



Lumber Markets Report Boosted By China Move

The business session at the 2020 Appalachian Hardwood Manufacturers Annual Meeting received an unexpected boost on Friday when the Chinese government announced that tariffs will be removed on U.S. hardwood lumber and logs beginning on Feb. 28 for one year.

The report was confirmed by James Xu, founder of AM Forest Product China who was the first speaker. He participated by videoconference because of the travel ban.

Xu learned of the announcement just hours before the presentation and said his company was still working through the details. He offered remarks on changes in the Chinese lumber market in 2020.



James Xu

While U.S. hardwood exports to China have grown steadily from 2010-2018, the retaliatory tariffs have caused sharp declines, Xu said. The overall Chinese economy was also slowing at the same time.

Couple that with the coronavirus in 2020 and the markets are in turmoil, he said.

Many factories are not operating because workers cannot leave their homes.

Xu said people are quarantined for 14 days when they travel from one city to another. It is unknown when the government will reduce the travel restrictions.

Xu was upbeat about the return of U.S. hardwood markets in China after the tariffs are removed. He said it will likely not be at the levels of previous years, but the demand for U.S. hardwood lumber is good.

Xu is founder of the lumber import company and a director of the China National Hardwood

Council and Shanghai Timber Trade Association. His remarks are available at www.appalachianhardwood.org/meetings

American Hardwood Export Council Executive Director Mike Snow offered more details on China's Feb. 21 announcement. He said U.S. hardwood lumber and logs were the only products removed from the list that were not specific to medical needs fighting the coronavirus.

The news should boost U.S. hardwood sales to China and reverse a downward spiral, Snow said. Other world markets like the European Union, the United Kingdom and India have seen increases in Red Oak imports.

Hardwood Federation Executive Director Dana Cole completed the Friday program and said the focus for the HF in 2020 has been trade. She and HF board members have held dozens of meetings with Congressional leaders and staff and members of the Trump Administration.

The Chinese announcement is likely the result of this effort. She encouraged attendees to participate with the Federation in this work and come to Washington DC for the Fly-In.

Coronavirus fear causes disruption

Lumber exporters are making contingency plans for shipments to Chinese and European customers due to the coronavirus outbreak.

Shipments to China have slowed as many workers have not returned to ports and manufacturing facilities. News reports on Feb. 27 indicate the outbreak seriously affecting European markets and a major design show has been postponed until June.

Timber importers are watching reports closely and any supply issues that might be disrupted. Exporters are encouraged to talk with customers and freight forwarders.

The way I see it...

By Tom Inman, AHMI President

...the timing could not have been better for the Chinese government to announce the removal of tariffs on U.S. hardwood lumber and log imports to China.

On Feb. 21 at 5 p.m. in China, the Ministry of Finance announced removal of tariffs on 55 product categories including hardwood logs and lumber. It was 4 a.m. in the US, and 4 1/2 hours before the opening of the 2020 AHMI Annual Meeting.

The first speaker was James Xu of AM Forest Products China by video from Shanghai. He knew of the development and gave a first hand report of what he had learned just hours earlier.

Mike Snow of AHEC and Dana Cole of the Hardwood Federation were also on the program and were contacting sources for the latest information.

The good news brought a boost in spirits to the Meeting attendees. The positive energy continued through the second day with reports on the crane mat industry growth and on the Real American Hardwood Promotion.

Overall it was a great Meeting and I want to thank all of the attendees. We have posted all of the presentations online at appalachianhardwood.org on the Meetings page. This includes video from James Xu's and Mike Snow's presentations.

Please share these with your employees and industry peers. If you have questions, contact me.



Thank You For Serving

AHMI honored retiring Board Members from left Tom Sheets of Blue Ridge Lumber; John Foley of BPM Lumber; Bill Joyce of Middle Tennessee Lumber Co.; and AHMI Chairman Lowery Anderson of Roy Anderson Lumber.



Lowery Anderson receives Thank You plaque and gift for his service to AHMI as Chairman of the Board from Jay Reese

AHMI Leadership Change

2020 is a year of transition for Officers and Trustees in AHMI. The following were elected to serve in 2020-21:

Chairman: Jay Reese of Penn-Sylvan Inc., Spartansburg, PA

Vice Chairman-Elect: Tom Sheets of Blue Ridge Lumber, Fishersville, VA

Vice Chairman-Finance: Tony Honeycutt of Mullican Flooring, Johnson City, TN

Immediate Past Chairman: Lowery Anderson of Roy Anderson Lumber, Tompkinsville, KY

Trustees

Third Term: Nick Ince, Walker Lumber Co.; Bryan Vernon, Inter-State Hardwoods

Second Term: Brian Conklin, Gutchess Lumber Co.; Scott Cummings, Cummings Lumber Co.; Tim Parton, Gilkey Lumber Co.; Roy Zangari, Meadow River Lumber Co.

First Term: Mark Church, Church & Church Lumber; Jamie Coleman, Robert S. Coleman Lbr.; David Pierson, Pierson Lumber Co.

Distributor: Mark Vollinger, W.M. Cramer Lumber Co. (1st)

Consumer: Gat Caperton, Gat Creek (2nd)

Forestry: Steve Harp, Pardee Resources (2nd)

For more information, please contact the AHMI office.

Real American Hardwood Promotion



Now is the Time!

Group Updates Work On Hardwood Promotion

A coalition of hardwood industry associations explained the Real American Hardwood Promotion Coalition (RAHPC) to AHMI members at the 2020 Annual Meeting.

The collaboration is spearheaded by AHMI, NHLA, HMA and NWFA and includes 22 other hardwood and state associations. The goal is to educate the public on the benefits of solid hardwood over substitutes.

The Leadership Team of Tom Inman, Linda Jovanovich, Michael Martin and Jim Maltese discussed the work to date and plans in the future. The coalition has completed two focus groups with consumers, renovators, builders and designers to discuss solid hardwood and substitutes.

The groups were questioned about the decisions they have made and why. An emphasis is placed on what were the influencers in these decisions and how the hardwood industry can best shape its message to cause change.

RAHPC has hired a brand/market acceleration company to compile the research data and develop the marketing strategy. The firm was tasked with designing action at all price points so the RAHPC can bring the plan to industry for funding.

The coalition has raised \$238,000 from the industry associations for the first phase of research and marketing strategy. The second phase of implementation will be based on costs and the funds that are available from industry.

There will be updates in coming weeks at the Ohio Forestry, Hardwood Manufacturers and Kentucky Forest Industries association meetings. Those details will be published as available.

2020 March - Solid Appalachian Hardwood - 3

Crane, Road Mat Maker Uses CLT Softwood; Are Hardwoods Next?

The director of marketing for Sterling Inc., one of the largest crane and road mat producers and rental companies in the US, said success with softwood CLT has designers looking at all materials.

Greg Larson of Sterling spoke at the 2020 AHMI Annual Meeting about the new technology at their Illinois facility to produce cross laminated timber mats. The southern yellow pine 2"X8" boards are glued under extreme pressure and producing satisfactory results.

The site access company has manufactured timber materials for 70 years primarily from mixed industrial hardwoods. While that work continues, Sterling's research and development team is looking for new technologies for the future.

Larson said the designs evolve around the mechanical properties of the wood and its availability. The researchers consider sustainability, supply chain logistics and costs.

The company recently built a R&D laboratory at its Illinois plant and hired engineers to seek new products. Sterling has manufacturing plants in Illinois and Texas and builds CLT mats, bolted mats and timbers that are used by utilities and construction companies for site access.

This has been a market for industrial hardwoods for decades. AHMI's Tom Inman and leaders from West Virginia University and the state of West Virginia have met with Sterling officials about the use of Appalachian hardwoods and a manufacturing plant in the region.



Distributors Learn Keys To MTL Success

The AHMI Distributor's Division heard a presentation by Division Chairman Bill Joyce on what has made his company, Middle Tennessee Lumber, a success.

Joyce is completing six years as the Division Chairman. He offered several tips to attendees about operating a successful lumber distribution company and flooring manufacturer.

MTL strives to provide customers with consistent products and quality in a timely fashion so they can be as profitable as possible, Joyce said. The company focuses on safety for employees with incentives like bonuses for no accidents and a cash drawing each month for employees who have no lost time incidents.

The company delivers consistent products by maintaining solid relationships with suppliers. Both emphasis on time deliveries and inventory turns multiple times annually.

Joyce remarked that most of his sales teams are on commission and that helps provide motivation to sell and more importantly - collect.

AHMI Sad To Report Passing of George Barrett

Appalachian Hardwood Manufacturers, Inc. is sad to report the passing of George B. Barrett on Feb.14. He was the founder and publisher of Weekly Hardwood Review and a longtime hardwood industry professional and advocate.

The complete obituary was emailed to AHMI members and friends last week.

A memorial service to celebrate George's life will be held at Christ Episcopal Church on March 13, 2020, with visitation to follow.

In lieu of flowers, memorials may be sent to Hospitality House of Charlotte, 1400 Scott Ave., Charlotte, NC 28203, or to Christ Episcopal Church, 1412 Providence Road, Charlotte, NC 28207.

House Bill Helps Forest Owners After Disasters

A landowner group-backed bill would help timberland owners recover from natural disasters by increasing the amount of financial relief provided by the casualty loss tax deduction.

The Forestry Recovery Act of 2019 (H.R. 1444) would allow timberland owners to "continue their businesses, encourage the reforestation of timberland, and help rural communities maintain their economic base," American Farm Bureau Federation President Zippy Duvall said in a letter to Rep. Buddy Carter (R-Ga.), the bill's sponsor.

The new legislation will allow forest landowners to take a casualty loss tax deduction of up to fair market value of their timber when it is destroyed by a catastrophic disaster. The tax deduction is especially important because timber growers do not have access to crop insurance and private insurance is often too expensive and provides inconsistent coverage.

A forest landowner who claims the enhanced casualty loss deduction would be required to re-forest after five years.

Enroll Now In AHMI 401k

Appalachian Hardwood Manufacturers, Inc. encourages members to enroll in the AHMI 401k Multiple Employer Plan. A report from UBS Financial at the 2020 AHMI Annual Meeting shows more than \$28 million in assets in the plan and more companies adding each week.

The MEP allows hardwood companies to pool existing retirement accounts or start new programs for employees. The combined plan dramatically reduces costs and removes fiduciary responsibility from individual companies.

UBS Financial representatives will compare a company's current retirement program and the estimated savings in the AHMI 401K plan. For more information, please contact the AHMI office at (336) 885-8315 and we will send you materials.

Tariff Removal Result Of Combined Efforts

By Dana Lee Cole, HF Executive Director

On Feb. 21, China announced it would lift retaliatory tariffs on U.S. hardwoods on Feb. 28, 2020 for one year ending Feb. 27, 2021.

We are working with our colleagues at the American Hardwood Export Council both in the U.S. and China to monitor details as they emerge. It has been confirmed that all hardwood species, lumber and logs, are on the tariff reduction list.

It is interesting to note that only 55 product codes are included in the tariff elimination list which consists primarily of items related to fighting the coronavirus: medicines, medical supplies, medical equipment etc. Hardwood products do not really fit in with the rest of the items listed, indicating that the Chinese government felt pressure, from the U.S. government, Chinese companies or both to address hardwoods.

I was attending the Appalachian Hardwood Manufacturers Inc. Annual Meeting when the news of the reduction hit. Attendees were extremely appreciative of the efforts the Hardwood Federation, the Board of Directors and industry leaders who have helped raise awareness of the impacts of the trade war on the industry in the U.S. and in China.

Although it appears we have a temporary reprieve, it is important to remember that we still have challenges to face in the coming months. Positive as this news is, markets will not be immediately restored to 2017 or 2018 levels.

China's struggling economy and the ongoing escalation of the coronavirus are adding new and challenging barriers to recovery. AHEC is reporting that since the beginning of the trade war with China, the industry has declined by \$1 billion, a devastating impact by anyone's measure.

My sense is that we must build on the positive developments and continue efforts to seek financial relief and other measures to ensure that long term stability is restored to the markets. We will continue to work with Mike Snow and his AHEC team (who have all been tremendous partners), to understand the developments and share news with our member associations and supporters.

HARDWOOD FEDERATION

The trade war with China has been devastating to many hardwood businesses and families. These are exactly the times when the Hardwood Federation and the HFPAC can be used most powerfully by the industry. We need to make sure they are funded to maintain our presence and continue to leverage our collective industry dollars to the maximum effectiveness.

It took an incredible effort by the Hardwood Federation and the industry to not only be included, but mentioned by name in announcements and media hits, in the Phase One China Trade deal. It took even more consistent pressure to have the tariffs removed on hardwood logs and lumber.

This is the power of the Hardwood Federation. This is the power of the PAC. But we cannot just sit back and admire our work – we need to keep up the pressure, keep educating, keep being the squeaky wheel.

Please consider contributing to help us in our work on behalf of the industry in Washington D.C. Visit www.hardwoodfederation.com or contact the Federation at (202) 463-2705.

As a reminder there is a difference between Hardwood Federation and HFPAC fundraising. Any individual and any company may give as much as they want to the Hardwood Federation. These funds are used for operations, salaries, day to day expenses, and anything else that is not PAC related. They are also 82% tax deductible.

Contributions to HFPAC must be from individuals only, up to \$5,000 per year, and can only be used for PAC related expenses. HFPAC, while managed by HF, belongs to the industry. It is designed to strengthen elected officials' understanding of the hardwood industry and advocate on the industry's behalf in Washington. The PAC is bi-partisan and sends a powerful message to elected officials that we are a serious and engaged industry.

6 - 2020 March - Solid Appalachian Hardwood

AHMI Event Calendar

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

March 4-5: **Ohio Forestry Assoc. Meeting**, Columbus, OH

March 10: **ALC Meeting**, Concord, NC

March 18-19: **Central Hardwood Conference**, Charleston, WV

March 25-27: **HMA Convention**, Nashville, TN

April 7-9: **KFIA Annual Meeting**, Louisville, KY

April 24-28: **High Point Furniture Market**, High Point, NC

April 28-30: **NWFA Flooring Expo**, Milwaukee, WI

April 30-May 3: **ALC Beach Meeting**, Myrtle Beach, SC

May 1-2: **Expo Richmond**, Richmond, VA

May 19: **Keystone Wood Products**, Mifflinsburg, PA

June: **Hardwood Federation Fly-In**, Washington, DC

July 16-18: **WVFA Annual Meeting**, Canaan Valley, WV

July 25-28: **AHMI Summer Conference**, Asheville, NC

Aug. 25-28: **IWF**, Atlanta, GA

Sept. 8: **ALC Meeting**, Concord, NC

Sept. 23-25: **NHLA Convention**, Louisville, KY

Oct. 16-21: **High Point Furniture Market**, High Point, NC

Oct. 19: **ISFD Pinnacle Awards**, High Point, NC

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 the AHMI booth or exhibit.

Poplar Donations Needed Now For CLT Panel Build

AHMI is assisting Virginia Tech Professors Dr. Henry Quesada and Dr. Brian Bond in developing cross-laminated timber panels from Yellow Poplar for testing and inclusion in building codes and we need lumber donations to complete the work.

The two are developing the feasibility of Poplar in appearance and structural applications of CLT. Preliminary results indicate that 1Common Poplar can be used for appearance and 2Common Poplar could be used for structural materials.

The research is also analyzing the willingness of US hardwood sawmills to produce structural lumber in fixed widths and structural grades. Virginia Tech will work with SmartLam in Alabama to produce CLT panels made of Yellow Poplar and complete tests to meet APA standards.

AHMI is coordinating the lumber donations and seeking help from members. The project needs 40,000 board feet of 1COM and 2COM kiln dried Poplar that is 6" and wider, 10' and longer and either 7/4 or 8/4.

The donations should be delivered to Blue Ridge Lumber in Fishersville, VA, and attention Tom Sheets. It will be planed and sent to SmartLam in Alabama. The deadline for donations of either lumber or funds to buy the lumber is **NOW**. If you are willing to assist, please contact the AHMI Office.

AHMI, the National Hardwood Lumber Association, and the Hardwood Manufacturers Association are partnering with Virginia Tech to promote the project and secure donations of Yellow Poplar lumber for the production and testing.

Last Call For 2020 Resource Guide Materials

Appalachian Hardwood Manufacturers, Inc. issues the last call for materials for the 2020 AHMI Certified Appalachian Legal and Sustainable Resource Guide are due NOW!

The Resource Guide is distributed to thousands

of lumber buyers around the world and available at www.appalachianhardwood.org.

Please return your materials immediately to be included. If you have questions about these, please contact the AHMI office at (336) 885-8315.