

Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of
Appalachian Hardwood Manufacturers, Inc.

September 2018



AHMI Plans Meeting, Events At Furniture Market

The 2018 AHMI Fall Meeting returns to an event that has meant large volumes of business to members in the past 90 years - the High Point Furniture Market.

The 2018 Fall Meeting is set for Oct. 14-16 in High Point, NC, in conjunction with the market. Attendees will visit Market, meeting with manufacturers and buyers from around the world, and talk with designers. This is a great opportunity to reconnect with domestic and international buyers and designers and educate them on the beauty and benefits of Solid Appalachian Hardwoods.

While the Market is open from Oct. 12-17, the AHMI Fall Meeting begins with a Welcoming Reception on Sunday, Oct. 14. It will be held from 6-7 p.m. at AHMI's host hotel, the Sheraton Greensboro at Four Seasons.

There will be two shuttle trips from the hotel to Market on Monday, Oct. 15 at 9 a.m. and 1 p.m. Market passes, maps and showroom information will be provided. The AHMI Board of Trustees will meet at 9 a.m. at the hotel.

Spouses are encouraged to attend a special "spouse tour" leaving the hotel at 10 a.m. and arriving at Market at 10:30 a.m. on Monday, Oct. 15. Visits will include major showrooms.

AHMI will join the American Society of Furniture Designers for the annual Pinnacle Awards Celebration on Monday at 6 p.m. AHMI is sponsoring a design award and will present at the ceremony at High Point University.

A shuttle is provided by ASFD from Market to the Awards Celebration. The group will travel by AHMI shuttle back to the hotel.

AHMI members and guests will return to Market on Tuesday for "Supplier Day." Showroom lo-



AHMI Events Oct. 14-18

cations and maps will be provided and attendees are asked to participate in the "Appalachian Hardwoods in Sustainable Furniture Design" presentation at Market Square Suites on Tuesday, Oct. 16 at 11 a.m. AHMI's Tom Inman will speak on the benefits of Appalachian species in design.

The Market allows AHMI members to see the latest trends in furniture design and determine species requirements in the coming months.

The AHMI Fall Meeting registration fee includes Market pass, daily shuttles, ticket to the Pinnacle awards, Sunday reception, and presentation of Appalachian Hardwoods in Sustainable Design.

AHMI has tentatively planned a golf event for Tuesday, Oct. 16 at 2 p.m. at the Grandover Resort in Greensboro. This will be an informal round for attendees and details are on the registration page.

Please make hotel reservations today at the Sheraton Greensboro at Four Seasons, 3121 W. Gate City Blvd, Greensboro, NC 27407. Rooms for October 14-17 are available now using code "Appalachian Hardwood" and calling 336-292-9161.

Please register online at www.appalachianhardwood.org/meetings or use page 6 of this newsletter. Please complete all details for planning for shuttles, passes and events.

The way I see it...

By Tom Inman, AHMI President

...tariffs continue to dominate the conversation in the hardwood industry.

I recently attended the International Woodworking Fair in Atlanta and was asked by EVERY person what will happen with the tariffs.

The answer was the same as it is today. We are waiting on the Trump Administration and the Chinese government to negotiate a compromise.

The first week of hearings recently were called a failure. Bloomberg News stated "the White House said the countries 'exchanged views on how to achieve fairness, balance, and reciprocity in the economic relationship,' including addressing structural issues the U.S. has identified in China. The two nations had 'constructive, candid' communication, and will keep in touch about the next steps, the China commerce ministry said."

Both sides agree it seems likely that the U.S. will impose tariffs on the \$200 billion in Chinese imports on Oct. 1 and China will retaliate with \$60 billion in tariffs. The retaliation includes U.S. hardwood logs and lumber and the threat has caused turmoil in U.S. hardwood availability and pricing.

Most exporters have been asking U.S. companies to split the cost of the proposed tariff on goods to China before it has even been implemented. Many U.S. companies report they are considering it, but waiting to see if it goes into effect.

It is interesting that China has imposed a Value Added Tax (VAT) on U.S. logs and lumber imports for years. The 10% on logs and 17% on lumber is passed along to customers on their invoices and marked as the VAT.

I recently asked members of a Chinese buying group that AHMI hosted if they will do the same thing with the tariff. They responded "no" and when pressed said "they don't do that." But they are asking U.S. suppliers to split the tariff. Hmm...

An analysis of production costs shows that a 20-25% tariff takes any profit margin and even more. Exporters are sharing this information with Congress and the Administration to shape the negotiations over the next two weeks.



AHMI welcomes the following new members:

Distributor

AD Hardwoods Co, LLC

Anton Yang

508 E. Main St, Ste. 510

Salem, VA 24153

Tel: 540-556-9333

Fax: 540-808-3839

andong.yang@hotmail.com

New members are vital to the work of AHMI. If you know of companies that should join, please share that information with the AHMI office.

Equipment, Lumber Dealers Busy At IWF

The International Woodworking Fair 2018 attracted thousands of woodworking companies and individuals to view new equipment and resources in August.

Show organizers reported attendance increased from the previous event and maintained status as one of the top woodworking trade shows in the world for the furniture manufacturing architectural woodwork, custom and woodworking industries.

AHMI exhibited and met with dozens of buyers seeking information on wood resources. Staff distributed more than 400 AHMI Resource Guides, details on Certified Appalachian and information on upcoming AHMI events.

AHMI also met with international buyers through the U.S. Department of Commerce. Staff gave out Export Directories and answered questions about Appalachian species.

More than 25 AHMI member companies exhibited at IWF. Most of the equipment manufacturers reported sales on the show floor and interest in saws, kilns and moulders.

Hardwood companies said contacts with buyers met expectations.

Trustees Approve AHMI 401k Plan For Members

The Appalachian Hardwood Manufacturers, Inc. Board of Trustees recently approved a Multi-Employer Pension benefit for AHMI members titled the "Appalachian Hardwood 401(k) Plan."

The Board selected UBS Financial Services to create a Multiple Employer Plan 401(k) retirement program for AHMI members. The plan allows companies to aggregate their retirement plan assets for purchasing power while maintaining plan design flexibility.

AHMI members are able to start the adoption process into the new plan immediately. If your plan requires an audit and you adopt into the Appalachian Hardwood 401(k) by Oct. 1, 2018, you will not be required to file an individual 2019 annual audit and a substantial savings for your company.

Other key benefits to adopting into the AHMI 401(k) Plan, include:

- Removal of annual audit
- Removal of Form 5500 filing
- Economies of scale plan pricing



UBS

- Fiduciary outsourcing
- Improved plan services
- Administrative outsourcing
- Ability to retain individual plan design features

UBS staff will be contacting AHMI members in the coming weeks to explain the benefits of the plan and answer any questions. Additionally, UBS will perform a complimentary cost comparison of your current plan to the new Appalachian Hardwood 401(k) Plan.

AHMI encourages each member to take advantage of the new Appalachian Hardwood 401(k) Plan. If you have questions, please contact the office at (336) 885-8315.

AHMI Increases Certified Appalachian Database

Dozens of Appalachian Hardwood Manufacturers, Inc. members have successfully completed the requirements of Certified Appalachian Hardwood and the database is growing.

Certified Appalachian was developed in 2017 to provide a third-party audit to standards approved by AHMI Trustees. Member companies can certify the legality and sustainability of 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 programs verify member companies are adhering to voluntary standards adopted by the AHMI Board.

Certified Appalachian requires logs/lumber:

- 1) originate in the AHMI region

- 2) are sustainable based on USFS FIA
- 3) are legally purchased with signed procurement forms
- 4) from companies that are legal entities and adhere to the laws of their state and country.

AHMI members are audited to the standards every two years. AHMI has contracted with Auditech & Associates to perform the audits.

The association is promoting the program to furniture, cabinet, and flooring companies as well as designers and architects. It will be emphasized at the High Point Market.

Details and enrollment forms have been mailed to AHMI members. Please contact the AHMI office to make application and the process is typically completed in 10 working days.



Farm Bills, Trade Are Lessons From Summer

By Dana Lee Cole

Hardwood Federation Executive Director

The Hardwood Federation has been consumed by two issues this summer. The first, reauthorization of the Farm Bill, was completely expected. Although the media tends to focus on the farm support and nutrition measures in the bill, there are also a number of hardwood related programs under consideration. This includes forest management reform, funding for export promotion, and support for tall wood building research and development. HF and our allies have been coordinating efforts and laying ground work for months in hopes of final passage sometime this fall.

The second issue seemingly came out of nowhere. Although President Trump campaigned on trade and working to ensure level global playing fields, few expected the Administration's actions to improve trade agreements and practices would have such a swift and dramatic impact on domestic industries.

Although the hardwood industry was exempt from early rounds of the tariff battles, once hardwoods became part of the equation, response was immediate and deep concern about the long term negative impacts of a protracted trade war. The HF had to refocus and retrench...and come up with a response appropriate to the vast amount of input, not all of it consistent that we received.

Both of these experiences reinforced a couple of basic tenets of government relations/advocacy:

The Importance of Engagement: Political engagement can take many forms, but it all comes down to one thing...making your voice heard in the loudest way possible. With the Farm Bill, this comes by consistently repeating the same message, sometimes for years at every possible opportunity. The HF does this in D.C. by being a constant presence on the Hill and talking to the same key members and staff so many times they can quote our talking points back to us. Our annual September Fly-In to D.C. allows members of the hardwood community to add personal experience to the process. Keeping the issue front and center ensures that they are not forgotten and left behind.

The trade debate of 2018 illustrates the need to be constantly on alert and ready to respond and not necessarily in the logical and measured way we would all like to think we use on a regular basis. Trade has brought out the emotional side of engagement. Advocacy efforts of every sector from autos to chemicals to farming and hardwoods is heavily focused on

the pain and fear many are experiencing as the Administration boldly moves into uncharted territory.

The Importance of Data: Regardless of the issue, the most compelling arguments for policy implementation are always those based on hard data, particularly when it comes to economic policy. Although HF has used general wood products economic data for years, we have never had access to hardwoods impact on national and state economies. This is about to change. HF member associations, including Appalachian Hardwood Manufacturers Inc., have come together to fund an Economic Impact Study that will strengthen our advocacy hand in Washington D.C. and our public relations hand back home.

The analysis will include economic impact indicators, direct, indirect and induced for:

- Employment – Jobs supported by the hardwood industry - measured on a full-time equivalent basis, or one person working for one year;
- Gross Regional Product – This is the total value added by each step in the supply chain. It is the summation of labor income, profit, taxes and indirect business taxes;
- Labor Income – Comprised of proprietor income, employee wages, and benefits;
- Output – Defined as the summation of business revenues/industry sales;
- Taxes – Paid by the hardwood industry from various sources.

The analysis model includes information on income received by the Federal, State and Local Governments. We anticipate the results will also break out information by product sector including flooring, kitchen cabinets, railway ties, and veneer and plywood.

We hope to have preliminary numbers this fall to help us with both the Farm Bill and trade debates...but our real target is to have state and national figures ready for January 2019, when the new Congress will be seated. This is an exciting development for all of the associations that work to provide services to the industry and one we look forward to rolling out.

The bottom line is that regardless of the issue, the timing, or the intensity, we must engage using solid, compelling facts. While we have certainly made progress on both fronts, there is more we can and will do to improve and preserve the American hardwood industry.

AHMI Seeks Input On Proposed Log Grading Rules

At the Appalachian Hardwood Manufacturers, Inc. 2018 Annual Meeting, the AHMI Board and the West Virginia University Appalachian Hardwood Center (AHC) entered into a collaborative effort to develop a standardized hardwood log grading and scaling system.

A Steering Committee has been formed and held its first meeting at the AHMI Summer Conference in July. The group heard an update from AHC personnel detailing the elements of a standardized system and discussed rules.

Many of the Steering Committee members and others in attendance are not actively grading and scaling logs. It was agreed that an additional meeting be organized to invite individuals from AHMI mills involved in the day-to-day activities of scaling and grading hardwood logs to provide more detailed input on the proposed system.

This information will AHMI/AHC to secure a range of input from individuals buying and selling hardwood logs and develop a system to best serve collective needs.

AHMI invites members to send key employees who grade or scale logs to a meeting on **Tuesday, Sept. 18** at the **Wood Education Resource Center in Princeton, WV**. This is designed to share their expertise as AHMI and AHC move forward with specific information and grades.

The session will begin at 12 noon with lunch and meeting at 1pm. We anticipate completing by 5pm. and there is no cost to attend.

Please register for the meeting by sending an email to office@appalachianwood.org and place in the subject line "Hardwood Log Grading Session." List any employees you plan to send to the meeting so we have an accurate count for lunch.

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

September 2018 - Appalachian Hardwood - 5

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:

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

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

Sept. 18: **Log Grading Rules Session**, WERC, Princeton, WV

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.

Fly-In Needs You!

Join hardwood industry leaders at the Hardwood Federation Fly-in in Washington D.C. Sept. 11-13 and call on Congress!

Attendees will visit elected officials on Capitol Hill, network with industry peers and enjoy a night tour of iconic Washington D.C. monuments.

The hotel block at the Marriott Marquis has sold out but rooms are available at area hotels. For more information, contact Dana Lee Cole, Hardwood Federation, (202) 463-2705 or dana.cole@hardwoodfederation.com.



2018 Fall Meeting & HP Market Oct. 14-16

Host Hotel: Sheraton Greensboro at Four Seasons
3121 W. Gate City Blvd, Greensboro, NC 27407

To accurately plan the functions and that all participants are included, please complete this form and return it with your check or credit card information by Sept. 21, 2018 to AHMI, P.O. Box 427, High Point, NC 27261 or register online at www.appalachianhardwood.org/meetings.htm

REGISTER THE FOLLOWING FOR FALL MEETING & EVENTS

Name: _____ Spouse: _____

Company: _____

Address: _____

City/State/Zip: _____

50% of registration fee will be refunded on cancellations received 21+ days prior to event start. Cancellations less than 21 days prior to event will not be refunded.

FEES: AHMI Member: ___ \$135

Non-Member: ___ \$160

Member Spouse: ___ \$85

Non-member Spouse: ___ \$110

I will participate in the following: *(please check all that apply)*

___ Welcome Reception Sunday, Oct. 14 from 6-7 p.m. at the Sheraton Greensboro hotel

___ High Point Market on Monday, Oct. 15 shuttle departs at 9 a.m.

___ High Point Market Spouse Tour on Monday, Oct. 15 departs at 10 a.m.

___ High Point Market on Monday, Oct. 15 shuttle departs at 1 p.m.

___ ASFD Pinnacle Awards Reception at High Point University on Monday, Oct. 15 at 6 p.m. *(shuttle from Market)*

___ Informal breakfast at the hotel from 7-8:30 a.m.

___ High Point Market on Tuesday, Oct. 16 *(check out of hotel and drive to High Point)*

TUESDAY GOLF EVENT *(optional)*

Grandover Resort Course in Greensboro at 2 p.m. _____ number of players at \$80 each

Payment information

\$_____ Total

Check enclosed _____

Credit Card: _____

Expiration date _____ Sec Code _____ Billing Zip Code _____

Name on card: _____

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

PLEASE MAKE ROOM RESERVATIONS AS SOON AS POSSIBLE!

Please make your room reservations by calling the Sheraton Greensboro at Four Seasons at 336-292-9161. You must mention the Appalachian Hardwood block to receive the group rate.