

# Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of  
Appalachian Hardwood Manufacturers, Inc.

June 2019



## Sessions Target Yield, Labor & Species

The **2019 Summer Conference** of Appalachian Hardwood Manufacturers will offer five (5) opportunities for members and guests to learn ways to reduce costs, how to improve yield and what is the future for two key hardwood species.

The Conference is **July 28-30** at **The Greenbrier** in **White Sulphur Springs, WV**, a member favorite location that has kept the AHMI Group Rate the same for 12 years!

The business program is timely with experts on key areas to help attendees save labor and increase profits. The Monday agenda includes:



### Beauty of Poplar shows in CLT structure

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

**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.

### 2019 Summer Conference Includes:

- 1) First Poplar CLT Building Explained, Tour
- 2) Scanners Reduce Labor, Improve Results
- 3) Group Hopes To Grow More White Oak

### Breakouts

- a. AHMI 401k Enrollment Session
- b. Hardwood Log Grading Rules Detailed

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.

**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  
**(See Summer on page 3)**

## *The way I see it..*

By Tom Inman, AHMI President

...the tariff wars of 2019 are taking a toll on American hardwood log and lumber companies.

The increases in May were a surprise to most who thought the U.S. and Chinese negotiators were close to an agreement. The hike of 5-15% for U.S. imports into China on top of existing 5-10% tariffs from 2018 has slowed demand.

The battle has been difficult for U.S. exporters who have spent time and resources developing markets and customers in China. Baillie Lumber Co. CEO Jeff Meyer was interviewed by CNN and reported that U.S. sawmills and yards have been hurt and the end is not in sight.

AHMI has received information from several mills that production is flat or decreasing. Sales staff who have been in China in recent weeks report that Chinese warehouses have plenty of inventory of international species including some U.S.

The National Bureau of Statistics reported in May that key business indicators in China were down. Industrial output, which measures manufacturing, mining production and other sectors in China, grew 5.4% in April over 2018, significantly lower than analysts had expected.

Analysts say the slump could prompt China to take more action to boost activity. The central government has instituted measures in recent months, like cutting taxes and increasing infrastructure spending, as economic growth dropped to a near three-decade low.

China's retail sales growth slowed to a 16-year low last month, raising questions about consumer confidence. Sales grew by 7.2%, weaker than most analyst forecasts of 8.6%.

It will be very informative this year to attend the Southeast Asia Convention in Ningbo and Hanoi in a few weeks. I have meetings scheduled with buyers from China and Vietnam to learn about what is happening in their companies and overall in the wood manufacturing industries.

The expectations are low unless there is action on the trade war.



## MEMBERSHIP

AHMI welcomes the following new member:

### **Supplier**

DMSi Software

Stephanie Bridges and Andy Nuffer

17002 Marcy St

Omaha, NE 68118

Phone: 402-330-6620

Fax: 402-330-6737

[sbridges@dmsi.com](mailto:sbridges@dmsi.com) / [anuffer@dmsi.com](mailto:anuffer@dmsi.com)

[www.dmsi.com](http://www.dmsi.com)

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

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## Enroll Now In AHMI 401k

Appalachian Hardwood Manufacturers, Inc. encourages members to enroll in the AHMI 401k Multiple Employer Plan.

The program is a partnership with UBS Financial and allows hardwood companies to pool existing retirement accounts or start new programs for employees. The plan offers economies of scale pricing that compress costs from service providers like the recordkeeper, third party administrator and financial consultant.

Participants will 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 manager with approximately 7,000 financial consultants within the US. AHMI's team, Southeast Wealth Consultants, is one of the 400 retirement plan consultants 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.



## June 2019 - Appalachian Hardwood - 3 Appalachian Hardwood Manufacturers 2019 Summer Conference Agenda

### Summer from page 1

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 West Virginia.

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.

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](http://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.

You may also call The Greenbrier on a special number set up for Appalachian Hardwood at (877) 493-2941. You **must book by June 27, 2019**. The Greenbrier is a National Historic Landmark and world-class resort that has been welcoming guests from around the world since 1778.

For more information, please call the AHMI office at (336) 885-8315 or email to [info@appalachianhardwood.org](mailto:info@appalachianhardwood.org).

#### 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.*



## Commercial Services Offers Export Help

The U.S. Commercial Service, the export promotion arm of the U.S. Department of Commerce's International Trade Administration, has partnered with The NCBFAA Educational Institute (NCBFAA), to present exporting mechanics webinar series to help U.S. small and medium size businesses with more advanced information to increase exports.

The content for all topics will last an hour and programs include:

- Export Licenses, June 11, 2019 from 2-3 p.m. Learn about export licenses, particularly which consignees will require a license, what a license exception is, and the supporting documentation needed.
- Best Practices for Export Compliance/Drafting a Compliance Policy, Aug. 13 from 2-3 p.m. Learn about trade barriers as well as export restrictions
- Dealing with Suppliers, Partners & Buyers, Sept. 17 from 2-3 p.m. Learn about working with suppliers to get origin documentation
- Advanced Letters of Credit, Oct. 8 from 2-3 p.m. Learn about the letter of credit and how it is effectively used to avoid discrepancies.

For more information and to register, go to [NCBFAA.org](http://NCBFAA.org).

## Inman Discusses Markets

AHMI President Tom Inman recently spoke at the regional meeting of the N.C. Forest Service and the Association of Consulting Foresters Piedmont NC Chapter in Morganton, NC.

The review of 2018 and the first quarter of 2019 saw hardwood sales decline in many export markets and remain stable domestically. USDA data shows that exports of Red Oak to China were down 19 percent and White Oak was down 10%. Sales of log and lumber products to Vietnam were up.

The China decrease has lumber producers seeking buyers in the U.S. and other countries. The flooring and cabinet industries had a stable 2018 and increases in industrial material demand help boost sales. The first quarter of 2019 have export flat and domestic sales markets have cooled.

## AHMI Promotes Solid Hardwood At Floor Expo

Appalachian Hardwood Manufacturers, Inc. participated in the 2019 NWFA Expo recently and promoted solid hardwood resources to the manufacturers and distributors.

The annual trade show is an excellent venue for reaching the top makers of wood flooring in the U.S. and other countries. Keynote speakers discussed trends in the look and design of hardwood floors and the NWFA explained its Real Wood. Real Life campaign that encourages consumers to choose "real" wood over substitute.

The event had a slight decrease in attendance and the exhibitors continued the rising trend of engineered products. AHMI member Somerset Hardwoods gave away "Make Hardwood Flooring Great Again" hats to attendees.

The 2020 Expo will be held in Milwaukee.

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## AHMI Event Calendar

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

June 20-21: **AHEC Greater China Convention**, Ningbo, China

June 24-25: **AHEC SE Asia Convention**, Hanoi, Vietnam

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.

# Federation Reports Impacts Of China Tariffs

*The following is a press release from May 22 by Dana Lee Cole, Hardwood Federation Executive Director*

The U.S. Hardwood Lumber industry has a heavy reliance on export markets for its survival, and is being devastated by the ongoing trade dispute with China. Domestic mills have suffered sharp declines in export sales. Operations have been shuttered. Jobs lost. Communities, reliant on good paying hardwood jobs, ruined.

“The hardwood industry is a fully integrated industry, from logging to manufacturing finished consumer goods like flooring, cabinetry, moldings, railway ties and many other products,” says Hardwood Federation Executive Director, Dana Lee Cole. “The ongoing trade dispute with China and the declared tariffs on U.S. hardwood products are serious threats to the viability of the industry, and the people it employs.”

In 2018, U.S. hardwood producers shipped products worth \$3.9 billion to global markets; \$1.9 billion to Greater China, including Hong Kong and Macau. As a result of the impacts of tariffs imposed in the fall of 2018, the U.S. had a trade surplus of \$1.293 billion in hardwood lumber, down from \$1.475 billion in 2017.

Over the last three quarters, hardwood exporters lost \$153 million per quarter, as a result of the 10 percent tariffs imposed by China. When the current tariffs increase to 25 percent, we expect to see a steep acceleration of losses. Clearly, dependable, long-term export markets are essential to the sustainability of the hardwood industry.

According to a recent economic impact study conducted by the Washington D.C.-based Hardwood Federation, the U.S. hardwood products industry is an important contributor to the U.S. economy, adding \$348 billion to the economy, overall. Additionally, hardwood producers and manufacturers directly support more than 685,000 jobs in 25,000 facilities, generating \$35 billion in annual income.

Related industries, including transportation, retail, forest ownership and logging, support more

than 1.1 million jobs, generate an additional \$67 billion in income, and add another \$212 billion to the economy.

“If these tariffs continue in this current application,” says Cole, “our logging and sawmill production will disappear as an industry sector, and the secondary jobs and manufacturing companies depending on loggers and sawmill operations will quickly follow.”

The Hardwood Federation represents 26 U.S. hardwood-focused trade associations, state forestry and lumbermen organizations. Please visit the Federation website for more information.

## Update on May 23, 2019

U.S. Secretary of Agriculture Sonny Perdue announced that the U.S. Department of Agriculture (USDA) will take several actions to assist farmers in response to trade damage from unjustified retaliation and trade disruption.

President Trump directed Secretary Perdue to craft a relief strategy to support American agricultural producers while the Administration continues to work on free, fair, and reciprocal trade deals to open more markets in the long run to help American farmers compete globally. Specifically, the President has authorized USDA to provide up to \$16 billion in programs, which is in line with the estimated impacts of unjustified retaliatory tariffs on U.S. agricultural goods and other trade disruptions. These programs will assist agricultural producers while President Trump works to address long-standing market access barriers.

## ADDED by AHMI

This is the second round of assistance that has been made available to U.S. exporters. Hardwood exporting companies are not eligible for either. The American Hardwood Export Council received an additional \$2 million in market access funds that will be used for a Red Oak promotion program in Europe.

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# 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](http://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.