American Hardwood Export Council (AHEC) members met recently in conjunction with the annual national convention of the National Hardwood Lumber Assoc. (NLHA) to discuss progress made by the group in 2008. Among the topics discussed during the AHEC meeting were the Lacey Act and the recent independent verification that American hardwoods

San Francisco, California—The economy, certified wood products and the international market were among the most debated topics at the recent 2008 NHLA 111th Annual Convention and Exhibit Showcase, held at the San Francisco Convention Center. Approximately 70 guests listened to key speaker Norm Steffy, of Conestoga Wood Specialties Corp., during the Canadian Lumbermen’s Association (CLA) Hardwood Bureau breakfast and meeting, held in conjunction with the annual national convention of the National Hardwood Lumber Assoc. (NLHA) to discuss progress made by the group in 2008. Among the topics discussed during the AHEC meeting were the Lacey Act and the recent independent verification that American hardwoods
ITC Releases Flooring, Plywood Study

According to a recent study by the U.S. International Trade Commission (ITC), U.S. wood flooring and plywood industries have faced increasing competition from imports in recent years, particularly from China, which has become its most significant competitor.

The study, "Wood Flooring and Hardwood Plywood: Competitive Conditions Affecting the U.S. Industries," was requested by the U.S. Senate Committee on Finance, and looked at U.S. production, consumption and trade of wood flooring and hardwood plywood between 2002 and 2007.

According to the study, U.S. wood flooring consumption grew rapidly over the period studied, driven by strong demand from residential construction and remodeling and rising consumer preference for wood flooring relative to other types of flooring. Increased demand for hardwood plywood in some end uses, such as cabinetry and fixtures, was partially offset by weak demand in others (e.g., furniture). With the housing slowdown, which began in late 2006, U.S. imports increased faster than U.S. production as shifting preferences for prefabricated flooring, exotic species and engineered wood floorings benefited imports more than domestic production.

The American Hardwood Export Council (AHEC) is the leading international trade association for the U.S. hardwood industries.

Phased Implementation of the Lacey Act

The U.S. Department of Agriculture recently postponed the enforcement of the U.S. government's Lacey Act, which requires that wood product imports be accompanied by documentation verifying合法性.

Current industry practice was to bring documentation to the U.S. Department of Agriculture, which would verify legality.

As of July 1, new procedures specified for the Lacey Act will apply to hardwoods coming from Brazil, and will be enforced beginning April 1. The Lacey Act, which prohibits trafficking in illegal wildlife, was amended this year to include a broader range of plant products to help combat illegal trade.

AHEC Introduces Responsible Procurement Policy (RPP) For Exports To Japan

The AHEC Board of Directors has approved the implementation of an AHEC voluntary "Responsible Procurement Policy for Exporters" (RPP), which is specifically designed to address the Japanese require-

ment for green wood procurement under the "Basic Policy on Green Purchasing." For the past 18 months, AHEC - along with the Japanese Lumber Importers Association, past chairman Peter King - has been working with the Japanese government and the Japanese Lumber Importers' Association to devise a mechanism for non-certified U.S. Hardwoods to be admitted under the policy. The document has been reviewed by both organizations who have tentatively agreed to accept this policy - in conjunction with the AHEC-funded Risk Assessment Study - as adequate for meeting Japanese demands for legally-sourced wood products. The final logistical details are being ironed out, but it appears likely that this document would not need to accompany every shipment to Japan, but rather each AHEC member who chooses to partake would provide a copy for their Japanese customers to keep on file.

By way of background, the Basic Policy on Green Purchasing requires exporters to provide a document verifying the legality of wood products.

The AHEC RPP is designed to use option 2 above to meet the Japanese requirements. In practice, therefore, the Japanese government has been highly flexible with regard to the forms of evidence it is willing to accept. By recognizing consistent exporters and other private sector initiatives, a great deal of responsibility has been passed on to the private sector.

For the past 18 months, AHEC plans to work in consultation with government and wood importing and manufacturing federations around the globe in an effort to expand the use of this policy in other countries and regions.

The American Hardwood Export Council (AHEC) is the leading international trade association for the U.S. hardwood industries.
The New Lacey Act – Not Just About Wood Products

By Brent J. McClelland, G&R Executive Vice President
International Wood Products Association

New provisions of the Lacey Act expand penalty provisions to cover plants and products thereof, foreign and domestic, acquired in violation of resource laws. The provisions provide for criminal and civil penalties, as well as for the seizure and forfeiture of illegally obtained materials. This legislation moved through Congress as an anti-illegal logging bill directed at imports. But, there’s more to the story. The definition of “plants and products thereof” is being looked at with a wide scope by the Administration. The government’s perspective is to apply the new amendments to everything from a 2" x 4" to a bottle of Countrytime lemonade because it contains cellulose in its ingredients.

Needless to say, importers of rayon clothing, lipstick, and a multitude of other products that contain plant material were caught by surprise. Mixed messages are in play as to whether the legislation was intended to cast such a wide net, or if it was just an oversight in drafting. The Congressional sponsors of the legislation responded to concerns voiced by several industries and issued guidance to the federal agencies to draw-down the scope. Efforts are underway to parse the wording so the initial declaration requirements would be limited to items considered to be closer to the tree – logs, lumber, etc.

IWPMA suggests that it would be wrong to scratch some of these items off the list. We’re a bit puzzled by the environmentalists and government officials who are giving a “pass” to industry sectors that import substantial amounts of material containing plant products. For example, rayon fiber, which is made from wooden pulp. Rayon apparel is imported into the United States and accounts for an unknown amount of logging. According to an environmental website, “Clothes made from rayon, Tenex, or acetate are made from a pure form of wood pulp, so it takes a lot of trees to make a relatively small amount of cloth. There’s no recycled content in rayon.” The article goes on to suggest that much of the rayon is sourced from developing countries. These are the same countries

tried to import valuable hardwoods that belong to the Lacey Act's definition, foreign and domestic, acquired in violation of resource laws. The provisions provide for criminal and civil penalties, as well as for the seizure and forfeiture of illegally obtained materials. This legislation moved through Congress as an anti-illegal logging bill directed at imports. But, there’s more to the story. The definition of “plants and products thereof” is being looked at with a wide scope by the Administration. The government’s perspective is to apply the new amendments to everything from a 2" x 4" to a bottle of Countrytime lemonade because it contains cellulose in its ingredients. Needless to say, importers of rayon clothing, lipstick, and a multitude of other products that contain plant material were caught by surprise. Mixed messages are in play as to whether the legislation was intended to cast such a wide net, or if it was just an oversight in drafting. The Congressional sponsors of the legislation responded to concerns voiced by several industries and issued guidance to the federal agencies to draw-down the scope. Efforts are underway to parse the wording so the initial declaration requirements would be limited to items considered to be closer to the tree – logs, lumber, etc. IWPMA suggests that it would be wrong to scratch some of these items off the list. We’re a bit puzzled by the environmentalists and government officials who are giving a “pass” to industry sectors that import substantial amounts of material containing plant products. For example, rayon fiber, which is made from wooden pulp. Rayon apparel is imported into the United States and accounts for an unknown amount of logging. According to an environmental website, “Clothes made from rayon, Tenex, or acetate are made from a pure form of wood pulp, so it takes a lot of trees to make a relatively small amount of cloth. There’s no recycled content in rayon.” The article goes on to suggest that much of the rayon is sourced from developing countries. These are the same countries
As I sit at my desk putting my thoughts into words, I think it is important to note the date: October 8, 2008. All of us are just waiting for some positive signs or good news. It is difficult at best during these times to work on a business forecast for next week or month, much less next year! We are certainly in uncharted waters, as an industry, nation and indeed world. The stock market has declined drastically from its high, banks are closing or scrambling for life-lines, loans have gone from ridiculously easy to obtain to extremely difficult to obtain. The government is trying to improve the situation, so far to no apparent avail. The housing market is continuing to decline in volume of new starts, sales of existing homes, and in equity value.

Current economic times are a challenge with the uncertainty of the housing market looming and rising fuel prices. With leadership from the Federal Reserve and the U.S. Treasury, the housing market will come back and the uncertainties that loom will fade. The Fed has signaled its commitment to make the tough decision necessary to keep the economy moving. However, the bigger challenge to the Fed is to keep the housing problem from infecting the rest of the economy. The Fed will need to keep a close eye on the housing market to keep this from happening. If this does begin to happen, the Fed should act quickly to bolster the economy. The Fed’s willingness to openly confront the current financial crisis in the housing market should lead to an upturn in the spring of 2008.

Another big question will be the political climate of the upcoming presidential election. The dollar strengthen against world currencies. The weaker dollar has been the main incentive for overseas manufacturers to purchase U.S. hardwoods even as freight has dramatically increased. The dampening of global fuel consumption has been another silver lining. Because with oil prices dropping, the freight increases seem to have finally stopped their weekly/monthly climb. More stable freight costs help both suppliers and buyers plan their product costs and purchases. Changing world economies have altered exports with developing countries taking a bigger share of U.S. lumber.

I think that lumbermen by nature are eternal optimists. So, knowing this, I will be optimistic and say that 2009 is a turn around year for the industry.
Philippines, Betis Guagua—At JB Woodcraft Inc., furniture is very much a family affair with the furniture making operation involving the founder, José Bituin, his wife, Myrna, and four of their children. As president, José oversees the activities of the group with Myrna taking care of the finishing plant while two of their daughters are involved in the daily operations of the woodworking and manufacturing plant. In 1997, a chair manufacturing facility was set up and placed under the care of their son while their youngest daughter took charge of a veneer production facility.

For JB Woodcraft Inc., it all began in 1972 when José decided to set up a mill in the town of Betis, Guagua Pampanga province, which is known as a furniture manufacturing location and a two hour drive from the capital city of Manila. During the early days, the factory focused on the production of monkey pod wares for tourists. By 1980, it had progressed to become a furniture supplier to the American military personnel stationed at Subic and Clark Airbase.

The company’s big break came in 1986 when it took part in a furniture show at High Point Furniture Market in the United States. At the show, which was sponsored by the United Nations Development Program and the Product Development and Design Center of the Philippines, Myrna presented a buffet table with simple carvings that caught the attention of the big names like Paul Maitland Smith, Hickory Chairs, Casa Bique, Casa Bique and Harden Furnitures.

From a little known 500m² factory employing just five workers, the production facility of JB Woodcraft has expanded to cover an area measuring 8,000 m² in size and employs a total of 350 workers.

Initially, furniture items were made mainly for the local market. Today, the company’s products are shipped to the USA, Russia, Europe, the Middle East and Japan. For the local market, its clientele includes modern housing developments and luxurious hotels.

In 1991, the eruption of Mt. Pinatubo forced the company to move its production facility to Tarlac, a three hour drive from the city of Manila.

“Over here, American timber accounts for some of what we use for the furniture production,” said José, who has moved back to the volcano-stricken town. The rest comprise local Mahogany, also known as Lauan and Gmelina, a plantation grown wood.

From the U.S., the company imports Oak and Alder, which are used for making classical items comprising chairs, tables, and chairs. North American Oak and Alder are used for the production of high quality solid wood furniture for the U.S. market.

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WE MAKE IT EASY TO GET ENVIRONMENTAL SUSTAINABILITY.
THOMPSON MAHOGANY Updates Product Line With FSC Eucalyptus Grandis

By Paul Miller Jr.

Philadelphia, Pa.—Thompson Mahogany Co., headquartered here, has gained attention during the past year by importing and marketing a new Forest Stewardship Council (FSC) certified lumber product called Eucalyptus Grandis. Thompson Mahogany is offering Eucalyptus Grandis in cooperation with Northland Forest Products, Kingston, N.H., and Lewis Lumber Products Inc., Picture Rocks, Pa. The three companies are importing the wood, and developing a market for it across the United States.

"The advantage of our Eucalyptus Grandis is that it’s plantation grown, all of it inside a radius of about 20 miles," said Don Thompson, president of Thompson Mahogany. "There are about 20,000 hectares in one area in northern Uruguay, on the Brazilian border. Since it is from one area, it is uniform in color, density and texture. It’s also FSC certified, so it’s a very good wood. It machines well and easily accepts stain."

Don said Eucalyptus Grandis is also a "wonderful alternative" to Swietenia Macrophylla Mahogany from Central and South America, which has declined steadily in availability for a number of years.

"The market response has been to seek alternatives to Swietenia," he said. "Those alternatives include African Mahogany, which has been considered a Genuine Mahogany for more than 100 years in the United States. You also have relatively new woods such as Sapele and Utile (Sipo) that have come into the market strongly in the last four to five years. Those woods are all furniture quality woods that can be used as alternatives for.."

Continued on page 21.
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Cookeville, Tenn.– Approaching their 30th anniversary in 2009, Hermitage Hardwood continues to evolve with the times. In an age where the only constant is change, the company continues to make capital improvements to assure quality, efficiency and consistency.

Founded in 1979 by Parker Boles, company president and chief executive officer, Hermitage began as a wholesale lumber business and evolved into a global supplier of hardwood lumber. Boles attributes his success to being proactive, which has provided a positive rate of growth. Boles states that he could see globalization taking place and knew that gaining efficiency and increasing production would ultimately be the way to remain competitive in the domestic and international markets. “With continued pressure on margins, we felt it was necessary to gain more production with our existing manpower,” Boles said.

This past spring, Hermitage added a new material handling system. Boles explained the efficiency of this new system.

“By integrating three workstations into one with automated scanning technologies, we are able to combine inspection, trimming and sorting into one major production line,” Boles said. “For our customers that request more specific width sorting, we are able to sort to their request or we can program the system to pull any per-
Salem, Virginia—Salem Frame, a business unit of Rowe Fine Furniture, recently solidified its position as a one-stop, full-service lumber drying and grading facility by opening the Roanoke Valley’s only lumber grading chain here.

Lumber from around the country will arrive at Salem Frame for its final preparation before being packaged and shipped around the world. Final preparation includes kiln drying, grading, trimming, ripping, and packaging. Prior to the installation of the grading chain, Salem Frame’s custom kiln drying yard was only able to offer lumber customers one particular service, kiln drying freshly cut lumber.

Lumber, which is now able to be processed at Salem Frame, is likely to be shipped around the country and the world and used for furniture, home construction, wine barrels, interior wall...

Continued on page 22
Tom Johen, UCO Coatings Corp., Buffal, N.Y.; Brian Wale, Cherry Forest Products, Guelph, Ont.; Mark Price, Forestry Systems Inc., Summerville, S.C.; and Dennis Reid, Cherry Forest Products

Chris Moore, Bill Miller and Tim Layden, Frank Miller Lumber Co., Inc.; Wilfred J. Crepeau, Inc.; William J. Crepeau, Jr., Crepeau Hardwoods, Enfield, Idaho; and Tony Clark, Frank Miller Lumber Co. Inc.


Sarah Weller, Bisha Lumber Co., Hamburg, Pa.; Richard and Barbara Conti and Jack蝎子, NELB, Lumber Co., Greensboro, N.C.; and Jay Bishop, OrePac, Frisco, Calif.

Whistler, British Columbia—

Attendees, exhibitors and guests at the recent BC Wood 2008 Global Buyers Mission (GBM), presented by BC Wood Specialties Group and gov-

Continued on page 23

Brett Johnson, Dakeryn Industries Ltd., North Vancouver, B.C.; Gary Knight and Randy Brown, R.B. Lumber Co., Oregon City, Ore.; and Ian Wight, Pacific Western Wood Works Ltd.

Irwin Sidana and Ash Appadurai, Chateau Designs Inc./Sunrise Kitchens, Surrey, B.C.; Peter Sperlich, Sperlich Log Construction Inc., Enderby, B.C.; Fred Spoke, Canada Wood China, Shanghai, China; JC Lee, BC Wood Specialties Group, Kangwon-Do, Korea; and Jim Ivanoff, BC Wood Specialties Group, Tokyo, Japan.

Larry Davis, Ecosip Industries Inc., Duncan, B.C.; Greg Schelanburg, Spruceland Millworks, Ackeson, Alb.; Victor Santisteban, Advance Lumber Remanufacturing Ltd., Surrey, B.C.; and Brian Jenkins, Longhouse Trading Co. Ltd., Qualicum Beach, B.C.


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Email: barryyuhas@salamancalumber.com

By Wayne Miller

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Guatemala; Randy Bowers and Kevin Gillette, Michael Buckley, Turnstone Communications, Inc., Liberty, Pa.

Peter van der Arbour Inc., Shawinigan, Que.; Jim Von Tellrop, Paladeau Inc., Placerville, Calif.; Scott Anderson, Team Hardwoods, Duluth, Minn.

Additional photos on page 14
Continued from page 1

The NHLA staff. Related events included a retirement reception for the American Walnut Manufacturers Association’s Larry Frye. Attendees took advantage of several educational seminars including: “The Economy and the Hardwood Industry” with presenters Lynn Michaels, Weeserhaus’ chief economist and vice president, George Barrett, Weekly Hardwood Review editor, and Michael Buckley, president of Turnstone Communications (Singapore); and “Certification of Hardwoods” with presenters Jason Mertick of the Sustainable Forestry Initiative, Jason Grant of the Forest Stewardship Council; Al Goetzl, president of Goetzl and Associates in Washington, D.C., and Rupert Oliver, timber and economics consultant of the American Hardwood Export Council.

Jack English, national inspector, led a grading seminar, while Mark Home, NHLA chief inspector, presented over a rules open forum. International markets breakout sessions were directed by John Chan, director for Greater China and Southeast Asia, American Hardwood Export Council (AHEC), on Asia; John Reed Jr., American Hardwood Industries, on Europe and India/Middle East. Honored guest speakers at the NHLA Convention included John Difley, president/forester for the Society for the Preservation of New Hampshire Forests, addressed the group about “Conserving the Forest Reserve.” Difley discussed ways that New Hampshire’s oldest and largest land trust works with landowners, foresters and legislators to protect the working forests that generate the wood resources that supports the forest economy.

Attendees also toured several facilities, including Allegheny Hardwoods Corp., Northern Forest Products Inc., Holt & Bugbee Co. (President Bud Wood, PEP Inc.) and the Society for the Protection of New Hampshire Forests. The NHLA also hosted a dinner and reception during the two-day meeting.

The Hardwood Manufacturers Association of New England held a member-driven association, providing member companies with peer networks, state-of-the-art information, 21st Century management tools and American hard wood promotion campaigns. The HMA offices are located in Pittsburgh, Pa. For more information, call 412-629-0770.

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The current market conditions. Among the topics discussed was the Lacey Act, about which Brant McClendon, executive vice president of IWPA, said he welcomed the Lacey Act because it raised the question of legality in regard to import- ed wood products. McClendon encour-aged attendees to embrace the new legis-lation and to be especially diligent in regard to the documentation requirements of the Act.

“This documentation will require that you list all the species that may be in your ship- ment and all the countries from which the wood is harvested,” McClendon said. He

added that the IWPA has developed pur-chase order disclaimer language to give “you some contractual coverage in case of any lawsuits that may occur.”

McClendon also touched on the fact that more in-depth background checks at U.S. ports are expected. “There is another issue on port security,” he said. “It’s the 10-plas-tic rule. You have to list each manufacturer of the products being shipped.”

“What this rule does,” added McClendon, “is it protects you against over zealous organizations that like to get at the infor-mation they can about your shipments. But this rule gives you complete privacy and guards against undue disclosures.”

The IWPA is the leading international trade association for the North American imported wood products industry. IWPA repre-sents 200 companies and trade associa-tions engaged in the import, manufacture and North American distribution of hard-woods and softwoods from sustainably managed forests.

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Neil McGough, Cunningham, Cunningham Lumber Co. Inc., Troy, Pa.; and John Patterson, Begley Lumber Co. Inc.


Neil McGough, Cunningham, Cunningham Lumber Co. Inc., Troy, Pa.; and John Patterson, Begley Lumber Co. Inc.


quality with affordability. Some brands that regularly attend this show are Homag, SCM, Wirtzholmer, Freud, Leitz and Leuco. The Taiwan Woodworking Manufacturers Association brings members like Fonji, Jun, Shihai, Geising and many others. Within China, Nanxing, Shanghai Yu Atong, Quilin, Sichuan and Qingshang and many others are regular attendees.

In fact, the show has grown so much in recent years that exhibition space is now at a premium. In 2008, FMC had nearly 20,000 square meters less space than that desired by potential vendors. FMC has worked to accommodate visitors in this crowded environment by beginning to despatialize special display areas for categories like office furniture, components, and fittings to help visitors better find the vendors most appropriate for their needs. FMC is now the second largest furniture trade show in China, and is held concurrently with the largest such trade show, Furniture China.

To get this status, FMC has been battling with ZOW. ZOW’s director, Zhou Wen Long, requested that Wang Ming Lian join his staff, Wang declined, and instead began his own show. FMC attracted the China National Furniture Association, and secured the Shanghai Pudong Exhibition Center, once the home of ZOW. Instead of engaging in constant competition, ZOW relocated and now is a different kind of show. ZOW located outside of Shanghai to attract major Asian furniture companies, the Hong Kong Furniture Association, Taiwan Furniture Association, and the Dongguan Furniture Association. When their traditional space was no longer available, Zhou moved the show outside of Shanghai and set it up as a permanent exhibition. This move has seemed successful, as almost all of its exhibitors decided to build permanent show rooms at ZOW. While both of these shows attract a mixture of domestic and export markets, FMC and ZOW now present two very valuable and very different opportunities for American hardwood suppliers to explore. The physical size of the show itself, however, is not a clear representation of an industry in turmoil and a shift in new trade is conducted in this industry. What is evident is the decreasing number of foreign exhibitors, at least from the number of U.S. representation. What used to be a must-exhibit fall show for U.S. suppliers of American hardwoods has been offset by companies’ need to budget expenses. In the past, 15 to 20 U.S. hardwood exhibitors were easily noticeable. For the recent FMC, maybe approximately eight were present and even half of those represented by their local representatives. There were a growing number of Chinese stockists that supplied U.S. hardwoods, a trend also not common in previous shows. For suppliers of American hardwood, the number of exhibitors has decreased.

Attributing to the decrease of U.S. presence was the competing ZOW show being held simultaneously that created confusion. As an U.S. exhibitor with limited budgets, picking between similar shows that are a tough task and can easily be pleased on for a more concise show focusing on the products. Also, the Premiun
**WHO’S WHO - Dow**  
Continued from page 15

Appalachian Hardwood Manufacturers Assoc.  
Harwood Manufacturers Assoc.  
and the Indiana Hardwood Lumber Assoc.  
Dow is a past member of the WDMA board of directors.  
Dow has been involved in the import/export industry for 28 years. He began his career in 1974 as a lumber inspector, and has been in his current position for 20 years. Dow’s other responsibilities have included wholesale lumber trader and exporter.  
Dow is a graduate of Stevenson High School in Livonia, Mich., and Schoolcraft College, also in Livonia. He is also a graduate of the NHLA Inspection School in Memphis, Tenn.  
Dow has been married for 30 years and has two daughters. He enjoys playing golf and traveling.

**WHO’S WHO - Kennedy**  
Continued from page 2

240,000 board feet of lumber annually.  
Fine Lumber & Plywood is a member of the Associated General Contractors of America, Lumbermen’s Association of Texas, National Hardwood Lumber Assoc.  
Kennedy received a bachelor’s degree in industrial arts/secondary education from Southwest Texas State University in San Marcos, Texas.  
Kennedy and his wife of 21 years, Mary, have two children.

**WHO’S WHO - MacMaster**  
Continued from page 2

The company has expertise and knowledge of the plywood market that includes industry manufacturers, wholesale and chain retail yard distributors and home centers.  
Ango Fine Imports has a combined staff with over 100 years of experience in the industry.  
Ango Fine Imports is a member of the International Wood Products Assoc.  
MacMaster has been involved in the import/export industry for two years and has held his current position for one year.  
He received a bachelor’s degree in small business administration from the University of Southern Mississippi in Hattiesburg.  
MacMaster also obtained a track setting certificate from Max Stacks International in Minneapolis, Minn.  
MacMaster recently married his wife, Elise. He enjoys fishing, hunting and golf.

**WHO’S WHO - McIlvain**  
Continued from page 2

seven million board feet of FAS lumber in inventory, and has been in the industry for 208 years.  
McIlvain is a graduate of Virginia Episcopal School in Lynchburg, Va., and received a bachelor’s degree in business management from Washington College, in Chestertown, Md. He is the third member of the seventh generation to join the firm.  
Alain McIlvain Co. is a 100-year member of the National Hardwood Lumber Assoc. (NHLA), and a member of the Appalachian Hardwood Assoc., International Wood Products Assoc. (IWPAA), Hardwood Manufacturers Assoc., Pennsylvania and Virginia Lumberman’s Assoc., Penn-Tex Lumberman’s Club and the Architectural Woodworking Institute (AWI).  
McIlvain is single and enjoys water sports, hunting and fishing in his free time.

**AHEC -**  
Continued from page 2

hardwood industry, representing the combined exporters among U.S. hardwood companies and all major U.S. hardwood product trade associations. AHEC’s membership committee is responsible for the global demand for U.S. hardwood and the representation of hardwood products. AHEC maintains offices in Japan, Europe, Southeast Asia, China, Korea and Mexico, in addition to its Washington, D.C. headquarters, to serve the needs of the global community.  
For additional information please contact AHEC by phone at 202/463-2790, by fax at 202/463-2797 or consult our website at www.ahec.org

**SEATTLE -**  
Continued from page 2

Continued from page 15

WHO’S WHO - Dow

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**WHO’S WHO - Kennedy**

Continued from page 2

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Continued from page 2

seven million board feet of FAS lumber in inventory, and has been in the industry for 208 years. McIlvain is a graduate of Virginia Episcopal School in Lynchburg, Va., and received a bachelor’s degree in business management from Washington College, in Chestertown, Md. He is the third member of the seventh generation to join the firm. Alain McIlvain Co. is a 100-year member of the National Hardwood Lumber Association (NHLA), and a member of the Appalachian Hardwood Association, International Wood Products Association (IWPAA), Hardwood Manufacturers Association, Pennsylvania and Virginia Lumberman’s Association, Penn-Tex Lumberman’s Club and the Architectural Woodworking Institute (AWI). McIlvain is single and enjoys water sports, hunting and fishing in his free time.

Even if home buyers miraculously returned to the market to purchase unsold homes, Al Schuler, a research economist with the USDA Forest Service, says it may be a little too late to lift up the lumber industry because the inventory of unsold homes is “a huge number.” The inventory stands at about 10 months, according to the latest National Association of Home Builders figures, including about 4.2 million existing and new homes. There is one bright spot—the housing starts could eventually reduce the glut of unsold homes. During the past decade, furniture makers have closed or cut jobs because of competition from foreign markets and Schuler says many hardwood lumber producers switched to producing flooring, cabinets, and molding for residential structures. “This is all tied to housing more directly than furniture,” Schuler said. “So that market is not going to turn around either until housing turns around.”

Bureau of Labor Statistics show the nation’s sawmills and wood preservation industry employed about 120,000 workers in 2005. That figure dropped to 105,000 in July 2008 and preliminary figures for Aug. 2008 show employment at 104,100. The industry has an annual payroll of nearly $4 billion, according to the Coalition for Fair Lumber Imports in Washington, D.C. An additional 620,000 American workers directly depend on the sawmills for their employment and about 10 million private landowners, managing close to 300 million acres of forest land, depend on the domestic lumber industry, according to the coalition’s numbers.

**MCLendon -**  
Continued from page 3

Living, “Wood pulp, the source of rayon and Terry, accounts for more than one-third of all trees harvested for commercial purposes, reps Earth Island Institute.” The article cites a wood fiber supplier who obtains the wood from tree farms, but admits about 30 percent comes from elsewhere. A representative from the Rainforest Action Network quoted in the article changes that the other 30 percent could come from old-growth forests traded on international commodity markets. Another environmentalist observed that it would be extremely difficult for the rayon manufacturer to assure the environmental impact of pulp purchased on the open market.

If a primary purpose of the Lacey amendment is to “increase transparency about the timber and plant trade and enable the U.S. government to better enforce the law,” why give a pass to a sector that may be consuming and trading in large amounts of wood sourced products? More to the point, it discrepancies in trade statistics for forest products are to be viewed as possible indicators of illegal wood sourcing and trade practices, all
will be better than 2008. During this crisis we have all had to make very difficult decisions and sacrifices. Because of this we have become more efficient, have improved our efficiency and have adapted to doing things differently. We have had to refocus on what we can control. While many of us in the "control" of the wood products industry can see the "bleeding stop" and we'll see a return to profitability in 2009.

I am starting to see some of our customers feeling a little more hopeful. This is the first time in many years that some of my domestic furniture and retail customers are increasing the production. The upturn is starting in the South, and we are driving some furniture production back to the United States. The United States is very important to them. It's obvious that we're starting to realize that we need to control our costs and manufacture something here. With everything that's happened, there is an interest and a "locally" buy or "Outsourcing" is a word that is rarely mentioned anymore.

The major problems that we will face in 2009 will be leftover inventory, which we've been dealing with that we've faced for the past year. With our close ties to the mortgage market and the无力 bank regulations, banks are increasing the interest rates. We're offering short-term invoicing with. Lack of available credit will have a big impact on how lumber companies are able to conduct business. This coincides with production issues that we are experiencing in this area this fall. Many mills are unable to finance log and timber purchases, thus creating some major supply concerns in a sector that we're not used to having supply problems in: Poplar! Will demand finally outpace supply and create some opportunity. I can honestly say that I've never been more excited about the market than I am today. It seems as if we've been able to turn around and we're ready to face a new day. Our business is ready to do that.

As I look forward to 2009, I think we need to remember that there is always a dark side in every cycle. The long-term supply (or sawmill) forecasts have only been shoved back on the calendar. A large portion of the market will be driven by real estate and we'll see a hard market. We can't expect to make a profit. We have to be realistic and set realistic expectations. We must be realistic about what we can control and what we cannot.

The hardwood lumber market in 2009 seems to be very uncertain right now, but we feel that there will be continuing opportunities for U.S. hardwood lumber producers as overseas manufacturers shift to the newly emerging middle classes of the developing countries. It could be that moving from the world's best customer back to the world's best supplier will help us in the long run.

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ure, the economy occurring in 2005, we added a sawmill and dry kiln specifically for heat-treating our lumber, saying that, the production shortages should work towards the demand sometime in early 2009. We have built more storage buildings this year to improve our reaction time to “just-in-time” shipments as well as handle more species. This has been a great help to our sales force and our customer base. With the changing market conditions, we are the warehouse to most of our customers. As time goes by I think we will see more of our friends and competitors decide to close doors that have been open for decades and more. This natural attrition has to take place so our industry can find the bottom and work our way back up. Our hopes for the coming year are to con-
tinue to strengthen our relationships and have the products that are needed to help them profit in their organizations. We should be “Certified” late this year, both FSC and SFI. I hope this is a direction that will pay off in the building industry as the market comes back!

Thanks to all who work with us in those trying times as we all look forward to better times!

Jim Skiver
Liberty Lumber Company
Liberty, N.C.

We look forward to continue servicing our customer base as the lumber indus-
try gets harder to understand. With supply lines slow and the order file thin, it presents daily challenges to understand how to move product. Thanks to a healthy export mar-
ket, we have been able to keep moving product with some certainty for the next month and ahead, and that is about as far ahead as you can see, hopefully as the markets get feet again after the election, our markets will look better.

Our customers are also trying to work through these times of uncertainty. Each one has a different story of how they are trying to keep the trains rolling, saying that the diet is only going to get worse. Our job is to try and help our good producers together with users that we hear about in our daily con-
versations about “I can’t get moulding, framing”, and the like. Most think it will be a long time before we see business back to some kind of normalcy!

This year has definitely been difficult in the hardwood industry. We have endured increases in all facets of manufacturing costs, as our product price has searched the almighty for the answer. I think we are for more of the same with lean manufact-
uring being the only tool of survival. Our government has done everything possible to help businesses in this country have no chance. We are the most regulat-
ed, taxed, permitted, scrutinized producers in the world. Certification schemes abound and the order file is such a large part of our individual opera-
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suppliers are people who have been in business for a long time, and have the financial reserves to stop producing lumber if they so choose. They are not talking about selling their mills, but are considering taking a stop, wait and see position. If things do not improve within a reasonable amount of time, they will then decide if they want to liquidate their operations.

One of my biggest concerns is that I do not believe anybody in the lumber business is making a profit and no one is exulted about hanging on for a year or two until the business becomes profitable again. If too many sawmills disappear from the supply stream, it will become difficult to meet today’s demands not to mention the demand when the housing market does rebound.

Additionally, the cost of timber has not dropped in price in relation to lumber, which is adding to the squawk. We are located in the midst of the world’s best timber supply and see the pressure the mills are experiencing. We must see a rebound in lumber prices before the yards and mills will be able to get back to where they can survive.

Fuel costs are affecting everything we do in the lumberyard business. Every time we use, other than lumber, has increased in price, which is making it difficult for us. Everyone is experiencing the same problems: increased costs, lower gross-profit margins. For example, the price of steel has risen considerably causing an increase in the cost of everything we have to purchase for the continuation of our operations while the profit margin on everything we sell is dropping.

I hope we will see some improvement in the 1st quarter of 2009. I do not, however, think we will see much, if any, improvement for another six to nine months. We will have to wait and see what effects the government bail out programs will have had on the economy and Wall Street. We are at uncharted waters as far as the Federal Reserve (Ryan) huge amounts of money to banks and Wall Street firms – the outcome uncertain at best. Until the problems with Freddie Mac and Fannie Mae are resolved, we are not going to see housing starts improve much. Nor do I foresee a major recovery until the surplus of foreclosed houses are out of the marketplace. I am starting to see evidence of that happening now but long and how fast it takes is anybody’s guess. I hope that it will take no more than a year for the market to move the foreclosure houses and new home starts will come back at a reasonable pace.

I want to take this opportunity to wish everyone in the lumber industry a Merry Christmas and a Happy New Year, especially our friends, customers and suppliers here at Tanner Lumber Company.

Robert (Flutie) Bernhardt Jr.
Director, Information Services
Western Wood Products Association
Portland, Ore.

The historic downturn in lumber demand will likely extend another year until the American financial system and housing market can be repaired, according to a new lumber supply and demand forecast from Western Wood Products Association. According to the lumber trade association, lumber demand is expected to drop 15 percent to 44.3 billion board feet this year, then fall another 5 percent to 43 billion board feet in 2009. In just three years, demand for lumber has plummeted by some 20 billion board feet – more than what Western mills produced in all of 2005. Housing starts are forecast to reach just 933,000 in 2008 and decline again to 933,000 next year. Since new housing typically accounts for more than 40 percent of annual lumber demand, the more than 50 percent decline in starts from 2005 has been a body blow to lumber mills.

The volume of lumber used in new home construction is expected to total 11.8 billion board feet in 2008 – less than half of the 23.3 billion board feet used just two years earlier. Production in the West should total almost 14 billion board feet this year, slipping to 13.6 billion board feet in 2009. That would be the lowest annual volume since 1982. Since 2005, output at Western mills has declined some 28 percent, or more than 5 billion board feet.

Lumber production in the U.S. South is forecast to decline 9 percent to 15.2 billion board feet this year, then fall 2 percent next year. The demand decline, coupled with unfriendly currency exchange rates and higher transportation costs, is taking its toll on lumber import volumes. Following a 19 percent decline in 2007, total imports this year are forecast to decrease 21 percent to 14.5 billion board feet. A 4.6 percent drop is predicted for 2009.

Canadian imports, which represent more than 90 percent of the volume of imported lumber, are expected to lose market share. Imports from north of the border should total 13.1 billion board feet this year, then fall 9 percent in 2009.

Non-Canadian lumber imports, mostly from Europe and Latin America, have also plummeted. Just 1.4 billion board feet is forecast to be imported from non-Canadian destinations in 2008, compared to 5.2 billion board feet shipped to the U.S. in 2005. The WWPA forecast calls for housing markets and lumber demand to grow in 2010, but cautions that any recovery will be slow. Western mill production will increase to 14 billion board feet in 2010, but still be 21 percent below 2005 levels.

Manufacturing over 18 million BF of Quality Band Sawn Northern Appalachian Hardwood Kiln Dried Lumber

Chuck Dean
President
Dean Hardwoods Inc.
Wilmington, North Carolina

"The sky is not falling. The sun will rise tomorrow, and those of us who get up early enough, and dig hard enough for it, will get that elusive order. My opinion is that business has been hammered down to such an extent, there is a pent up demand just waiting for a source of money to begin again whatever it was they were doing before the financial squawks. I believe the Federal Reserve will soon demand a loosening of credit to small businesses by the banks to whom the government has invested billions to shore them up and restart the economy. Once that happens, I believe we will see the trickle down affect begin to the people in small businesses who need the money to restart their particular part of the building machine - earlier in 2009 then so many gloom and doomers forecast."