improvements and a better understanding for sellers and buyers of logs.

INVITED - West Virginia Gov. Jim Justice and owner of The Greenbrier Resort has been invited to speak to our group on Business in WV.

AHMI will recognize six companies who mark their 50-year and 25-year membership anniversaries in 2019.

There will be ample time for networking with members and guests at receptions and between sessions. We will also have the Summer Golf and Sporting Clays tournaments.

AHMI Ladies are invited to breakfast on Monday at 9 in the Main Dining Room and then join the Greenbrier Interior History Tour at 10:30.

The Dining Collection at The Greenbrier is diverse with 20 restaurants and lounges with world-class cuisine, served by staff dedicated to gracious hospitality. The Greenbrier's team of culinary professionals carefully designs ingredient-driven menus, using locally sourced produce and regional flavors. Please make reservations early.

The Greenbrier is a National Historic Landmark and world-class resort that has been welcoming guests from around the world since 1778. There are dozens of indoor and outdoor activities at the resort that offer fun, challenges and relaxation. See the Resort's website for details.

Please visit www.appalachianhardwood.org and click on "Meetings" for information and to register online. A paper registration form is included on page 6 of this newsletter.

There may still be rooms available. Please call the AHMI office at (336) 885-8315 or email to info@appalachianhardwood.org.

EPA Revises Air Rules

WASHINGTON - The U.S. Environmental Protection Agency (EPA) proposed a rule June 25 to implement the clear language of the Clean Air Act that allows a “major source” of hazardous air pollutants (HAP) to reclassify as an “area source” after acting to limit emissions to below the levels that define major sources.

The proposal would relieve reclassified facilities from regulatory requirements intended for much larger emitters and encourage other sources to pursue innovations in pollution reduction technologies, engineering, and work practices.

“This action is based on a clear reading of the statute that is in line with EPA’s guidance for other provisions of the Clean Air Act,” said Bill Wehrum, assistant administrator of EPA’s Office of Air and Radiation. “It will reduce regulatory burden for industries and the states while continuing to ensure effective controls on hazardous air pollutants.”

Established in 1995, the “once in, always in” policy determined that any facility subject to major source standards would always remain subject to those standards—even if production processes changed or controls were implemented that eliminated or permanently reduced that facility’s potential to emit hazardous air pollutants.

The proposed rule will allow mills that are able to reduce their emissions below Clean Air Act thresholds to be free of onerous additional reporting, monitoring and recordkeeping requirements as long as they operate to stay below the cutoffs.

Follow AHMI On Social Media

Appalachian Hardwood Manufacturers, Inc. invites you to follow us on Facebook and Twitter. AHMI members are featured each week and we encourage you to look for your company or learn more about others.

Our Facebook page is **Appalachian Hardwood** at <https://www.facebook.com/Appalachian-Hardwood-115082515210245/>

Our Twitter account is **Appalachian Hardwood** at <https://twitter.com/AppalachianHdwd>

AHMI Event Calendar

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meetings and events to promote AHMI member companies:

July 28-30: **AHMI Summer Conference**, The Greenbrier, White Sulphur Springs, WV

Sept. 17-19: **Hardwood Federation Fly-In**, Washington, DC

Sept. 24: **Penn York Club Meeting**, State College, PA

Sept. 25: **PA Forest Products**, State College, PA

Oct. 2-4: **NHLA Convention**, New Orleans, LA

Oct. 19-23: **High Point Furniture Market**, High Point, NC

Oct. 21: **ASFD Pinnacle Awards**, High Point, NC

Nov. 13: **ALC Meeting**, Johnson City, TN

For more info or to participate, contact AHMI.

Enroll Now In AHMI 401k

Appalachian Hardwood Manufacturers, Inc. encourages members to enroll in the AHMI 401k Multiple Employer Plan. In a partnership with UBS Financial, the AHMI plan allows hardwood companies to pool existing retirement accounts or start new programs for employees. The plan offers economies of scale pricing that lower costs from recordkeepers, third party administrator and financial consultants.

Participants have access to low cost investments that are typically only accessible for very large corporate plans. There is also no individual company audit requirement saving staff time and creating efficiencies.

Adopting employers have plan design flexibility and can retain their individual plan features such as matching formula, vesting and eligibility. UBS is the world’s largest wealth managers and the AHMI team, Southeast Wealth Consultants, is one of the 400 retirement plan providers designated by UBS.

Representatives will attend the Summer Conference and are available for appointments with members. For more information, please contact the AHMI office at (336) 885-8315.

Talks May Resume In Trade Dispute With China

By Dana Lee Cole

Hardwood Federation Executive Director

As it has been for the last several months, trade is at the top of everyone's issue list in Washington, D.C. The ongoing trade dispute between the U.S. and China has had an impact on almost every U.S. manufacturing sector you can think of...some positive, many more negative.

Trade negotiations were abruptly halted in late May creating further confusion and consternation. But things seem to be cooling off. Just prior to the 4th of July holiday, U.S. President Trump and Chinese President Xi agreed to a temporary pause on escalating tariff tensions.

The two announced that U.S. and Chinese senior negotiators will head back to the table and work to hammer out an enforceable trade agreement between the two countries. The two presidents met on the sidelines of the G-20 Economic Meeting in Osaka, Japan.

It appears that current tariff levels on U.S. exports to and from China will remain in place at this time. This includes tariffs on U.S. hardwood exports. President Trump confirmed plans to pause on implementation of tariffs on the currently proposed list of an additional \$300 billion in Chinese imports. The two leaders did not announce any formal timing for future negotiations. Details are expected to emerge in the next few weeks.

Discussions should continue to focus on three buckets of priority asks that the U.S. side has pushed: increased purchases of U.S. products; structural reforms related to issues such as forced technology transfer, intellectual property protection, and industrial policies; and enforcement mechanisms – with the latter two remaining most difficult.

Some sources are reporting that the U.S. is pushing China to increase purchases of certain agricultural products. Details about potential products and implementation dates remain sketchy and the Chinese have not confirmed this was part of

HARDWOOD FEDERATION

the agreement reached over the weekend.

The Hardwood Federation is working on making sure hardwoods are part of any discussions related to this scenario. Industry representatives came to D.C. in early June to do some educational outreach to U.S. Senators, letting them know how much impact the trade war is having on U.S. producers and exporters. We also arranged meetings with U.S. Department of Agriculture officials and met with senior staff in the Vice President's Office. We are continuing to reach out to everyone we can think of that could have some sort of input on the negotiations.

You don't have to come to Washington to make your opinions known. Log on to our Contact Congress tool at www.hardwoodfederation.com and reach out directly to your elected officials. The more people they hear from the better for the hardwood industry!

Hardwood Federation Fly-In Sept. 17-19

Join the Hardwood Federation in Washington, D.C. on September 17-19!!! Visit elected officials on Capitol Hill...tell them what is on your mind. Network with your hardwood industry peers.

Join the Hardwood Federation PAC

To participate in HFPA you must first fill out a Prior Approval Form so HFPA officials can discuss the PAC with you. Giving your prior approval does not obligate you or anyone in your company to make a financial commitment, it simply gives you the opportunity to learn more and choose to support the PAC or not.

You can download the Prior Approval Form at www.hardwoodfederation.com or contact Cary Moon at cary.moon@hardwoodfederation.com or (202) 463-5186 for more information.

6 - July 2019 - Appalachian Hardwood

2019 AHMI Summer Conference

July 28-30 The Greenbrier



Registration

To accurately plan the functions and make sure all participants are included on the Registration List, please complete this form and return it with your check or complete the credit card information below **by July 12, 2019** and mail to: AHMI, P.O. Box 427, High Point, NC 27261.

MEETING REGISTRATION FEES

AHMI MEMBER - \$350 per person

GUEST - \$450 per person

AHMI MEMBER SPOUSE - \$250

GUEST SPOUSE - \$350

CHILDREN 10 & older - \$200

MONDAY SESSION ONLY - \$175

CHILDREN UNDER 10 - free

Full registration will be refunded on cancellations received by July 12, 2019. Cancellations received after that time subject to 50% forfeiture.

PLEASE REGISTER THE FOLLOWING FOR AHMI'S SUMMER CONFERENCE

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Company: _____

Address: _____

City/State/Zip: _____

AHMI GOLF TOURNAMENT (Monday at 12:15 p.m. The Meadows Course includes boxed lunch)

Name: _____ FEE: \$275

Name: _____ FEE: \$275

SPORTING CLAYS TOURNAMENT (Monday at 12:30 p.m. The Gun Club includes lunch)

One round of 100 - Includes gun, ammo and targets, boxed lunch

Name: _____ FEE: \$250

Name: _____ FEE: \$250

LADIES BREAKFAST (Monday at 9 a.m. in Main Dining Room)

Name: _____ FEE: \$30

LADIES TOUR (Monday at 10:30 a.m. in Upper Lobby)

The Greenbrier Interior History Tour

Name: _____ FREE

POPLAR CLT STRUCTURE TOUR on Tuesday at 1 p.m. in Radford, VA

NAME: _____ FREE

Check enclosed _____

Credit Card: _____

Expiration date _____ Security Code _____ Billing ZIP code _____

Name on card: _____

Total _____

You may also register online at www.appalachianhardwood.org and follow the link to Meetings. Please make your room reservations there or directly with The Greenbrier at (877) 493-2941. **Book your room by June 27, 2019.**