

Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of
Appalachian Hardwood Manufacturers, Inc.

July 2018



1928 - 2018

Large Crowd Registers For Summer Conference

A great crowd of members and guests have registered for the 2018 Appalachian Hardwood Manufacturers, Inc. **Summer Conference on July 29-31** at The Homestead, Hot Springs, VA.

The response is based on a great lineup of presentations on key industry topics. These include:

- **What Tariffs / Bans Mean To Trade** will be presented by US Department of Commerce's Senior International Trade Specialist Brian Eric Ledgerwood. With recent tariffs imposed by President Trump and threats of retaliation from other countries.

- **Hardwood Markets in 2018** - HMR's David Caldwell will detail the hardwood lumber market conditions in the first six months of 2018. He will share data on domestic and international markets.

- **CLT Brings Hope To Low Grade Markets** - LignaTerra USA and Argent Timberland's Michael Shearer will discuss the company's plans to build a Cross Laminated Timber plant in Maine. The company considered sites in WV and PA and there are discussions for the Appalachian region.

- **The Lacey Act Amendment & 10 Years of Success** - The Lacey Coalition's Grace Terpstra will show three videos of hardwood industry leaders (*including AHMI members*) marking the 10th anniversary of the Lacey Act Amendment to include forest products and the protection it provides the hardwood industry.

There will be golf and sporting clays tournaments and time for networking with members and guests during the meeting and receptions.

The resort celebrates its 252nd year in 2018 as AHMI marks 90 years. There will be a special AHMI anniversary celebration during the meeting with invitations to past presidents/chairmen.



AHMI Summer Conference is July 29-31
The Omni Homestead Resort
Hot Springs, VA - Room Block Sold out
Few rooms remain at 800-838-1766

There are breakout sessions planned for Tuesday morning on:

- TradeTec's "Maintenance Man" ROI
- Log Grading Rules Committee Meeting

Please select one of the sessions when registering.

The room block has been expanded twice and we have sold out all rooms. New room reservations are available outside of the AHMI rate. Please contact The Homestead at (800) 838-1766 for remaining room selections. AHMI members have the Modified American Plan which includes breakfast and dinner.

Please register with AHMI today at appalachianhardwood.org/meetings/

We look forward to seeing you there.

The way I see it...

By Tom Inman, AHMI President

...the Chinese sawmill industry is developing at a rapid rate and has learned to make what the customer wants.

On a recent trip to China, I had the opportunity to visit log yards, sawmills, and a dry kiln facility within 90 minutes of Dalian. The yards had large volumes of American, European and "other" logs in many species. We spent the day touring these relatively new facilities in metal and block buildings with open spans. *(I detail the mill and kiln visit in the story on page 3)*

Our host said there were more than 100 sawmill and dry kiln facilities in short radius of Dalian. On our drive around, I counted a dozen with hardwood and softwood logs.

I was surprised to see the volume of logs after the import issues of April and May. Our host said the Dalian port has always required debarking or fumigation so they did not have problems when the import enforcement changed this year.

What stood out to me is the size of products manufactured. The sawmill was cutting stock to specific dimensions. The green lumber was 1, 2 and 3 meters long and 20-25 millimeter thick. Larger dimension pieces (like cants) were made for veneer slicing businesses.

Our host said all of the products were already sold to Chinese flooring and cabinet plants. These buyers told the sawmill the sizes they required.

There appeared to be two grades - relatively clear and a "2 common." In these shorter dimensions, the "grading" was easy.

I was surprised at the simplicity of the operations and their ability to make decent lumber. Our host said repeatedly that they make what customer asks them.

My takeaway from these visits were a basic customer service principle - listen to your customer and provide the goods or the service that is requested.

Saw Walton, founder of Walmart, understood it: "There is only one boss - the customer."



AHMI welcomes the following new members:

Distributor

Northern Neck Lumber Co., Inc.
Kennon Morris
PO Box 395
Warsaw, VA 22572
Phone: 804-333-4041
nnlumber@verizon.net

Supplier

Nyle Systems
Jeremy Howard
12 Stevens Road
Brewer, ME 04412
Phone: 800-777-6953
jhoward@nyle.com
www.nyle.com

AHEC Convention Report

XI'AN, CHINA - Appalachian Hardwood Manufacturers, Inc. staff participated in the American Hardwood Export Council 2018 China/Southeast Asia Convention in Xi'an, China on June 21-22. More than 500 lumber buyers and manufacturers from across the region attended.



AHMI's Tom Inman talks with buyer

Speakers discussed the sustainability and availability of American hardwoods. More than 40 American companies participated in the trade event.

There attendees came from furniture and flooring manufacturers in the western China area. They reported that business was fair and lumber inventories were high.

The species being requested were White Oak, Walnut, and Cherry. There was an equal number of requests for lumber and logs.

Chinese Sawmills, Kilns Make Dimension Lumber

DALIAN, CHINA - The sawmill industry in China is growing to meet the demand for products consumed domestically and exported.

On a recent trip, AHMI President Tom Inman visited log yards, mills and dry kilns about an hour from Dalian, China. The sawmill was less than a year old and housed in a large metal building. It included three band headrigs and three vertical resaws. Each combination had 10 workers.

The equipment was smaller in scale to U.S. mills and logs were cut into 1, 2 and 3 meter lengths before loading onto the small carriage. A worker rode the carriage and a second turned the log by hand to square it on two sides.

The "cant" was picked up and moved to the resaw for cutting into boards. The resaw operator fed the machine based on an overhead laser line. It did appear that most was done by sight. The boards were trimmed with a crosscut saw when necessary.

The lumber was stacked on 40+ packs based on width and length. Most were 20 or 25 millimeters thick and 15 to 20 centimeters wide.

The mill manager said each shift produces 16-21 cubic meters (6,700-9,000 board feet).

While the process was much slower than U.S. mill production, the shift was 10 hours daily for 29 days each month. The employees were housed on the mill site and provided three meals daily.

The dry kilns were dehumidification with hut style pre-dryers that were wrapped in heavy, clear plastic. The green lumber was stacked by hand separated by aluminum sticks in the shape of an "H." The packs were fit into the predryer and air was forced in from one side.

The amount of time in the pre-dryer and the kilns varied by size of the lumber. The operator said the goal was 20% moisture content.

The dried lumber was repacked by hand for shipment to manufacturing plants. There appeared to be little degrading after drying based on the small sample visible that day.



Chinese sawmills use bandmill equipment that was smaller in scale than U.S. mills. The logs were cut into 1, 2 and 3-meter lengths before sawing. The cants and lumber were moved by hand from each station and packing for kilns. Below are sorted packs.



The sawmills and kilns were processing American white oak and European oak. The lumber was destined for flooring and cabinet manufacturing plants in the Dalian area.

Storm The Halls Of Congress With Federation

By Dana Lee Cole

Hardwood Federation Executive Director

For students of politics, 2018 is turning out to be a fascinating year. The second year of the Trump Administration continues to move aggressively on issues the President campaigned upon.

The mid-term elections on Nov. 6 have been the topic for analysis, prognosticating, and debate practically since the day the President took office. And the Hardwood Federation continues to advocate for those issues that impact our industry the most, challenging in a divisive political climate.

If you are one of the many members of the hardwood community that has been curious about the Hardwood Federation, thought about being more active, or interested in coming to Washington, but haven't been able to quite find the time, this is your year! The annual Fall Fly-In is the Hardwood Federation's biggest, most anticipated and most important event of the year. Each fall members of the hardwood industry gather in Washington D.C. to walk...and sometimes run...the halls and tunnels of Congressional office buildings to meet with Representatives, Senators and staffs from their and other states to tell their stories.

Our goal is clear and consistent: To have industry leaders provide their personal and professional perspectives about what the most important issues affecting the industry are and how our businesses are being impacted....and what Congress can do about it.

The election may turn over seats for the 2019 Congressional session, but we cannot ignore the work that will be done after the last ballot is counted...we need every voice possible to keep our issues in the forefront for the lame duck session.

The **2018 Fly-In is Sept. 11-13** and this year highlights the future of the Hardwood industry by issuing special invitations to the young and emerging leaders in your companies. The Hardwood Manufacturers Association and the National Wood Flooring Association are hosting their emerging leaders groups in D.C. for special meetings and events...all are welcome to participate!

Consider sending a representative of the next generation of Hardwood industry leaders to Washington D.C. to participate in the Fly-In. Their presence is an illustration of the vitality of the industry

and its future potential. Hardwood companies depend on talented young people to carry on their legacy...and in new and exciting ways.

A special meeting of emerging leaders attending the Fly-In will be held during the afternoon of Sept. 11.

The Hardwood Federation Fly-In is a busy few days and this year's agenda includes:

Welcome Reception (Sept. 11): Participants gather the night before to meet and network with colleagues old and new.

Breakfast Briefing (Sept. 12): The Hardwood Federation provides a detailed briefing on issues to be covered during meetings on the Hill, navigating the Congressional office buildings, and what to expect during your meetings.

Capitol Hill Visits (Sept. 12): Prior to the Fly-In, Federation staff will schedule meetings with your representatives or those you are interested in meeting. Participants attend meetings in small groups to demonstrate the depth and variety of the industry.

AC Events (Sept. 12 & 13): Participants will gather for an evening reception with Republican members of Congress on the 12th followed by a dinner on Capitol Hill. After dinner, participants will enjoy an evening tour of D.C. iconic monuments. The next morning, we wind up the Fly-In with a morning breakfast reception with Democrats. These are additional opportunities to speak directly with members and acknowledge their support with a donation from the Hardwood Federation Political Action Committee.

We hope you will take the time to join us in Washington. AHMI members are invited to share their experience, insight and ideas directly with those who write the laws and legislation impacting their businesses and employees. While it is a commitment of both resources and time, it is a commitment that can have direct impacts on your bottom line.

The Hardwood Federation staff is proud to represent the industry in Washington, D.C. and over the years we have built excellent relationships with key members of Congress. But when members hear from you, their constituents, employers in their district, and community leaders, the message takes on a special significance and impact.

Farm Bill Keeps Funds For Export Promotions

From the Hardwood Federation

The U.S. House recently passed its version of the Farm Bill, (H.R. 2) by a narrow 213-211 vote. Twenty Republicans joined all House Democrats in opposing the measure.

The House bill is favorable on a number of fronts for the hardwood forest products sector. The MAP and FMD programs are reauthorized and fully funded which pay for AHEC promotions. The programs have been grouped into a new International Market Development Program in order to avoid budget restrictions that had threatened to eliminate funding for FMD going forward.

All of the programs will continue to operate as they currently do and enjoy added protection from arbitrary funding cuts. The measure also includes provisions of the Timber Innovation Act (TIA), a Hardwood Federation-supported bill that promotes use of wood products in taller structures—generally those higher than six stories. (Groups representing competing building materials - cement and steel - have opposed inclusion of TIA in the Farm Bill, but HF collective advocacy efforts have prevailed thus far.)

The full Senate passed its version of the Farm Bill on June 28 by an overwhelming 86-11 vote. Like the House, it funds and reauthorizes MAP and FMD and protects these two programs from funding baseline elimination.

The major difference between the Senate and House versions from HF perspective is the Senate's treatment of the Community Wood Energy Program. The legislation that passed the Senate simply reauthorizes the program at \$5 million per year over the life of the Farm Bill.

The next step for leadership in both chambers is assembling a conference committee to hammer out the differences in the two Farm Bill versions. The House bill includes a number of helpful provisions that will empower the Forest Service to more effectively manage timber on federal forest lands. The Senate bill is absent these provisions.

AHMI Trade Show / Meeting Activities

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

July 29-31: **AHMI Summer Conference**, The Homestead, Hot Springs, VA

Aug. 6-10: **Chinese Buyers Trip**, WV, KY, TN

Aug. 22-25: **International Woodworking Fair**, Atlanta, GA

Sept. 11: **Appalachian Lumbermen's Club**, Concord, NC

Sept. 11-13: **Hardwood Federation Fly In**, Washington, DC

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

Sept. 25: **Pennsylvania Forest Products Association Meeting**, State College, PA

Oct. 2-4: **NHLA Convention**, Toronto, Canada

Oct. 13-17: **High Point Furniture Market**, High Point, NC

Oct. 15-16: **AHMI Fall Meeting at the Furniture Market**, High Point, NC

Oct. 15: **ASFD Pinnacle Awards**, High Point, NC

Oct. 18-19: **Wood Pro Expo**, Lancaster, PA

Nov. 13: **Appalachian Lumbermen's Club Meeting**, Johnson City, TN

For more information or to participate in these events, please contact the AHMI office. If you have suggestions for other promotion opportunities, please contact AHMI.

Housing Starts Increase

Housing starts increased 5% in May, reaching a 1.35 million seasonally adjusted annual rate. Construction expanded for both single- and multifamily sectors. Construction volume has increased on a year-to-date basis by 9.8% for single-family construction and 13% for multifamily, both numbers exceeding beginning-of-the-year forecasts as demand and demographic conditions remain positive, boosted by tax reform.

6 - July 2018 - Appalachian Hardwood

AHMI Summer Conference

The Homestead, Hot Springs, VA

July 29-31, 2018

**LAST
CALL**



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 16, 2018 and mail to AHMI, P.O. Box 427, High Point, NC 27261.

MEETING REGISTRATION FEES

AHMI MEMBER - \$350 per person

AHMI MEMBER SPOUSE - \$250

CHILDREN 10 & older - \$195

CHILDREN UNDER 10 - free

GUEST - \$450 per person

GUEST SPOUSE - \$350

MONDAY SESSION ONLY - \$175

Full registration will be refunded on cancellations received by July 16, 2018. 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 12:30 p.m. The Old Course, includes boxed lunch)

Name: _____ FEE: \$225

Name: _____ FEE: \$225

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: \$225

Name: _____ FEE: \$225

Total _____

Check enclosed _____

Credit Card: _____

Expiration date _____ Security Code _____

Name on card: _____

Billing zip code _____

You may also register online at www.appalachianhardwood.org.

**LAST
CALL**

Certified Appalachian Builds Sourcing Base

The first Appalachian Hardwood Manufacturers, Inc. members have successfully completed the requirements of Certified Appalachian Hardwood and received certificates and other materials.

The Certified Appalachian program was developed in 2017 to provide a third-party audit to standards approved by the AHMI Trustees in January. Member companies are able to certify the legality and sustainability of their logs, lumber and hardwood products.

The program is the next phase of the successful Appalachian Hardwood Verified Sustainable and Legal campaigns that began in 2007. These verify member companies are adhering to voluntary standards adopted by the AHMI Board.

The Verified programs are still in place for members that have customers needing that level of green marketing.

The Certified Appalachian requires that logs and lumber:

- 1) originate in the AHMI region (344 counties in 12 states)
- 2) are sustainably managed and harvested based on USFS Forest Inventory Analysis
- 3) are legally purchased with new procurement forms for landowners/loggers/suppliers to sign and return
- 4) AHMI members must be a legal entity and adhere to the laws of their state and country.

AHMI members will be Certified Appalachian for Sustainable and/or Legal and audited every two years. AHMI has contracted with a North Carolina firm, Auditech & Associates, to perform the audits.

The association is marketing the program to furniture, cabinet, and flooring companies as well as designers and architects. The ability to search for Certified members is listed on the revised website.

Details and enrollment forms have been mailed to AHMI members. Please contact the AHMI office.

