

The Import/Export Wood Purchasing News  
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# IMPORT/EXPORT WOOD purchasing news

Vol. 36 No. 1

Serving Forest Products Buyers Worldwide

August/September 2009

## Speakers Address Issues Pertaining To U.S. Hardwoods At Asia Convention

By DI Nguyen

**Shenyang, China**—The AHEC 14th Southeast Asia & Greater China Convention was recently held and supported here by the Liaoning Furniture Association and 31 timber trade, design and architectural associations from China, Hong Kong, Taiwan, Indonesia, Malaysia, Singapore, Thailand and Vietnam. Two local TV channels and many media reported that the Convention was attended by 400 delegates representing traders, producers, designers and architects from 10 countries. About 40 local timber traders and producers and 25 members of the American Hardwood Export Council (AHEC) also attended a networking session during the afternoon prior to the Convention's opening day. A total of 138 overseas and local VIP guests

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Mike Snow, executive director of American Hardwood Export Council thanks James Butterworth, the director of the U.S. Agriculture Trade Office in Shenyang, for his welcoming remarks.

## KBIS Targets Repositioned Economy

Photos By Will J Photography

**Atlanta, Georgia**—The impact of the ongoing economic condition of this country was evident recently during the Kitchen/Bath Industry Show & Conference (K/BIS), owned by the National Kitchen and Bath Association. Most noticeable was the lack of luxury offerings by exhibitors and the emergence of more "middle-of-the-road", everyday products. Many exhibitors noted that their company is repositioning for the forthcoming economic reality after the recession bottoms out.

Approximately 700 exhibitors traveled to the Georgia World Congress Center to display their products. That is about 100 less than in recent years. Regardless, about 30,000 guests packed the Center to view the latest trends in kitchen and bath

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Kelpesh Nanji and Rob Glenn, Armstrong Cabinet Products, Addison, Texas

## WHA Members Gather To Celebrate 54th Year

By Wayne Miller

**Sunriver, Oregon**—Despite lower than normal attendance, the mood was optimistic at the recent 54th Annual Meeting of the Western Hardwood Association (WHA), which was held at the Sunriver Resort, located here. The meeting and events were co-chaired by Matt McCoun of Deschutes Pine, Bend, Ore., and Darren Hastings of Emerson Hardwoods, Portland, Ore.

The theme of this year's meeting was "Today's Opportunity, Tomorrow's Profit." During the meeting various speakers covered a plethora of topics pertinent to managing a business during current challenging economic times.

Criswell Davis, architectural marketing manager for Frank Miller Lumber Co.,

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Darrin Hastings, Emerson Hardwood Co., Portland, Ore.; Matt McCoun, Deschutes Pine Sales, Bend, Ore.; Criswell Davis, Frank Miller Lumber Co., Inc., Union City, Ind.; and Lee Jimerson, The Collins Cos., Portland, Ore.

## Dalian Provides Important Opportunity For American Hardwoods

**Dalian, China**—Twenty U.S. hardwood exporters traveled here recently to participate in an American Hardwood Pavilion at the 14th International Furniture, Woodworking, Furniture Components & Raw Materials Exhibition. This is the second year that the Hardwood States Export Group and American Hardwood Export Council (AHEC), with funding from the USDA Foreign Agricultural Service, have hosted a pavilion with subsidized booth space available for American hardwood exporters. Dalian, in the Lianoning Province in Northeast China, made an excellent location for the American Hardwood Pavilion because most U.S. hardwood exports

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Angie Capper and John Brown, Pike Lumber Co., Inc., Akron, Ind.; Dean Alanko, Allegheny Wood Products, Petersburg, W.Va.; and Mike Snow, AHEC, Washington, D.C.



# Who's Who in Import/Exports



**BRIAN BAKER**

**Brian Baker** recently joined **Pacific Western Lumber, Inc.** located in Lake Oswego, Oregon. Baker handles purchasing, marketing and principal sales of all import products from South America. Pacific Western Lumber, Inc. purchases approximately 300,000 board feet annually and specializes in Ipe, Cumaru, Garapa and Massaranduba decking in 1x4, 1x6, 5/4x6, 2x4 and 2x6 (FEQ Grade, AD) and

Continued on page 14



**J.J. BOURBEAU**

**J.J. Bourbeau** buys and sells lumber for **Prime Wood Lumber Inc.**, located in Quebec, Canada. Bourbeau has been with Prime Wood Lumber for 15 years and currently handles Asian markets including Japan, China, Thailand, Taiwan and Korea. He also handles marketing in some European countries. Located on 10,000 square meters in Drummondville, P r i m e w o o d

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**RICK MCKINNEY**

**Rick McKinney** is the senior vice president of **East Teak Fine Hardwoods Inc.** in Sultan, Washington. East Teak Fine Hardwoods manufactures custom-milled tongue and groove flooring, Teak and Ipe patio tiles, marine plywood, rough lumber, decking. East Teak offers custom milling, which includes surfacing, resawing, ripping and moulding. The company ships nationwide from its facilities in Sultan, Wash., and Donalds, S.C. UCS Global is a

Continued on page 15



**TED ROWE JR.**

**Ted Rowe Jr.** is the division manager of **UCS Global Forest Products**, a division of UCS Forest Group in Mississauga, Ont. UCS Global Forest Products specializes in all North American hardwood and softwood species, imported hardwood, panel products, sheet goods and veneer. The company is Forest Stewardship Council (FSC) certified, and has an office in Shenzhen, China. UCS Global is a

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## Results Of DNR Timber Program

Washington, D.C.'s Department of Natural Resources (DNR) intends to offer sales of 114 mmbf which will bring the yearly offering to 649 mmbf. Coming in at \$100 million, revenues of which DNR gets a management fee varies between 25 to 30 percent depending on the trust timber being harvested. Layoffs and internal restructuring of the DNR are due to depressed timber markets, management fees and funding.

Washington's legislature raised the Contract Log Sales quota from 10 percent of total volume to 20 percent with the agenda of increasing revenues. Over several years the DNR will ramp up to the 20 percent.

## Interior Funding Bill Moves Forward

The House Appropriations Committee recently voted to approve the Interior and Environment Appropriations Bill. The bill includes funding for the Interior Department and Forest Service. A wild land fire contingency fund of \$107 million requested by the administration was approved by the committee. The budget provided by President Obama called for \$357 million in funding, which would only be used if federal agencies exhausted regularly budgeted money for wildfire suppression.

However, the House Interior Subcommittee approved \$250 million and instead targeted the leftover funds to wild land fire management efforts such as the reduction of hazardous fuels. The increase was offset by the committee by reducing program funds

## THE WASHINGTON SCENE

at the Environmental Protection Agency. Account increases from the Forest Service included \$2.37 billion for wild land fire management, \$132 million more than the administration requested and \$378 million for hazardous fuels reduction, which was \$63 million over the administration's request. The new \$50 million "Protecting National Forests" initiative was zeroed out in the bill as funding was instead used to increase the legacy road and trail program.

### Draft By Senator Wyden

A discussion draft of the Oregon Forest Restoration and Old Growth Protection was unveiled at a recent AFRC Annual Meeting by Senator Ron Wyden (Ore.) and chief of staff, Josh Kardon.

Proposed to permanently protect Oregon's remaining old growth and restore forest health by mandating that each national forest and BLM district design a large scale (up to 25,000 acres) forest restoration project through a collaborative process that would project from NEPA based appeals. The 62-page bill is an overlay of existing statutory and regulatory requirements that include the National Forest Management Act, the O&C Counties Act, the Northwest Forest Plan, the Eastside Screens and BLM's Western Oregon Resource Management Plans.

The bill defines old growth as age of the individual trees not by stand characteristics. According to the AFRC this would make forest management nearly impossible because it would require the accurate determination of the age of individual trees by increment boring at ground level.

AFRC also said that while the bill is

Continued on page 14

## AHEC European Convention Moves to Greece

For more information on AHEC and the export promotion programs, call (202)463-2720, fax (202)463-2787, or visit the website, [www.ahec.org](http://www.ahec.org).

By **Michael Snow**  
Executive Director  
American Hardwood Export Council  
Washington, D.C.

The American Hardwood Export Council will hold its next European Convention at the Hilton Hotel Athens Oct., 22-23, 2009. The Convention will provide a valuable forum for American Hardwood exporters and the European trade to discuss the issues of the day in the historical and architecturally rich setting of Athens.

Key issues affecting European markets will be discussed and debated by leading industry and independent professionals from around the world. The session will take the form of an open forum, with panel sessions and interactive Q & A workshops to encourage wide delegate participation.

David Venables, AHEC's European Director says, "The Convention 2009 provides an opportunity for members of the U.S. hardwood industry to link up and debate key issues in a relaxed and informative environment. The panel sessions have proved very useful in previous years and have made for a productive and inspiring session with some key insights being generated. It is our intention for 2009 to keep this up."

The American Hardwood European Convention has a great track record as an important and constructive forum for American hardwood exporters and the European trade to discuss and debate key issues which affect European markets. In these turbulent times, this year's Convention is going to be an important meeting for anyone involved in the sector. The agenda will cover a wide range of issues, including certification, our tulipwood research project and not least,

the business development challenge we face in the current global economic downturn. And this will not be a one-way conversation. We have designed our Convention to be as participative as possible and discussion and debate is at the heart of our approach. And there will also be plenty of opportunity for networking and informal discussion at the social events around the Convention.

The American Hardwood Export Council (AHEC) is the leading international trade association for the U.S. Hardwood industry, representing the committed exporters among U.S. hardwood companies and all major U.S. hardwood product trade associations. AHEC's member companies service the growing global demand for U.S. hardwood and represent the full range 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 202-463-2720, by fax at 202-463-2787 or consult our website at [www.ahec.org](http://www.ahec.org).



## Ghana Announces Removal Of Taxes On Imported Timber

**Ghana, West Africa**—An ITTO-sponsored conference in Ghana, Ghana's Vice President John Mahama announced the removal of taxes on logs and sawn timber in an effort to boost the timber industry. He explained that a slump in demand for the country's timber products, particularly Mahogany and Odum, had forced some of the country's lumber and veneer prices down. These facts were supported by a study on intra-African trade launched by ITTO at the conference. He encouraged African countries to work together to offset the downturn in timber markets and encourage the free flow of trade.

There have been no significant changes in price levels here during the second quarter of 2009, as markets have yet to recover from the effects of the global financial crisis. Exporters, especially small to medium scale enterprises, are finding it difficult to secure export contracts and buyers are taking advantage of the situation to close contracts at much lower prices. Lumber prices have dropped between EUR10/m<sup>3</sup> and EUR50/m<sup>3</sup> below the TIDD Minimum Guiding Selling Prices (GSP) depending on the species.

Also recently Michael Kofi Benni, Sunyani Area Manager of the Forestry Commission (FC), recently lauded the modified 'taungya' system as a successful government intervention. The system allows degraded forest services to be reforested with selected tree species and inter-cropped with food crops, and involves active farmer participation.

Speaking in an interview with the Ghana News Agency, the Sunyani Area Manager said 10,000 hectares of degraded forests nationwide had been

replanted in spite of the heavy forest destruction caused by wildfires in 1983. About 1,558 farmers in 36 fringe communities in the transition zone are benefiting from the taungya system initiated in 2002, which offers 40 percent of proceeds from sales on standing tree value to participating farmers.

Benni said more than 10,000 metric tons of food crops were produced to boost the region's food production. However, he expressed regret that most farmers had failed in their responsibility to tend forest reserves. Benni said illegal chain saw operations, persistent annual wildfires and encroachments on land area have stifled reforestation activities and appealed to farmers to remain committed to tending forest reserves.

Ghana has been advised by the Forestry Commission to support initiatives designed to help the country meet the current global requirements for legal sustainable timber. The appeal was made by the Acting Executive Director of the FC, Henry Coleman, during a workshop on the U.S. Lacey Act for timber millers, producers, exporters and other stakeholders at Akyakrom in Kumasi. He advised that any suspicious unethical business practices may be detrimental to Ghana's commitment to ensuring legality in the eyes of the international community and might negatively affect the country's efforts to increase earnings from the sector.

— As reported by the Fordaq Network



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## The Power Of Free Trade Impacts Industry

**By Brent J. McClendon, CAE  
 Executive Vice President  
 International Wood Products Association**



ops a nationwide strategy that will protect our competitiveness at home and abroad while maintaining the ability to

I often find myself advocating the merits of free trade as Executive Vice President of an international trade association. My belief in the power of trade is borne out by success stories of countries that have entered into partnerships with U.S. and other developed countries. For example, last year a delegation of wood processors from Guyana attended IWPA's convention. The Guyana companies found customers that provided financial and technical assistance to strengthen environmental practices and two U.S. businesses found new suppliers of certified wood.

Despite the many "win-win" scenarios brought about by free trade, there are times when praise for the merits of free trade gets the cold shoulder. Neighbors who have family that have lost jobs to the recession, domestic industry colleagues who are experiencing declines in membership and Members of Congress whose email boxes are filled by angry constituents sometimes mistakenly point to imports as the villain stealing away jobs and wealth from America.

"Fair trade" and "level playing field" have dominated discussions on trade relations. Difficult terms to argue

against, but should come with a disclaimer for what is often meant by "fair" and "level."

The latest example of how these terms are translated into policy can be found in legislation named, "Making Opportunities Via Efficient and More Effective National Transportation Act of 2009" or the "Movement Act of 2009." The proposal calls for a tax to be



placed on commercial cargo being imported into the U.S. The bill is ostensibly intended to improve and secure ports. But tucked into it is a bit of protectionism as it only assigns a tax duty to imports.

Presumably these same ports are used for exports, but the cargo on outbound ships is given a free pass.

The author of the measure states the rationale for the bill as, "In these increasingly dire economic times where ports are considering individual fee systems from California, to Washington, to New York; it is in the best interest of the Congress to ensure that America devel-



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# INTERWOOD, Vietnam: 10 Years Old, And Still Growing

By Michael Buckley



Located in Binh Duong Province outside Saigon, Interwood employs 2,000 people and has invested more than US\$20 million in three plants, exporting its entire production.



Imported North American hardwood used by Interwood in its products include White Oak, Ash, Maple, Cherry and Walnut.



Currently Interwood is looking at design innovations in such species as Sappy Walnut.



Interwood ensures that all its production systems are constantly measured for productivity.



Production management is based upon a product flow, rather than a batch system, and minimizes "Work In Progress" with components drawn, as needed, from a central material pre-prepared stock.

**Saigon, Vietnam**—Interwood, now one of the largest furniture makers in Vietnam, was unusual when it started and remains innovative as it plans and invests its way towards its 10th anniversary next year. Located in Binh Duong Province outside Saigon, Interwood was one of a few non-Taiwanese companies set up at a time when European investors in Vietnam were relatively rare. Today the company employs 2,000 and has invested more than US\$20 million in three plants, exporting its entire production.

When British-born Imi Lelani first came to Vietnam in 2000 to establish a wood furniture company, Taiwanese dominated the furniture industry in which they are still very much around today. They were strong investors with effective management skills and knew the overseas market, largely in the U.S. Then along came an entrepreneur with British

investors who not only aimed to supply the United Kingdom and European markets, but took little account of traditional furniture mass production methods and disciplines in Southeast Asia. Lelani had decided to switch from furniture production in Thailand to a green-field site in Vietnam, which enabled him to start afresh with production concepts that have served the company well in its early development. With Vietnamese labor costs low then and still so, it has in fact been the machine flow process, led by process and product engineers coupled with a constant striving for efficiency, which has been the central pillar of Interwood's management. Even with gross labor costs still at only US\$200 per month (less than \$7/day) for the average shop-floor worker, Lelani is determined to ensure that all the company's production systems are constantly measured for productivity and that workers, through constant training, understand his management ethos, which is geared to protect the security of the company's future.

Production management is based upon a product flow, rather than batch system, and minimizes "Work in Progress" with components drawn, as needed, from a central material pre-prepared stock. The plants have surprisingly little WIP stock, which habitually clutters the production areas of most mass production furniture plants. Shop-floor workers are to remain at their work station on the production flow lines and are allowed to "remain idle" when deprived of material or semi-finished product, allowing roving production engineers quickly to spot and rectify hold-ups or production problems.

Quality control is so integrated into the furniture making process, that plant rejects are minor and customer returns negligible. With no current license to sell furniture in the local market, this is of major importance. All furniture is assembled and dismantled several times before final packing, whether shipped assembled or in KD form. All staining, oiling and top-coating is applied only to components before assembly on automatic lines so that all surfaces are treated. Unusually, therefore, there are no finishing lines for assembled product. Finished furniture is hand sprayed only in a small spray station, when minor touch-up repairs are required.

With the majority of its contemporary style furniture made in solid and real wood, imported American hardwood is the main material amounting to about 300m<sup>3</sup> per month, mainly in White Oak, Walnut and some Ash, Maple, and Cherry. The company admits to having difficulty in promoting Red Oak to its European customers. The only local hardwood used is Southeast Asia Rubberwood, but finger jointing is not popular with Interwood so that such

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# Customer Specific TIOGA HARDWOODS Focuses On Quality, Diversity

By Terry Miller



(Front row) Tioga Hardwoods sales staff (L to R) Randy Bowers, Josh Bowers, Kevin Gillette, Scott Snyder, Bill Gillette, Shawn Collins and Chad Cotteril (Back row) Tioga Hardwoods Support Staff (L to R) Marissa Graves, Darcy Friebe, Tammy Cornish, Teri Boughton, Amy Pritchard, and Ashley Brister



A view of one of Tioga Hardwoods' warehouses, which is part of the 145,000 feet of area under roof in Berkshire, N.Y.



All Tioga trucks are loaded inside, under roof.



This is an aerial view of Tioga Hardwoods' facilities in Berkshire, N.Y.



Tioga received FSC Chain-of-Custody certification on June 1, 2009.



Tioga Hardwoods' delivery fleet includes company-owned trucks and curtain side trailers.

**Berkshire, N.Y.**— Established in 2000 by principals Randy Bowers, Kevin Gillette and Scott Snyder, Tioga Hardwoods, Inc. is a company that was built around the diverse background of its three principals. With combined experience of 65 years, Bowers, Gillette and Snyder decided to pool their knowledge and resources. "We identified the diversity of our skill set early on with domestic and export sales experience along with production and millwork experience," Bowers said. "The key to Tioga's success is primarily built on this wealth of knowledge."

Scott Snyder has 18 years in the forest products industry with export experience primarily in Asia. Kevin Gillette has 15 years experience in production and sales, and Randy Bowers brings 15 years experience from a family-owned millwork shop, as well as 17 years in domestic wholesale lumber sales.

Tioga Hardwoods' offices and production facility are located in Berkshire, N.Y., which is located less than 200 miles from the port of New York and approximately the same distance from Canadian cities Toronto and Montreal. At Tioga's direct sawmill operation, production consists of 70 percent 4/4 to 8/4 Hard and Soft Maple and Cherry with the other 30 percent in White Ash, Red and White Oak, Basswood, Hickory, Aspen and Yellow Poplar. The company also produces specialty items such as pulled and ripped to width strips and cut-to-size squares and dimension parts, all within their 145,000 square foot facility.

The company also buys from more than 100 vendor mills. "We've had some pretty large producers, sawmills, concentration yards and combinations of all come to us over the last several years and offer their production to our marketing team. We take that production and match it to a particular customer's needs," Snyder said.

Scott Snyder and salesman Chad Cotteril handle the export side of the business and they both travel overseas several times a year. "Chad lived in Shanghai for a year and speaks Mandarin which enables better communication with our biggest export customer base," Snyder said. Tioga Hardwoods also has two sales offices in Asia. "Having people in place overseas that know the culture gives us a tactical advantage."

Continued on page 16

Tioga Hardwoods ships more than 100' x 40' containers per month to over 20 countries around the world.



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# INTER-CONTINENTAL Upgrades Facility

By Gary Miller



This is an aerial view of Inter-Continental Hardwoods, Inc.'s hardwood concentration yard, a division of DLH Group, located in Currie, N.C.



This is a view of all the employees that attended the Inter-Continental Hardwoods, Inc. bar-b-que party.



Tom Herga, president of Inter-Continental Hardwoods, Inc.; and Jerome Castagne and Mr. and Mrs. Odzala from the large CIB sawmill operation in Pokola, the Republic of Congo.



Lenny Shibley, vice president of the company; Tom Herga, president of the firm; and Fred Coffrin a sales representative at Inter-Continental Hardwoods, Inc.



Jose Aguilar, Vanessa Banerman, Debbie Smith and Kiry Laufer, all with Inter-Continental Hardwoods, Inc. Laufer is a sales representative and cooked the food for the firm's recent luncheon.



Jeff Richards, the owner and President of Winston Machinery & Equipment Co., Lynn, Ala.; Tony Triolo, operations manager for Inter-Continental Hardwoods, Inc.; and James "Gabe" Thomas, Thomas Industrial Controls, Haleyville, Ala.

**Currie, N.C.**—Inter-Continental Hardwoods, Inc., located here, specializes in imported hardwood lumber, flooring and decking. A subsidiary of the Denmark-based DLH Group, Inter-Continental was acquired through a merger with the It Timber Group of Basel, Switzerland in 2006. DLH Group, USA also includes DLH Nordisk, Greensboro, N.C. and PW Hardwood LLC in Brookville, Pa.

Specializing in "just-in-time" shipments of over 40 species of tropical hardwoods in up to several different thicknesses, the company has a 38-acre lumberyard with approximately 320,000 board feet of kiln capacity.

"Our tropical hardwoods are used for architectural millwork, flooring, decking and many other applications," company President Tom Herga said. "Our key intention is to provide for the customer's specifications." Some of the species stocked include Afromosia, African Mahogany,

Continued on page 17

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# NEWMAN



Shannon Tomassi, Tracey O'Connell, Beth Murphy and Terri Schutte, Inter-Continental Hardwoods Inc., standing in front of some of the dry kilns.



This is a view of a couple of the company's T-Sheds.

This is a partial view of the new stacker and lumber handling equipment made by Winston Machinery & Equipment located in Lynn, Ala.





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# An International Success—PENN-SYLVAN Offers Quality And Variety

By Paul Miller Jr.



(L) Penn-Sylvan's Red Oak stored under the company's T-Sheds and (R) kiln dried lumber ready for shipment.



President Bill Reese and an employee are photographed here measuring and trimming a large Red Oak log at Penn-Sylvan International.



(L to R) Mike Reese, comptroller, Bill Reese, president, Jay Reese, vice president and Marc Reese, secretary and general counsel for Penn-Sylvan International at a recent company gathering.



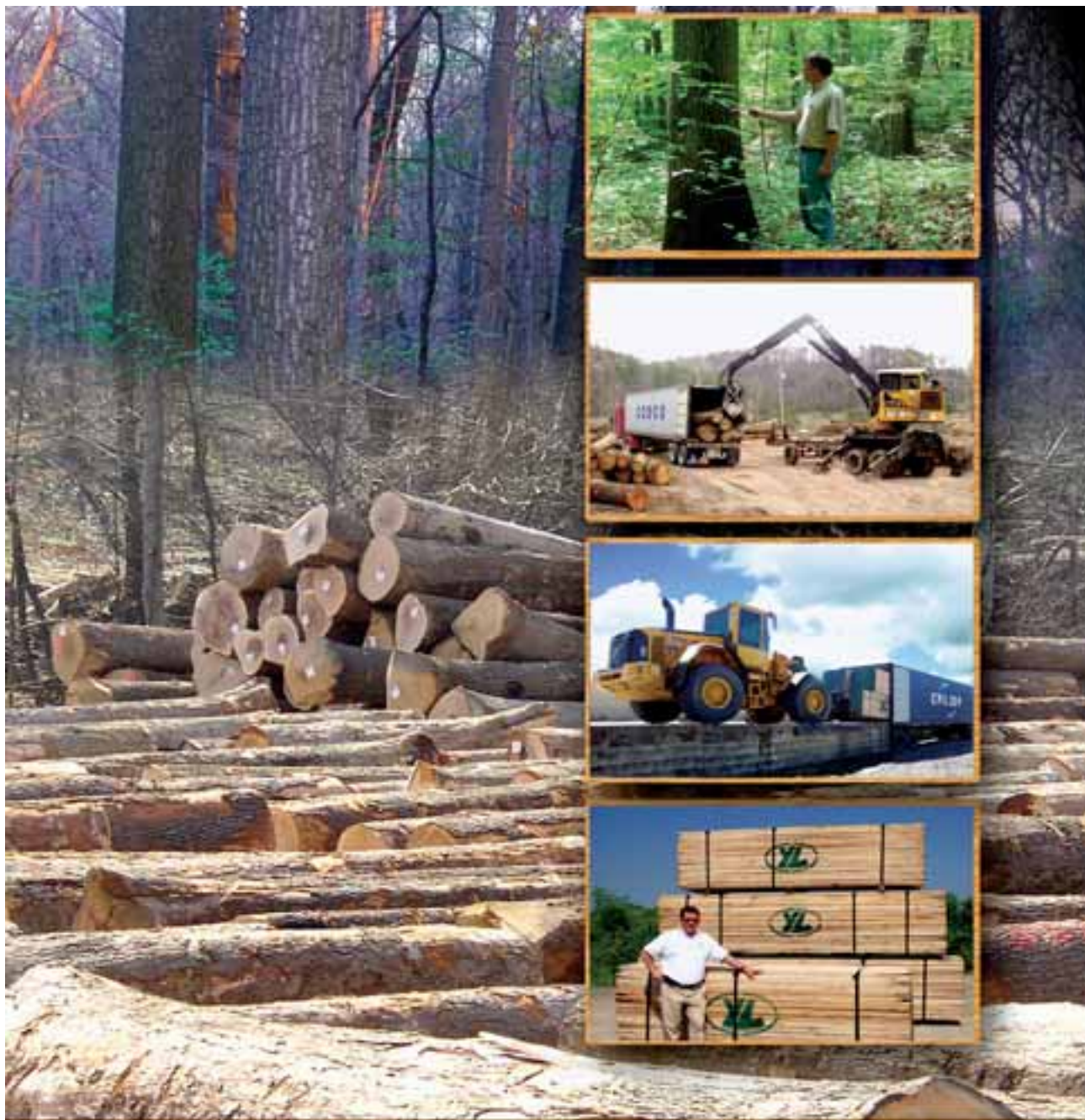
Penn-Sylvan's debarked Hickory logs are being loaded for export to China.



Vice President Jay Reese standing in front of "pattern sawn" Hickory.



Close working relationships with the local Amish population provide Penn-Sylvan International with a skilled workforce dedicated to top quality production.



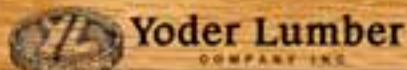
## Spartansburg, Pennsylvania—

The key to Penn-Sylvan International's success is two-fold: the seasoned experience of the company workforce in both domestic and export hardwood markets and the unrivaled quality of northwest Pennsylvania's hardwood region. Boasting a near perfect combination of climate and soil conditions for hardwoods, this region of Pennsylvania offers a large combination stock of Black Cherry, Hard and Soft Maple, Red and White Oak, Poplar, Hickory, Ash, Beech and Walnut found in North America. Customers are based worldwide, including furniture factories, plywood factories, stair-tread factories, panel and dimension factories, wholesale firms, sawmills, veneer factories, and distribution yards.

Company headquarters is located just west of Spartansburg, adjacent to their concentration yard and dry kiln facilities. The company also owns and operates two other sawmill facilities, as well as a cut-to-size pallet operation, all located within the Allegheny Region of northwest Pennsylvania. The veneer log yard is located four miles south of Spartansburg where logs are separated into various categories of veneer quality. Penn-Sylvan's lumberyard features a grading station, a well maintained air drying yard, two large T-sheds, 350,000 board foot capacity of dry kilns, and weather tight dry storage sheds. Fresh sawn green lumber is stored under roof after being inspected, trimmed, and placed on Breeze Dried™ sticks. The company processes 50,000 board feet of fresh sawn Maple, sawing Monday through Wednesday. It is then graded and placed on sticks by Friday morning and then loaded into one of their specially designed Nardi kilns during that afternoon. Red and White Oak bundles are kept in T-sheds after being put on sticks. Proper air-drying procedures and good mixtures of other species like Cherry, Ash, and Poplar enable Penn-Sylvan to kiln dry 600,000 board feet of Pennsylvania's finest hardwoods each month. Annual combined production is 12 million feet of green lumber, kiln-dried lumber, and select veneer logs.

Each sawmill is uniquely designed to manufacture accurately sawn boards in the most cost and yield efficient manner possible. While they have "ultra" thin (.092) kerf head rigs and resaws to maximize the yield of high dollar logs, they also operate a low cost, low maintenance circle mill to process the lower value species and logs. An additional advantage is the relationship that has developed with their cut-to-size board operation. It is common practice for these mills to be cutting four or five different sizes of cants from the same batch of logs, which further improves upon the yield of each log. Penn-Sylvan's mills have been pioneers in the pattern sawing of hardwood

Continued on page 18



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# OAKS UNLIMITED Among Firms Finding Ports Accommodating

By Sawyer Fitzpatrick



Hardwood exporters find quick and efficient handling of their cargo at the Port of Wilmington, N.C., thanks to the nine container handling machines like the one pictured. Photo courtesy of N.C. State Ports Authority



Among the many seaports in the U.S., the Port of Mobile is 10th largest and is continuing to expand and improve to meet exporters needs.

**Mobile, Alabama and Wilmington, North Carolina-** It isn't news for anyone breathing that the global economy has been suffering. How ports have been responding to this economic downturn, however, is news—especially for hardwood lumber exporters. Ports in general have responded to adverse economic challenges with positive changes in efficiency and increased services. *Import/Export Wood Purchasing News* explored some ports that export hardwood lumber and lumber products, and the findings were most promising.

In Waynesville, N.C., Oaks Unlimited's Mark Taylor had this to say about the outlook of hardwood exporting: "We ship primarily out of two ports: Charleston, for shipments going to Europe and the Middle East, and Wilmington for our shipments that go to Asia. Containers have been a little scarce due to lack of imports. Contributing to this factor are the steamship lines that have removed vessels and containers from trade lanes due to insufficient export and import business. We're still shipping a lot of our lumber overseas, but, not as much as we did a year ago. We are seeing a pick-up in export business, but one thing that is affecting our industry is there's just not as much production. Many sawmills in our region have either closed down or curtailed production over this past year. When demand returns it will be hard to get production back up very quickly. It will be an interesting and challenging year, but that's what makes this such a fun business to be in."

"We found Charleston to be a great port to work out of. They have a lot of steamship lines working that terminal, and the container availability, service and scheduling meet most of our needs. We're pleased to be close to a major shipping hub like Charleston. Wilmington offers us good Far East service with several lines calling there, and the State of North Carolina helps facilitate shipping through this port by allowing us to have a special inland transit service [Sprint] when we pull containers in and out of Charlotte. This helps encourage shipping through the port of Wilmington."

In North Carolina, the Port of Wilmington is strategically located on the U.S. East Coast. Owned and operated by the North Carolina State Ports Authority, the Port of Wilmington offers terminal facilities serving container, bulk and break-bulk operations. This port has berths and storage areas for containers as well as general cargo—one of the few South Atlantic ports to have these services. An intensive capital program has positioned the Port of Wilmington to be able to offer a wider range of services to the maritime transportation industry. A 42-foot navigational channel offers their customers additional vessel capacity. The port also provides modern transit shed and warehouse facilities, and it has new, state-of-the-art Panamax container cranes and container handling. Couple all this with updated cargo management technology, and the Port of Wilmington is ready to support the

growing needs of hardwood exporters. In addition, improvements to infrastructure in North Carolina should be making transportation to the port doubly attractive, and CSX Transportation provides daily service for boxcar, tanker and gen-

eral cargo services.

Sarah Gaillard, Director of Container Logistics, N.C., State Ports Authority, said, "At North Carolina's Ports, we view hardwood exports as a 'legacy' industry for our state. The majority of

kilns producing the high quality hardwood are located in North Carolina. Transportation from these origins is facilitated through the Port of Wilmington terminal with favorable

Continued on page 18

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WHA PHOTOS - Continued from page 1



Gevin Brown, Red Cloud Wood Products LLC, Powell Butte, Ore.; Michael Lipke, Trillium Pacific Millwork, Inc., Wilsonville, Ore.; and Tim Stallard, Rose City Wood Products LLC, Broadbent, Ore.



Matt McCoun, Sherrie Fagen and Pete McCracken, Deschutes Pine Sales, Bend, Ore.



Scott Cramb, TradeTec Computer Systems Ltd., Parksville, B.C.; Bill Robbins, Alexander Lumber Mill LLC, Chehalis, Wash.; Rob Johnson, Clearwater Lumber & Consulting, Burlington, Wash.; and Greg Antle, GMA Cascade Industrial, Fort Langley, B.C.



Greg Antle, GMA Cascade Industrial, Langley, B.C.; Scott and Kathi Lilley, Hardwood Industries, Inc., Sherwood, Ore.; and Clint Bower, Braided Accents, Coeur d'Alene, Idaho



Jim Stevens, Modern Machinery, Rochester, Wash.; Bill Robbins and Alex Robbins, Alexander Lumber Mill, Chehalis, Wash.; Dave Jendro, Jendro & Hart LLC, Sunriver, Ore.; and Crystal Oldham, National Hardwood Lumber Assoc., Memphis, Tenn.



Scott Lilley, Hardwood Industries, Inc., Sherwood, Ore.; Clint Bower, Braided Accents, Coeur d'Alene, Idaho; Lee Jimerson, The Collins Cos., Portland, Ore.; and Dave Sweitzer, Western Hardwood Assoc., Camas, Wash.



Wayne and Lynne Miller, Import/Export Wood Purchasing News, Memphis, Tenn.; Dean Duchi, W&L Contractors, Inc., Myrtle Point, Ore.; and Kathryn and Jeff Nuss, Greenwood Resources, Inc., Portland, Ore.



Criswell Davis, Frank Miller Lumber Co., Inc., Union City, Ind.; Teresa and Ron Shivers, Katco Engineering, Roseburg, Ore.; and Darrin Hastings, Emerson Hardwood Co., Portland, Ore.



Walt and Edna Seals, Rose City Wood Products, Broadbent, Ore.; and Tammy and Jared Bjur, North Pacific Group, Portland, Ore.



Jeff and Shannon Haase, and Mike and Heather Persons, Wood Trade International LLC, Sisters, Ore.



Alex Robbins, Alexander Lumber Mill LLC, Chehalis, Wash.; Donna Lee and Larry Dennis, Turbo Leadership Systems, Newberg, Ore.; and Grace Terpstra, Hardwood Federation, Washington, D.C.



Bill and Alex Robbins, Alexander Lumber Mill LLC, Chehalis, Wash.; David and Teri Jendro, Jendro & Hart LLC, Sunriver, Ore.; and Maribel and Mike Snow, American Hardwood Export Council, Washington, D.C.



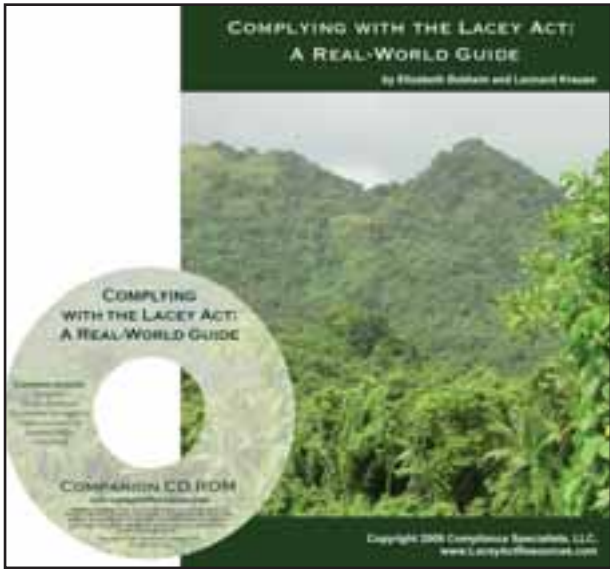
Jared and Tammy Bjur, North Pacific Group, Portland, Ore.; Susan and Brent Monroe, MJB Wood Group, Inc., Beaverton, Ore.; Jeff Wirkkala, Hardwood Industries Inc., Sherwood, Ore.; and Lindy Stallard, Rose City Wood Products, Broadbent, Ore.

Additional photos on page 12



# Complying With The Lacey Act

By Elizabeth Baldwin

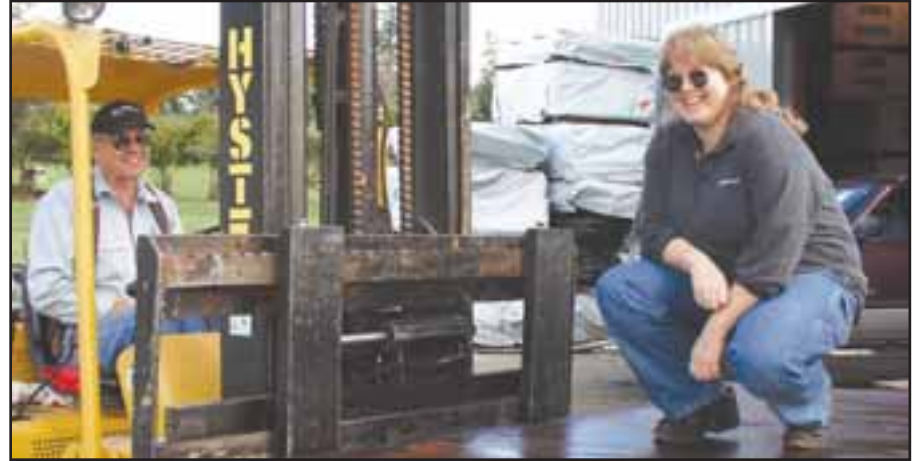


more detailed questioning of supply chains and to provide means of enforcement against egregious offenders. So whether you choose to take action because it's the right thing to do, or because you are afraid of potential prosecution, you will be following the spirit of the Law, perhaps even more so than the letter.

Now, the second aspect of the amendment does require a specific documentary burden. Every importer is going to have to file a detailed declaration for incoming agricultural products specifying species and country of origin no matter where the final product is produced.

So an engineered floor might be made in China but contain a Meranti plywood core made in Malaysia and a top veneer of Red Oak originally from the United States. The declaration requires that the importer know the source countries and exact scientific species for each component.

Lacey is in effect now: as of May 22,



Elizabeth Baldwin

2008, it is against U.S. law to trade in any illegally harvested agricultural product. However most people are defining the start date as when the import documentation is required. U.S. Customs has developed a rolling implementation schedule, requiring declarations for different HS Codes to start on different dates. These dates are subject to change as Customs' information collection system continues to be developed. Furthermore, many companies are not

aware that American domestic woods need to be declared upon their re-entry into the U.S. If a foreign company utilizes American Red Oak or Walnut for a floor, Pecan for a kitchen cabinet or SPF for plywood production, etc., those species will be subject to Lacey declaration requirements when the final product is imported into the U.S. While much less likely to be targeted for investigation, of course, to be fair, a certain level

Continued on page 19

Everywhere you turn these days you hear discussions about "Lacey." "Can you comply with Lacey?" "What are you doing about Lacey?" "That company can't handle Lacey." So what's the big deal about "Lacey," as the 2008 amendment to the 100-year-old Lacey Act is now known by the wood industry?

Well, when you get right down to the bottom line in simple English, the Lacey Act really has three basic provisions. It says that:

- 1). It is a United States Federal offense to trade in illegal or "tainted" plants and plant-based products; and the action that made the product illegal ("tainted" the product) does not have to occur within the U.S. Included in the long list of ways to "taint" a product are actions such as harvesting it illegally, trading it without proper duties or other fees being paid, or smuggling/stealing it.
- 2). Importers need to declare both what species they are bringing in and where it came from.
- 3). Don't lie to the government! (While this seems like common sense, the government has to specifically state that it's wrong so they can prosecute you if you do it.)

### What does that mean in the "real world?"

First, while it is illegal to own/trade in "tainted" plant products, the Lacey Act does not specifically require importers to document the legality of their material when you import it. So technically there is no immediate legal obligation to compel a company to ensure the legality of their supply chain. That said, forcing companies to trace a product's chain of legality is most definitely the intent and the expectation of the government.

Furthermore, in a Lacey violation case, ignorance will not be considered a sufficient defense. Even if you had no idea that a product was "tainted," you can still face fines or confiscation if the government believes that you should have reasonably known.

The good news is that the government bears the burden of proof. For criminal charges, they must demonstrate beyond a reasonable doubt that you knowingly committed the crime or knowingly traded in "tainted" material. To assess civil penalties, they must show, again beyond a reasonable doubt, that you failed in your professional due diligence and truly should have known that a product was "tainted."

The challenge is that under Lacey, material can become "tainted" even if the law being broken is not an American one. The illegal action can occur at any point in the chain. From that point further, the wood is considered "tainted," and thus it would be considered a violation of the Lacey Act to import it or sell it within the U.S. This means that importers must ensure not only that their immediate purchase is legal but also attempt to trace the origin of the material back to its original point of harvest, confirming that each step along the way was made in full accordance with local and international laws.

No matter what documentation is technically required, Lacey's goal is to protect the world's forests by encouraging a

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SHENYANG PHOTOS - Continued from page 1



Chris Liu of Ketchum PR fields questions from the media addressed to this panel during the question and answer session.



Victor Barringer, Coastal Lumber Co., Charlottesville, Va., and Peter King, Cersosimo Lumber Co., Brattleboro, Vt., ask questions during breakout sessions.

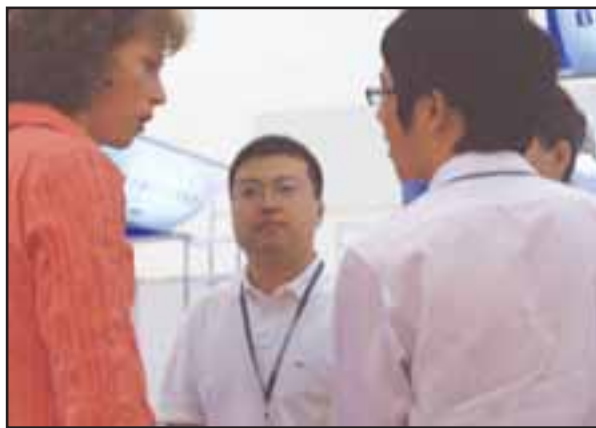


John Brown (center), Pike Lumber Co. Inc., Akron, Ind., talks specifics to potential customers during breakout sessions.

DALIAN PHOTOS - Continued from page 1



Victor Barringer, Coastal Lumber Co., Charlottesville, Va., and John Chan AHEC, Southeast Asia & Greater China



Angie Capper (left), Pike Lumber Co., Inc., Akron, Ind., talks to potential customers.



David Mayfield, Mayfield Lumber Co., McMinnville, Tenn., (center) chats with attendees at Dalian.



Pat Altham, AHC Export Lumber, Huntersville, N.C.; and Will Donoho, Classic American, Memphis, Tenn.

KBIS PHOTOS - Continued from page 1



Amanda McKinley, Atlantis Outdoor Kitchens, Roanoke, Va.



Tim Roche, Grand River Wood Products, Cuyahoga Falls, Ohio



Kathryn Constantine, Brown Wood, Inc., Lincolnwood, Ill.



Denise and Paul Grothouse, Grothouse Lumber Co., Germanville, Pa.



Chris Constantino and Michael Shea, Camio Custom Cabinetry, Plymouth, Mass.



Leon Osbourne, Haden Smith and Christian Smedberg, Osbourne Wood Products, Toccoa, Ga.



**SHENYANG -**

Continued from page 1

attended a pre-convention gala dinner. That dinner was attended by over 135 overseas guests and speakers, local industry representatives and media. The local representatives included 20 designers and architects as CIID members from Shenyang and Dalian of Liaoning, Habin of Hellonjiang and Changchun of Jilin. The dinner opened with remarks by Orn Gudmundsson, Chairman of AHEC and Zu Shu Wu, President of Liaoning Furniture Assn. Six keynote speakers and four breakout session speakers addressed issues related to sustainability, U.S. hardwood environment credentials, legality, Lacey Act and Responsible Procurement Policy. During lunch, 40 selected furniture and flooring producers were invited to meet with 25 AHEC members for networking, which provided an opportunity for getting to know the local market better, thus encouraging future business development. The Convention concluded with the presentation of wood plaques to all speakers and three chairpersons, followed by a reception to provide another opportunity for networking with more than 400 guests in the wood business.

AHEC's first two keynote speakers discussed that the U.S. hardwood industry demonstrates its legal and sustainable credentials through the study commissioned by AHEC and undertaken by a team of international experts, led by Seneca Creek Associates, confirming that U.S. hardwoods derive from legal and well managed forests. They also addressed the Responsible Procurement Policy (RPP) and the schedule of implementation of the Lacey Act. The other four keynote speakers covered topics of U.S. hardwood offering manufacturers and designers for selections as Manufacturing and Design Solution.

The breakout session with four speakers from China, Thailand and Indonesia gave a full report and update of their respective market situation to delegates. AHEC Chairman Orn Gudmundsson opened the Convention, and talked about AHEC's mission and global strategies, as well as global export statistics, and he explained why U.S. hardwood export to China is important to the U.S. hardwood industry.

John Chan, Regional Director of AHEC SEA & GRCH gave the opening remarks, noting that in past years, AHEC has held and conducted over 100 successful events related to hardwood manufacturing, interior design and architecture in Southeast Asia and China. He went on to emphasize that AHEC continues to maintain the same messages by providing promotional assistance, technical information and sources of supply for U.S. hardwoods. He said that through careful forest management, the U.S. is growing more hardwood each year than it harvests hardwood from the U.S.A., assuring the world that U.S. hardwood resources are reliable as long-term supplies.

He also stated that most Asian economies have been facing weak recovery in 2009 from a sharp contraction in 2008. The financial crisis has pulled Asian economies down with this global slump. Consequently many Asian economies have suffered deeply. Export demand from the West and developed economies has been down to a new low level. But China and Southeast Asia are expected to have played an important role in the current financial crisis due to a total population of about 2 billion, and many of these countries have been among the world's fastest growing economies. China's US\$585 billion stimulus package started to bear fruit and China would lead Asia to recovery.

Chan said that he was happy that the Convention was held in Shenyang, the capital and commercial and economic center of Liaoning and the center of China's Northeastern Province. It provides great opportunity for interior design, furniture and timber products manufacturing including door and flooring, especially when the housing and

property markets have been booming. China and Southeast Asia's demand for timber products has been growing rapidly, especially in the furniture manufacturing and interior design industries. The U.S. hardwood resource is known for sustainability, diversity and, with a variety of grades and species, would meet the demand. He said AHEC's member companies are committed to servicing the growing global market demand for U.S. hardwood and representing the full range of U.S. hardwood products, including lumber, veneer, hardwood veneered plywood, flooring, mouldings, and dimension materials.

Finally, Chan committed AHEC to face new challenges as well as create new opportunities and to continue to provide high quality programs to the respective industries in the years to come.

For more information about AHEC, visit its website at [www.ahec.org](http://www.ahec.org).

**WHA -**

Continued from page 1

opened the day of informational sessions by discussing the basics of kiln drying, sustainable hardwood harvesting and obtaining FSC certification. He noted that more than 4 million private landowners in the U.S. control over 70 percent of the nation's hardwood

resource.

Davis is a WHA board member and represents the association as a board member of the Hardwood Federation's PAC.

Ian Hanna, director of the Northwest Certified Forestry, Northwest Natural Resource Group and founding member of the FSC Family Forests Alliance, updated the attendees on current Westside FSC certified hardwood timber and lumber supply in Oregon and Washington. He also presented an update on FSC chain of custody operations.

Michael Snow, executive director of the American Hardwood Export Council (AHEC), gave a report on current environmental policies, the U.S. hardwood industry and illegal logging and trade. Snow reported that now the U.S. and Europe own the majority of certified wood, although they have the most regulated timber and the least risk of illegally logged trees.

Crystal Oldham, director of education and Hardwood Forest Foundation (HFF) director for the National Hardwood Lumber Assoc., Scott Leavengood, director of the Oregon Wood Innovation Center at Oregon State University and Grace Terpstra, of Terpstra Associates also addressed the meeting.

Oldham discussed the prospect of incorporating Title IV federal funding for students in the near future in regard to the NHLA Inspector Training School. Oldham noted that currently continuing

education credit is available for species specific grading short courses. HFF's educational programs impact thousands of North American school classrooms by providing teachers with tools to educate children about properly managed forests and their benefits.

Leavengood spoke about trends that do, or may, impact the Western hardwood industry. In particular, he said the ability of chemistry to provide wood-plastic composites, green adhesives, chemical and mechanical modification, biorefining and nanotechnology will impact the hardwood industry.

Terpstra addressed the effect that President Obama's administration has had during its first six months in office, and opined that the hardwood industry will have a tougher time under Obama than Bush in regard to the trend to "go green" and the preservation agenda.

Larry Dennis, an author, trainer and consultant since 1962, wrapped up the agenda of speakers. Dennis reminded attendees to do the best they can by their customers. He advised that it costs five times more to get a new customer than retain a satisfied customer.

The WHA also held a Board of Director's Meeting at Sunriver. Other topics covered at the annual meeting included: the Washington Hardwoods Commission Update, Hardwood Initiative Funding, Grading School and Rules, the state of the association web-

Continued on page 14

# ROMEVA VENICE

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**WHA -**

Continued from page 13

site and newsletter.

New board members who were elected to three year terms at the recent annual meeting included: Randy Wisner, Lumber Products; Jared Bjur, North Pacific Group; Alex Robbins, Alexander Lumber Mill; Scott Lilley, Hardwood Industries; and Rob Johnson, Clearwater Lumber & Consulting.

For more information about WHA, visit its website at [www.westernhardwood.org](http://www.westernhardwood.org).

**KBIS -**

Continued from page 1

designs, a lot of which was geared toward home renovation.

K/BIS is a premiere annual industry event to showcase the products that meet the needs of the kitchen and bath marketplace. Informational sessions are also held to examine design trends and to network with other industry professionals.

**DALIAN -**

Continued from page 1

have gone to the coastal areas in Western China, and Lianoning province is a relatively new market for American products. Feedback from exhibitors about their experience was very positive, and it was felt that the show was well-organized and had successfully targeted an audience interested in learning more about and purchasing the kinds of products the show highlighted.

The show was a great opportunity to introduce American hardwoods into the region. This year, for the first time, it paired up with China Furniture. Both shows were held simultaneously at the Dalian Star-Sea Convention and Exhibition Center. There were over 450 exhibitors, 110 of which were in the China Furniture Hall along with the American Hardwood Pavilion, all exhibiting raw materials and components for furniture manufacturing. While Chinese exhibitors were predominant, companies also came from 16 different countries all over Asia, Europe, and Japan. One company came from India, a first for this kind of show in China and a demonstration of the increasingly global attention being paid to China's furniture industry. The show was attended by 43,000 visitors, 40,000 of which were Chinese with the remainder coming from all over the world, especially Asia,

Europe, and the U.S.

There is anecdotal evidence that the region will increase in importance as a center of furniture manufacturing in the medium term. While production of furniture for European and North American markets dropped significantly in recent years, the decline has recently reversed to a small increase in production. At one point, the supply of furniture manufacturers exceeded demand for their products and competition from that oversupply as well as the global economic crisis has caused most of the unsuccessful manufacturers to close their doors. Demand now more closely matches supply, and this supply is provided by the more effective, experienced manufacturers.

Also, production has only grown for furniture to be consumed in Japan and China, and given Dalian's proximity to Japan and Korea, it is likely that production for the Asian market will continue to increase. In fact, furniture of Japanese design is currently fashionable in the area, though the high international presence at the 14th International Furniture, Woodworking, Furniture Components and Raw Materials Exhibition could indicate a change in the near future because of growing exposure to foreign markets. Domestic consumption within China has been steadily increasing over the last several years, and secondary furniture markets have grown by about 22 percent in the last year in China. It is expected that demand for furniture from

this region within China will grow in the medium term, and some companies are undergoing a shift in focus from production for foreign markets to production for domestic ones.

Participation in the 14th International Furniture, Woodworking, Furniture Components and Raw Materials Exhibition was an important opportunity for American hardwood exporters to showcase the options their products provide for furniture manufacturing in a region that is quickly growing in importance as a center of furniture production all over the world.

**WASHINGTON SCENE -**

Continued from page 2

aimed at improving forest health, it will likely have the opposite result due to the widespread restrictions on stands that can be managed, confusing terminology and overlapping requirements on top of the one-size fits all age restrictions.

The AFRC submitted formal comments outlining their belief that the overlapping and subjective nature of the restrictions included in the bill would render it "unimplementable." The group also expressed concerns about the impact the legislation could have on the BLM's new management plans. Under the bill, the harvest level is likely to fall from 502 million board feet to between 100 and 150 million board feet annually.

**Project Release Requested**

Senator Dianne Feinstein (Calif.) recently met with members of the Quincy Library Group (QLG) and Forest Service to discuss how timber sales in an area that includes three national forests could be released for sale.

There are currently 10 projects that appear to have been self-enjoined by the Forest Service and not by the courts. Sierra Forest Legacy (SFL) and The Forest Service have come to an agreement that prior to advertising any of these sales the Forest Service would provide them with a 21-day notice.

A result of SFL's litigation on several QLG designed projects, these have been cleared by Judge Morrison England of the Eastern District Court of California. One of the three projects was later given an opposing decision from the Ninth Circuit Court of Appeals.

The list of projects that the Regional Forester and Office of General Council have agreed to internally enjoin affects six national forests in Region 5, which totals 11 projects and 31 contracts. With only one of the projects currently in litigation, these projects have had NEPA decisions in place for two years.

Senator Feinstein suggested a release of the projects to the Forest Service indicating "if they didn't, the Forest Service must not believe in their own work."

**Forest Service Selects Tom Tidwell As Chief**

Agriculture Secretary Tom Vilsack recently announced that Tom Tidwell is the new Chief of the Forest Service. Former Regional Forester, Tidwell brings 32 years of experience including service on eight different national forests across three regions. He has held a variety of positions including District Ranger, Forest Supervisor and Legislative Affairs Specialist in the Washington Office.

According to the American Forest Resource Council (AFRC) Tidwell's first job will be to finalize allocations for the remainder of the \$1.15 billion of stimulus dollars that the Forest Service has to spend. The agency faces examination as to how some projects were selected for the \$643 million spent to date.

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**WHO'S WHO - Baker**

Continued from page 2

also offers Taeda and Radiata Pine mouldings and jambs (Raw and Primed F/J clear) in various sizes.



**WHO'S WHO - Baker**

Continued from page 14

With seven years in the industry, he began with Plateau Forest Products located in Bend, Ore., as a buyer of South American products and later moved into sales with North Pacific Group.

Baker is fluent in Portuguese, Spanish, German and Italian, which he stated enables him to purchase directly from the source. "I lived in Brazil for four years and have been importing direct for the last seven years," he explained.

A graduate of Redmond High School in Redmond, Ore., Baker received his Bachelor's degree of International Business from Central Oregon Community College located in Bend, Ore.

Baker enjoys reading, studying languages, martial arts and Brazilian Jiu-Jitsu in his spare time. He is also a running and chess enthusiast.

**WHO'S WHO - Bourbeau**

Continued from page 2

Lumber manufactures over 16 million board feet of hardwood lumber annually. The firm's 2.8 million board feet of kiln-dried inventory includes a wide variety of species such as Hard and Soft Maple, Cherry, Walnut, Ash, Red and White Oak, Red and Gray Elm, Birch, Aspen and Basswood. The company carries all grades and thicknesses in stock from 4/4, 5/4, 6/4, 8/4, 10/4, 12/4 and even 16/4 in some species.

With 28 years experience Bourbeau began in the forest products industry as a lumber grader and graduated from the National Hardwood Lumber Association's (NHLA) Inspection Class in 1986. He and his wife of 20 years, Isabel, have two children, Miriam and

Hugo-Patrice.

For more information, visit [www.primewood-lumber.com](http://www.primewood-lumber.com) or contact Primewood Lumber Inc. at 819-478-7721.

**WHO'S WHO - McKinney**

Continued from page 2

Species marketed include Teak, Ipe, Afrormosia, Cumaru, Sapele, Merbau and Lenga.

East Teak Fine Hardwoods is a member of the International Wood Products Assoc., National Hardwood Lumber Assoc., and the National Wood Flooring Assoc.

McKinney has been in his present position for less than a year. His responsibilities include sales, purchasing, government affairs and exploration of new products/suppliers. McKinney began his career with East Teak Fine Hardwoods in April 1983 as an order puller and forklift driver.

McKinney is a graduate of Lake Washington High School and attended Lake Washington Technical College, both in Kirkland, Wash.

McKinney and his wife of six years, Stephanie, have two children. He enjoys hiking, fishing, hunting and woodworking.

**WHO'S WHO - Rowe**

Continued from page 2

member of the National Hardwood Lumber Assoc., Canadian Lumbermen's Assoc., Penn-York Lumbermen's Club, and the American Hardwood Export Council. Rowe is the president of the Wholesale Lumber Dealers Assoc. of Ontario.

Rowe has been in his present position for eight months. He began his career in the forest products industry in 1999 with Aurora Timberland, a hardwood lumber

wholesaler and distributor.

Rowe is a graduate of Sacred Heart Catholic High School in Newmarket, Ont. He received a bachelor's degree in economics/political science from the University of Western Ontario in London, Ont.

Rowe enjoys hiking, golfing, reading and history.

**McCLENDON -**

Continued from page 3

*invest in a coordinated nationwide freight strategy."*

I do not dispute the need for modern, secure ports. I do take issue with placing the full burden on importers. Certainly this approach does not pass the "fair" trade or "level playing field" test. However unintended, this legislation is a short-sighted barrier to trade that would ultimately pass the cost onto Americans in terms of higher costs for goods and jobs. How so?

Let's look at a recent study commissioned by the National Retail Federation on the *Impact of Imports from China on U.S. Employment*. It found every U.S. state has a net positive number of jobs related to imports from China, meaning trade with China adds jobs, not the reverse. It also found that U.S. consumers enjoy price levels that are 1.4 percent lower thanks to imports from China. The study concludes that nearly 1 million U.S. jobs benefit from imports from China alone.

In the wood industry, many U.S. consuming industries use products that were originally exported from the U.S. for value-added manufacturing and then imported for final processing or distribution. Flooring, kitchen cabinets and furniture are a few of the product industries benefiting from free trade.

U.S. wood exporters and manufacturers will be harmed by this legislation as well as importers. Others will also be impacted should this legislation move

forward. Overseas trade provides jobs to people directly associated with moving the imports along the U.S. supply chain. Dockworkers, customs agents, truckers, rail workers, distributors, wholesalers, and retailers handling imports will experience diminished revenue.

The "Movement Act 2009" deserves our serious scrutiny and unified work by the entire U.S. wood products industry. After all, the Trojan Horse was made of wood...

**INTERWOOD -**

Continued from page 4

species as American Sap Gum has been found a more viable and cost effective alternative. Lenga from Chile is also being trialed. Currently Interwood is also looking at design innovations in such species as Sappy Walnut and a possible return to Cherry.

All hardwood supplies are re-graded to assess suppliers; and such careful monitoring of material data and recovery of waste is maintained that the company is confident in its claim that yield of rough sawn lumber to finished product runs at 60 percent - high by any standard.

Environmental issues are of central importance to Interwood, especially given its relative dependence on European markets. The company maintains standards of dust extraction, pollutant and effluent control and working conditions to European standards that will pass muster in any external audit by its customers under their responsible purchasing policies. A visit to the plants demonstrates the success of the clear air standards to a level rarely seen in Asian furniture plants. Paints are mainly sourced from Sweden to high environmental standards and the plants are fully specified with UV systems and equipped to convert totally to water-based finishes.

Continued on page 16



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**INTERWOOD -**

Continued from page 15

About 60 percent of sales are in the U.K., with France also important. Some progress has been made in the U.S. market, "which is of growing importance to Interwood, even in this market," says Lelani. That's because new customers are supplied only after careful assessment of their long term intentions rather than any attention to spot business. In the British market for example, a handful of buyers who have formed relationships with Interwood, account for all deliveries. Current production can achieve about 450 cabinets and 400-600 tables and beds per day, and recent investments have pushed chair capacity to 2,000 per day. As controlled growth is introduced the company plans to diversify its markets by improving its in-house design capability for one thing and by continued understanding of market needs. Easy words one might think, but Imi Lelani has a very clear view of Interwood's market position in an industry that he considers is suffering from global overcapacity and needs slimming. One of the key issues he believes will shape the future is responsible purchasing by importers and distributors, who are increasingly forced to greater transparency with their customers.

Design is a cooperation by which Interwood responds to customer needs with its own designers employed in-house accounting for 90 percent, and herein lies a philosophy with regards to wood. "I believe in emphasizing the substrate of wood, however we treat it. It doesn't matter whether we stain or brush it," says this blatant wood enthusiast. "I want to show the grain of Oak or the beauty of Walnut," he insists. The company buys hardwood veneer only from approved suppliers and standards are high, and that applies equally to rustic grades which can account for as much as 40-50 percent of the product

range. This requires less color matching, more use of No. 2 Common lumber grades and high recovery.

Craig Ewers, Managing Director of Interwood Vietnam reflects on this view. "Our products are very wood oriented with simple finishing. Rather than elaborate on handicrafts, it is very much left to the material to speak for itself," he says. Ewers further adds that a product is designed by matching the available materials to the concept in mind. "We try to make use of materials that are not necessarily in high demand. We enjoy the challenge of using the combination of natural wood characteristics to show its value."

Defects, as opposed to characteristics, are displayed and labelled in the company's main meeting room and around the plant. All staff are clear, through constant training, as to target standards of material input just as much as the furniture output standards. But there also lies a problem of working in Vietnam. Its rapid industrial development has resulted nationally in high turnover of industrial labor, so that staff retention and training costs are high. "We have to educate our workforce as to the benefits of efficient and safe working as a primary objective. Even then we can suffer 5 to 6 percent staff turnover per month," he admits. Last year saw many labor strikes in Vietnam that have subsided in the current crisis, but having developed Interwood to its current position, Imi Lelani and his management team look set to stay the distance in this increasingly difficult industry.

For more information about this company, visit its website at [www.interwoodlimited.com](http://www.interwoodlimited.com) or email, [info@interwoodlimited.com](mailto:info@interwoodlimited.com).

**TIOGA -**

Continued from page 5

"I've had the opportunity to travel to Asia with Scott and Chad on two occasions and business is different in a lot of ways and it's similar in a lot of ways," Bowers said of developing relationships overseas. "Thirty-five percent of our current business is in the export market with 90 percent of it going into China, Vietnam, Malaysia, Japan or Korea," he added.

The domestic sales team is made up of Kevin Gillette, Randy Bowers, William Gillette, Shawn Collins and Josh Bowers. "We have a good young group in our sales team both on the domestic side as well as the export side of our business. We will continue to grow this team as opportunities present themselves," said Bowers.

"Tioga Hardwoods has had very good growth due to sales and marketing but we also have a great support team in our office with Teri Boughton, our office manager, who handles administrative duties and has been with us from the beginning. Ashley Brister is our assistant office manager and handles the day to day office duties. They have a good team handling our documentation."

The production duties fall to Art Hicks who has spent his entire career in the lumber business. Art is the company's yard manager who, over the past 28 years, has done everything from piling lumber, grading, shipping & receiving to tending dry kilns. "Our production team has made it easy for our sales to grow with prompt accurate shipments and shipping a quality product to our customers," Bowers continued.

Addressing current economical issues, Gillette said being a financially savvy conservative group has enabled Tioga the ability to not only stay viable in the down-turned market, but to know they will be in the market for years to come. "It took hard work to complete the sce-

nario that afforded us the growth we have today. We put money on the bottom line and it gave us the strength to discount every invoice that comes into our office," he said. "We can manage in this market for a long time and we're proud of that. Personally it gives me a great deal of pride to be able to know that our efforts are going to get us through this and give our sales staff, our vendors, and our customers the confidence where they know that they have partnered with a company that's going to be around for a long time. We have accomplished this with help from both customers and vendors who believe in what we do and know they can trust our handshake."

Tioga Hardwoods Inc.'s customer base is as diverse as the company's product range. "Customer diversity is something that we strive for in our business model," Bowers said. "We are shipping lumber into the flooring markets and kitchen cabinet manufacturers, as well as distribution yards and millwork shops, both domestically and abroad."

With 35 employees, the team at Tioga is committed to building alliances with their customers and vendors by meeting their needs with exceptional attention to fine details. "We're not only marketing to the customer, we're letting the customers explain to us what they want and then we're figuring out how to get that product through our facility or from one of our vendors to that customer," Gillette said. "We work closely with our supplier base to match a specific product to the needs of our customer. If that product specification is not currently available, then we work with the supplier to develop a program that will meet the customer's requirements."

"Helping people solve problems, that's what selling lumber is all about, it's building a relationship and solving the problems," Bowers added. "A few months ago we had a meeting with a vendor and a customer that produced a win-win result for all parties. Strategic

Continued on page 17





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**TIOGA -**

Continued from page 16

alliance with our friends in business is one of the keys that got us where we are and it's going to be an important key to get to the next level."

"If you're in business you can't be afraid to let your vendors, customers, truckers and contractors make a profit," Snyder said. "We are more than fair in that regard, we want to assure that everyone involved is profitable and remains in business."

Strategically located in the Northern Appalachian region near the New York/Pennsylvania border, Tioga is able to source from what many consider one of the most preferred hardwood resources in the world. Sourcing Cherry from Pennsylvania and Hard Maple from New York, the company also obtains lumber from other regions according to customer preference. "Our product is not species specific or grade specific, its customer specific," Gillette said. "The customer needs a product, we determine how to supply it to them in the most efficient cost-effective way that everyone can be happy with. On the mill side it works the same way. If they have a pile of logs to cut, it may not be a product that we have orders in the system for, but our job is to figure out what we can do with that pile of logs and it may go to existing customers, or it may develop a new customer."

The future for Tioga Hardwoods Inc. is about refining what has already been built. "We're always looking to improve what we have to offer our customers by refining our inventory to suit their needs because they are changing everyday," Gillette said. "We have the infrastructure; we have the buildings; we've got the footprint; and we have good people in place to get the job done. Now it's about servicing our customers and vendors. We don't want to build a product and push it on the market. We want Tioga to take shape to fill customer

needs. We're doing things because our customers need us to do them. Our future is building on refinement in the inventory process, a little secondary manufacturing and not to become competitors of our customers but to become a better vendor to those customers, adding value to the product and service along the way. We have a new optimizing gang rip line which will start production this fall, which will further broaden our product line."

Tioga Hardwoods Inc. is a member of the National Hardwood Lumber Assoc. (NHLA), Indiana Hardwood Lumbermen's Assoc. (IHLA), New England Lumbermen's Assoc. (NELA), Penn-York Lumbermen's Club, Appalachian Lumbermen's Club and the Empire State Forest Products Assoc. (ESFPA). The company is also Forest Stewardship Service (FSC) chain-of-custody certified. For more information about Tioga Hardwoods Inc., visit [www.tiogahardwoods.com](http://www.tiogahardwoods.com) or contact by phone at (607) 657-8686; fax at (607) 657-2532 or email [TiogaHdw@TiogaHardwoods.com](mailto:TiogaHdw@TiogaHardwoods.com).

**INTER-CONTINENTAL -**

Continued from page 6

Aniegre, European Beech, Iroko, Jatoba, Sapele, Utile, Wenge, Zebrawood and Cedar.

After completing their five T-sheds that provide an additional 60,000 square feet of under cover storage, the company installed a new stacking system and grading line. "We're investing now to gear up for the future, not gear down," Herga said, recognizing the current state of the economy.

Herga also said the new stacking system and grading line would increase the amount of available sorts for customers. "The new stacking machine and grading chain will allow about 15 extra sorts in

addition to what we're already doing," Herga explained.

Of the company's approximate 30 employees, key members of the ICH staff in addition to Herga include: Lenny Shibley, vice president; Tony Triolo, yard operations manager; Kiry Laufer, sales representative; and Fred Coffrin, sales representative.

Domestically, ICH ships products throughout North America. Piggyback containers handle shipments to the West Coast. Otherwise, contract trucks handle the freight movement. Herga said most shipments are full truckloads, although the company is willing to accommodate any order, regardless of size.

"The logistical advantage here at ICH has also been a key to our success," Herga said. "Dealing with suppliers in remote and less-regulated countries can prove difficult for many companies, but we have the experience, relationships and deep cultural knowledge to ensure that transactions flow smoothly, delivery times are met and customer requirements are fulfilled."

The firm is also FSC-Certified because the staff at ICH and the entire DLH Group understands the importance of sustainable forest management for the industry and for the continued provision of hardwood products to the world.

The DLH Group owns sawmills in Congo, Gabon, Western and Eastern Europe, manufacturing plants in Europe, Asia and Brazil and purchasing and sales offices worldwide. The DLH Group has also ensured FSC certification concessions in many of these regions.

The DLH Group of companies has been involved in the forest products business for 100 years and is utilized by ICH as a form of broad sourcing power for customers.

"At our operation, it's more than just proper harvesting of the timber. We also try to improve the social, economic and health conditions of the people where our FSC concessions are located, wher-

ever they may be in the world," Vice President Lenny Shibley explained. "We're raising the standards of living but also trying to protect the indigenous people's way of life."

Congolaise Industrielle des Bois (CIB), a forest management company owned by the Group in the Republic of Congo, Africa, for example, is FSC certified. "Seventy percent of the property is now FSC certified. We're one of the first companies to have FSC certified African tropical hardwoods," Herga said.

ICH is very involved with their suppliers. Tom Herga and Lenny Shibley travel frequently to the tropical countries from which their lumber supply comes.

In celebration of the Group's 100th year anniversary, a contest was recently held for all employees around the world to enter, if they chose to do so. "The challenge was for the employees who wanted to enter the contest to write a story about DLH Group. The winner of the contest won a 10-day trip to any country where a DLH company was located," Herga said. "The winner, Mr. Odzala of the CIB sawmill in Africa, created a comic strip and wrote about how the sawmill in the village of Pokola in the Republic of Congo began, and how it became a community with hospitals and schools."

With a choice destination of many places in the world, Odzala chose to come to America where he and his wife visited ICH in Currie, N.C. The staff at ICH welcomed the couple with a cook-out at their hardwood concentration yard, and sales representative Kiry Laufer cooked steak, chicken, sausage, cole slaw and green beans. After their visit to ICH, the couple visited DLH Nordisk Inc. in Greensboro, N.C. for a couple of days before spending a few days in New York City, N.Y., then they headed back home to the Congo.

Inter-Continental Hardwoods is a member of the International Wood Products Assoc. (IWPA), National Hardwood Lumber Association (NHLA), National Wood Flooring Association (NWFA) and

Continued on page 18



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**INTER-CONTINENTAL -**

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International Tropical Timber Organization (ITTO).

For more information about Inter-Continental Hardwoods and its products and services visit [www.ichardwoods.com](http://www.ichardwoods.com) or contact 910-283-9960.

**PENN-SYLVAN -**

Continued from page 8

lumber, as well as the ability to offer large timbers— including some as large as 12" x 12" x 24' designed for the post and beam housing industry.

The cut-to-size pallet board operation is located adjacent to their Brush Run sawmill just south of Spartansburg. They not only supply boards and runners to pallet manufacturers, they also produce many specialty wooden parts such as tomato and survey stakes, custom hardwood box parts, and specialty "heat treated" timbers and pallets used for heavy equipment shipments. Billy Byler has been with the company since its beginning and handles purchases of hardwood cants customer sales while directing the mill's cut-to-size operations. Allen Slaubaugh is general manager of sawmill operations in charge of log purchases and sawing schedules. "One of our company's primary assets is our close working relationship with the local Amish population. This offers them the benefit of training in National Hardwood Lumber Association's (NHLA) grading rules and export lumber presentation standards," Bill Reese said. "In turn, their work ethics have provided us with a skilled work force dedicated to the production of top quality material."

Instead of purchasing standing timber, Penn-Sylvan buys logs only from regional independent loggers in addition to purchasing green lumber from select local mills. Working closely with loggers and local sawmills eliminates potential problems incurred by purchase of "off species" of Oaks. Also eradicated is lumber with mineral or gum, whether purchased as whole logs or sawn lumber, and is always evaluated for more than just grade or specie. Avoiding the timber market affords them the opportunity to maintain a well-balanced inventory and quickly accumulate volume amounts of certain species to meet specific customer demands.

Bill Reese, president and founder of the company, has been in the hardwood business since 1965, when he graduated from the NHLA inspection school in Memphis, Tennessee. Prior to starting Penn-Sylvan, Reese was the President and General Manager of Spartywood Products, Inc. Serving for several years on the Small Business Council for the Federal Reserve Board, Bill has received numerous awards for exporting and business achievements. A long-term member of the Penn-York Lumbermen's Club, The Appalachian Hardwood Manufacturers (AHMI), and the NHLA, he continues to stay active, attending most meetings held by each group. In addition to the daily management of the log procurement and sawmill operations, Bill personally selects and sells all veneer logs, and supervises overseas lumber sales.

Julie Beers, export sales and logistics manager, who has over two decades of experience in overseas marketing, organizes all export shipments, and assists with overseas correspondence and sales. At present, the company exports over 300 containers annually to companies worldwide located within Canada, China, France, Germany, Hong Kong, Italy, Japan, Korea, The Netherlands, Portugal, United Arab Emirates, and Saudi Arabia. "Having a direct overseas market for veneer logs affords Penn-Sylvan the luxury of com-

peting for the best local timber tracts. The quality of trees found in our area gives us an edge in assuring customer satisfaction," Bill Reese explains. "By offering a high quality product and maintaining consistent ethical standards, we are building solid relationships with our international customers - absolutely vital for further expansion into the market for our veneer logs and kiln-dried lumber."

Mike Reese oversees all of the lumberyard operations, personally controlling all steps of kiln-drying, as well as, handling some of the lumber purchasing and sales duties. After completing a six-year period of service with the United States Navy in 1987, Mike entered the hardwood business, spending two years designing and selling handheld computers used for hardwood applications. Mike joined Penn-Sylvan when the company originated in 1995, serving as a yard manager and kiln operator for Penn-Sylvan and Boa-Franc, a Quebec-based flooring manufacturer.

Jay Reese started his career as a lumber inspector at Spartywood, after graduating from the NHLA's inspection school in 1984. Rejoining the family business after seven years as a sawmill manager and salesperson for a major hardwood producer, Jay currently handles domestic lumber sales. He has served as vice president of sales since 2007. Currently serving as president of the Penn-York Lumbermen's Club while acting as the club's representative to the Hardwood Federation, he is additionally involved with meetings with AHMI and NHLA. While Jay keeps an office at the company's headquarters, he spends most of his time traveling both locally and nationally; making sure all inbound lumber is of the highest quality possible while working with new and existing customers to focus upon better solutions for their hardwood needs.

With the downturn in the global economy slowing production plans for many, Penn-Sylvan has continued to move forward, completing a sawmill expansion project and anticipating their FSC certification in July of this year. Bill Reese is

very pleased with the company's position, adding that "the increased sawing capacity, as well as the addition of FSC certified logs and lumber to our product line, will allow us to better serve our existing customers as well as expand our markets as demand increases."

For more information about Penn-Sylvan International visit [www.penn-sylvan.com](http://www.penn-sylvan.com) or contact (814) 827-8271.

**TRANSPORTATION -**

Continued from page 9

transportation permitting within the State lines, as well as the specialized logistics services that our staff provides through our 'Sprint' transportation service. Additionally, the State of North Carolina provides a tax credit program that rewards suppliers and exporters who have an income tax liability to the State and who use, or increase their use of, the State Ports terminals. The logistics savings, ocean carrier partners, and ease of operation at the Port of Wilmington have made it the first choice of hardwood exporters to Asia. Now, with the recent addition of weekly Trans-Atlantic service, the hardwood export community has a new option for Europe exports at Wilmington as well."

The Port of Mobile (POM), Alabama boasts a 40 to 45-foot deep channel port with 2,000 feet of deepwater berth, and currently attracts shippers with its focus on safety and efficiency. In terms of cargo volume, the POM is the 10th largest U.S. seaport. They are expanding and improving their port in a number of ways: the U.S. Army Corps of Engineers is in the midst of beginning dredging of a turning basin at the mouth of the port, and hope to have the basin functioning by March 2010. Upon completion, the basin will allow Post-Panamax vessels to turn and dock with-

Continued on page 19

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