

Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of
Appalachian Hardwood Manufacturers, Inc.

September 2019



Hardwood Promotion Update Set At NHLA

Learn about a new industry-wide Hardwood Promotion Collaboration at the 2019 NHLA Convention. The effort is planned to reach consumers and their influencers with messaging on Real Solid American Hardwoods.

The session is set for Friday, Oct. 4 at 2:30 pm and provide details on goals, progress to date, and the next steps. Attendees will have a chance to ask questions and how they can engage.

Several hardwood industry executives and elected leaders (including AHMI) have been discussing ways to collaborate on promotion that is open and engages all members of the diverse hardwood community. The first steps are:

Stage 1: Assess Current Marketing Resources - identify existing promotion efforts, research projects, advocacy work, and data related to consumer trends and competing products.

Stage 2: Collaborate with Educational Influencers - identify university architecture and design courses and competitions related to the use of hardwoods and share existing educational materials. The group will recommend industry experts willing to participate in classroom presentations and consider new design competitions.

Stage 3: Increased Collaboration With Secondary Manufacturers - identify and welcome those who have an interest in working with the hardwood industry in expanding markets.

A team has been identified to draft communication materials that can be widely shared at industry meetings. Please plan to attend this session at the 2019 NHLA Convention on Oct. 4.

Industry Takes Trade Talk To DC Fly-In is Sept. 17-19

The Hardwood Federation Fly-In to Washington DC is scheduled for Sept. 17-19 and the main topic: TRADE.

Industry leaders have been contacting elected officials for months to seek an end to the trade dispute with China. Representatives have been asked to speak with the Trump Administration about the dramatic loss of sales and reduction in prices for hardwood lumber and logs. Elected leaders say the decisions are made by President Trump and officials in Commerce, Treasury and State departments.

The Federation has invited US Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs Ted McKinney to speak to the HF Board.

There will be dozens of meetings with Congressional leaders and staff to detail the impact on the industry. These sessions are set for Wednesday, Sept. 18 and Thursday, Sept. 19 and participants are divided into small groups to meet with representatives from their state. There will also be receptions each day.

The Fly-In is an excellent way to get the hardwood message in front of federal legislators. If you would like more information or are considering participation, please contact Dana Lee Cole at (202) 463-2705.

AHMI is a founding member of the Federation and Jay Reese of Penn-Sylvan Inc., serves as AHMI's representative on the HF Board.

The way I see it..

By Tom Inman, AHMI President

...EVERY hardwood lumber producer, distributor, and broker is ready for the trade dispute with China to be resolved and markets to return. It is THE topic in all visits, calls, emails and correspondence over the past 12 months.

These discussions have intensified recently as prices for lumber continue to be low and losses mount. The cause is basic economics as supply exceeds demand.

Production was curtailed in the winter and spring because of wet weather in many areas. While the trade dispute and two rounds of tariffs from China were in force, the supply of lumber was not as great.

Then came summer and production increased with sawmills receiving logs from tracts that had been purchased in the past two years and had to be cut to prevent stain. Gate logs were increasing as loggers were back to work.

Sawmill operators have been mixed in their response this summer:

- Some have sawn the lumber and put it on sticks to air dry and wait for markets to return.
- Some have sawn the lumber and sold green lumber at prices they did not like but turned inventory.
- Some have curtailed production by a shift or a few hours to limit inventory.
- Others have just kept sawing and selling at whatever price for now.

Every mill owner and distributor is seeking solutions for the grade lumber glut from domestic and export markets. There is no single bright spot and that has perplexed many sales veterans.

While a market for maple may have improved, it is offset by the further decline for red oak or a sudden drop in demand for poplar. Fortunately, pallets, railroad ties, and road mats are moving but these markets use the lowest grade and lowest margin from the hardwood log.

The falling prices for manufactured products have begun to impact timber prices. That is likely to continue this fall and winter.



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 lowers costs for recordkeeping, third party administrators and financial consultants.

Participants have access to low cost investments that are typically only available to 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 a 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.

The early participants in the AHMI 401K MEP have found savings of \$5,000-\$12,000 a year. It also has streamlined recordkeeping.

UBS Financial representatives attended the Summer Conference and had detailed packets for every company. It shows a company's current retirement program costs and the estimated savings in the AHMI 401K plan.

These portfolios are available to every member and shows existing retirement plans with a comparison to the UBS Financial MEP offering. The transfer can be completed in just a few weeks. UBS Financial then schedules meetings with company employees to explain the offerings and help with decisions.

For more information, please contact the AHMI office at (336) 885-8315.

Appalachian Hardwood Focus Of Design Webinar

"Appalachian Hardwoods in Sustainable Design" was the subject of a recent webinar sponsored by the Sustainable Furnishings Council.

AHMI President Tom Inman spoke about the benefits of Appalachian Hardwood lumber in furniture and the Certified Appalachian Sustainable and Legal programs. The webinar was attended by 50 designers, manufacturers and consumers.

The session focused on the variety of species available from the Appalachian forest, the sustainability of the resource and the assurance consumers have that it is legally harvested. There were sections on carbon neutrality, end use applications and Q&A.

The SFC recently developed a Wood Furniture Scorecard with a tagline "Know What Your Furniture Is Made From." The program gives credit for Certified Appalachian and AHMI materials can as-



AHMI's Tom Inman presented webinar to furniture designers and manufacturers

sist these furniture manufacturers in the majority of scorecard requirements.

The results of the webinar and interaction with SFC continue to be very positive for lumber producers and these furniture manufacturers. For more information on the webinar, please contact the AHMI office.

MEMBERSHIP

AHMI welcomes the following new members:
Consumers

RJ Corman Railroad Group

401 Enterprise Drive
Nicholasville, KY 40340
Tel: 859-304-2449
Contact: Chase Armstrong
Email: chase.armstrong@rjcorman.com
www.rjcorman.com

Huntington House Furniture

PO Box 6231
Hickory, NC 28603
Tel: 828-495-4400
Fax: 828-495-3629
Contact: Monty Meadlock
Email: lindal@huntingtonhouse.com
www.huntingtonhouse.com

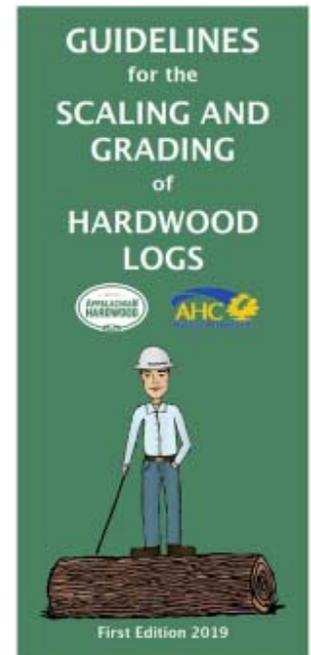
If you know of companies that should join, please share that with the AHMI office.

Log Grading Guidelines Finished; Training Soon

AHMI and the Appalachian Hardwood Center from West Virginia University have completed "Guidelines for Scaling and Grading Hardwood Logs" book and training workshops will be announced soon.

The Guidelines are designed to help log sellers and buyers understand the grades of logs and factors that can determine the value. The brochure includes explanation of terms and how grades are determined.

The workshop schedule for the Fall and Winter is being finalized. Copies of the Guidelines will be mailed to AHMI members.



Walnut Shipping Rules To EU Changed Sept. 1

Exporters are reminded that new Walnut requirements began on Sept. 1 for shipments to the European Union. Walnut lumber, logs, and other products require a Phytosanitary certificate (previously Walnut was unrestricted for export to EU.)

Certification can be achieved one of three ways:

1. **Origin of Walnut** is from a pest-free area. At the time of this notice, the pest-free areas are:

Alabama Arkansas Georgia Kansas
Kentucky Illinois Iowa Missouri
Minnesota Nebraska New York Oklahoma
South Carolina West Virginia Wisconsin

2. **Heat Treatment** - Wood has undergone heat treatment to achieve a minimum temperature of 56 degrees celsius for a minimum duration of 40 continuous minutes. A "HT" Mark should be put on any wrapping.

3. Wood has been **square-edged and debarked**. The requirements are because of Walnut Twig Beetle and Thousand Cankers Disease. The treatment method should be listed on Phytosanitary certificate. For more information, contact the AHMI office.



Making CLT Panels

AHMI recently assisted researchers from NC State University in building cross-laminated timber panels at a High Point, NC, facility. The panels were made from pine and will be tested for strength. The same process will hopefully be completed this fall with Poplar.

WVU, Virginia Tech Surveys On CLT Interest

The West Virginia University Appalachian Hardwood Center and a researcher from Virginia Tech are completing two separate surveys of AHMI members about cross-laminated timber.

The WVU-AHC survey will be completed at company sites and the questions center on each company's ability to produce hardwood lumber for CLT manufacturing. It also will ask about interest in producing lumber as feedstock for CLT panel manufacturers entering the market in the future.

The survey should only take 10 minutes to complete and all information will remain anonymous. AHMI encourages members to speak with the representatives from the WVU Appalachian Hardwood Center for the short meeting to complete this very important survey.

Currently, the annual production of cross-laminated timber (CLT) panels in the US is about 35,000 m³. It is expected that in 10 years production will be close to 2 million m³ per year.

Hardwood lumber is not included in the North American CLT standard, APA-PRG 320. AHMI and others are trying to complete research to expand the code to include poplar.

A Virginia Tech researcher has developed a survey to better understand:

- 1) the feasibility of the hardwood industry to produce CLT raw material
- 2) the willingness of the hardwood industry to pursue this market.

Please help by completing the survey at:

https://viriniatech.qualtrics.com/jfe/form/SV_4U8crw6x03zsooB

This is a joint effort of AHMI, the National Hardwood Lumber Association (NHLA), the Hardwood Manufacturers Association (HMA), and Virginia Tech.

If you have any questions or comments, please email the researcher at sailsh@vt.edu. The participants and data collected will be anonymous.

For more information on these surveys or CLT production, please contact Tom Inman at the AHMI office at (336) 885-8315.

Speyside Production Increases At VA Mill

A H M I member Speyside Inc. is increasing production at its 24,000 square-foot Millboro, VA, location, its only stave mill in the U.S.

The mill makes barrel parts for Speyside's cooperage in Jackson, OH. A second stave mill is under construction in Glade Spring, VA, and a second cooperage plant is coming to Atkins, VA.

The white oak logs are sourced from across the Appalachian region and the stave mill produces barrel pieces that are 37 inches for the sides and 24 inches for the header. The logs are quarter sawn and then resawn into the staves.

The finished staves are inspected and stacked to air dry for up to 60 days. Speyside is producing 30,000 pieces of stave a day, officials said. The company employs 45 people and plans to expand.

The new plants are expected to open in the next year.



Staves are inspected before stacking to air dry

AHMI Event Calendar

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

Sept. 10: **ALC Meeting**, Concord, NC

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. 12: **ALC Meeting**, Johnson City, TN

Nov. 14: **Hardwood Log Grading Workshop**, Hampton, TN

Nov. 20-22: **GreenBuild**, Atlanta, GA

Jan. 14, 2020: **ALC Meeting**, Asheville, NC

Feb. 3-5, 2020: **IHLA Convention**, Indianapolis, IN

Feb. 20-23, 2020: **AHMI Annual Meeting**, Naples, FL

AHMI is constantly seeking new outlets to promote Certified Appalachian Hardwoods Sustainable and Legal. If you know of events, contact Tom Inman at tom@appalachianwood.org and provide details.

AHMI members are invited to join Inman at the events listed above. Companies can distribute materials and work from the AHMI booth or exhibit.

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>

Federation Works On Truck Weight Issues

By Dana Lee Cole

Hardwood Federation Executive Director

The Hardwood Federation team in Washington has been hard at work this year focused on the trade dispute with China and educating high-level decision makers in the Administration and Congress about the effects retaliatory tariffs are having on our sector.

While this issue has occupied the bulk of our attention and resources, it is difficult to guess what will happen. Suffice to say that it appears that tensions with China show no signs of easing in the near future and that will keep the HF team busy.

Although the trade situation seems all consuming, there are important policy issues that are advancing in Congress in which we are also engaged. Primary among them is transportation.

In July, the Senate Environment and Public Works Committee approved a five-year highway bill. The legislation, S. 2302, would replace the current highway bill known as the Fixing America's Surface Transportation Act which is set to expire in the fall of 2020.

Two notable provisions in this comprehensive bill (*which totals over 500 pages*) would grandfather truck weight limits on state roads in North Carolina and Kentucky—two key hardwood states—that are slated to become interstate highways.

In NC, trucks travelling on state roads may haul up to 90,000 pounds. Several state roads, including critical arteries that serve forest products facilities near the coast, have been posted with signs recently indicating that they will be converted to federal interstates.

If this occurs without enactment of a grandfather provision, the weight limit on these routes would automatically drop to 80,000 pounds, which is the maximum weight that trucks can operate on the interstate highway system. Maintaining a 90,000 pound limit on these routes is critical in terms of fewer truck trips and lessened impact on infrastructure, reduced fuel consumption and preserving the overall competitiveness of facilities

that rely on freight and raw material that travel over these roads. The forest products and forestry communities in NC have been very vocal about the need to secure this and working their Congressional delegation with success.

A similar provision is included in the bill for Kentucky, where state roads have an 88,000-pound weight limit. Like NC, several state-owned roadways in the Commonwealth are on track to be converted to federal interstate highways and would be grandfathered under S.2302. The legislation has a long way to go, but we are encouraged by these two positive developments.

While only affecting two states, inclusion of the grandfathering language is helpful in setting the table strategically for enactment of the Safe Routes Act (H.R. 2453/S. 1509) as part of the overall highway bill reauthorization effort. Safe Routes is a simple, practical bill that would allow trucks loaded with raw forest products traveling at the maximum gross vehicle weight on state roads to access the interstate highway system at these higher weights.

As is the case in Kentucky and North Carolina, a number of states around the country maintain higher weight limits for state roads than are permitted on the interstate. This has created a situation where large trucks are forced to travel on two lane roads through small towns, over rail road crossings, through cross walks, stop signs and school zones instead of on highways that are designed and engineered to handle these rigs.

In addition to increased safety, the Safe Routes Act will deliver efficiencies in the supply chain to our mills as it is often the case that the most direct route from logging site to a hardwood mill includes an interstate highway segment.

The House is far behind the Senate in writing a new highway bill and is not expected to unveil a draft bill until early 2020. Our objective is to work toward including the Safe Routes language in the House's version of a highway bill and then, subsequently, into any final deal that is sent to the President.