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IMPORT/EXPORT WOOD purchasing news

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Serving Forest Products Buyers Worldwide

February/March 2011

International Builders' Show Convenes In Orlando

By Terry Miller

Orlando, Florida—Exhibitors and attendees from around the world recently attended the 2011 National Association of Home Builders (NAHB) International Builders' Show (IBS). Held here at the Orange County Convention Center, the IBS is one of the largest trade shows held that attracts professionals from all industries connected to home building.

In addition to exhibitor booths displaying current products, attendees had opportunity to gain insight into the anticipated future of the North American home building market.

At IBS, those in attendance learned that new home builders in the U.S. are predicted to experience a rise in business by as much as 20 percent in 2011.

According to David Crowe, NAHB chief economist, the anticipation is that although home sales will continue to struggle in 2011, it will follow a projected

increase in employment growth. Crowe expects new housing starts will increase from 475,000 in 2010 to 575,000 in 2011, and to 660,000 in 2012. He said multi-family projects will increase from 114,000 in 2010 to 133,000 in 2012.

In addition to learning of new housing projections and new products introduced on the market at IBS, guests and attendees had the option of attending 175 educational sessions and dozens of pre-show education courses. Additionally, many social events were scheduled in conjunction with IBS, including the 2011 Spike Party & Director's Reception.

For more information about IBS, go online to www.buildersshow.com.

Additional photos on page 10



Terry Miller, Import/Export Wood Purchasing News, Memphis, Tenn.; and Gary Bernstein and Kenny Bernstein, Mid-State Lumber Corp., Branchburg, N.J.



Russell Richardson, Cathy Kaake and Richard Wallace, Southern Pine Council, Kenner, La.

Freight Experts, Furniture Manufacturers Forecast Changes In 2011

By Michelle Keller

Fresh off of a moderately improved year in 2010, freight forwarders and furniture manufacturers have mixed feelings about what's in store for the remainder of 2011.

Freight forwarders are buzzing about the European 24-hour Advance Manifest Rule that came into effect December 31, 2010. The new requirements stipulate that ocean carriers bound for an EU port from a non-EU load port must electronically transmit

Entry Summary Declaration (ENS) information to the customs office of the first EU port of entry no later than 24 hours prior to the commencement of vessel loading. For shipments that originate outside of the EU, the carrier must transmit one ENS per bill of lading or seaway bill.

"Bill of lading information now has to be in 24

Lloyd Lovett is CEO of Transit King City/Norway Forwarding Ltd., a domestic and international freight forwarding company that has been in business for more than 30 years.



Lloyd Lovett

The firm has been located in Montreal, Quebec, Canada since 1977. As the company grew and with the support of their customers, in 1979 they opened a loading facility in King City, Ontario, and since then have moved to a larger and more efficient facility in Alliston, Ontario. Together the forwarding and loading facility have been working hard to serve customers throughout Canada and the northeastern U.S., with shipments all over the world including North, Central and South America; the Caribbean; Continental Europe; Mediterranean; the Middle East; the Far East

Bobby Bernard, with Kuhne+Nagel Inc., a freight forwarding company in Charlotte, N.C., said, "For 2010, the global sea freight growth was above 10 percent. In 2011, we expect a normal growth of 6-7 percent. Some 2011 changes a shipper can expect are additional security procedures, fuel and ocean rate changes, continued slow steaming, and lack of port space."



Bobby Bernard

In regards to the European Union's new import control system, he said, "ENS will effect all U.S. export shipments to a European Union country. The ENS aims to communicate critical shipment data to customs, not U.S. customs, before the shipment reaches the EU. If this information isn't provided, penalties may apply. To cover this additional work, most transport companies have

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Who's Who in Import/Exports



MICHAEL CARUSO

Michael Caruso is export sales representative for **Matson Lumber Co.**, Brookville, Pa. Matson Lumber Co. manufactures Red and White Oak, Poplar, Ash, Hard and Soft Maple and Cherry. A graduate of Clarion University of Pennsylvania he obtained his bachelor's degree in communications. He

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MATT DEAN

Matt Dean was recently announced as President of **Dean Hardwoods Inc.**, located in Leland, N.C. Previous roles and responsibilities include: vice president, general manager, production manager and purchaser. Twenty five percent of Dean Hardwoods' sales are in Burma Teak, primarily to the boating industry. At least 40 per-

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TERRY SMITH

Terry Smith maintains an office in Weldon, N.C., and works in lumber procurement and sales for **Coastal Lumber Company**, a manufacturer with seven operations in Pennsylvania, West Virginia and North Carolina. Nationally, Coastal Lumber Company supplies lumber that is primarily 4/4 through 8/4, but that includes

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BRIAN WALSH

Brian Walsh handles purchasing and sales for **Cherry Forest Products** in Guelph, Ont. Cherry Forest Products manufactures domestic kiln-dried hardwood sorted to width, cut-to-size dimension blanks and ripped-to-width hardwood. Cherry Forest Products is a member of the **National Hardwood Lumber Assoc.**,

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Confusion Reigns as Consultations Begin on Implementation of New European "Illegal Timber Legislation" (ITL)

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.

By **Michael Snow**
Executive Director
American Hardwood Export Council
Reston, Virginia

The final version of the ITL was adopted by the European Council on October 11, 2010 with a "phase in" period of 27 months being set aside (until the beginning of 2013) to clarify the regulations and to give time for development of the required implementation procedures by the European Member States and traders. The time will be necessary as unfortunately there seem to be several areas of confusion and even outright contradictions within the legislation. The ITL includes a general "prohibition" against the "placing on the EU market of illegally harvested timber or timber products derived from such timber". This is combined with a requirement that all EU importers and primary producers implement a so-called "due diligence system". This system must include procedures to assess the risk of all wood supplies being derived from illegal sources and for risk mitigation. Mitigation actions might include provision of extra information or third party verification and are required in all instances except where risks of illegal logging are identified as "negligible".

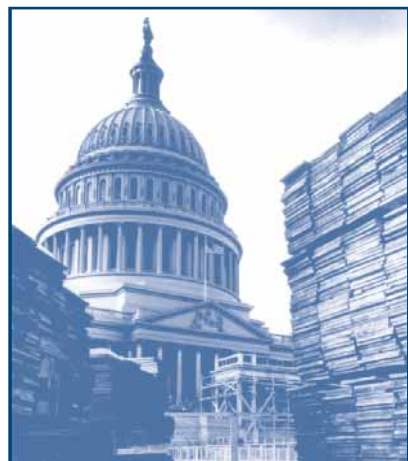
It was clear from discussions at the recent International Timber Trade Federation meetings in Geneva that there is widespread support for the legislation amongst European trade associations. However, equally clear

was the continuing level of confusion – even amongst those that have been following the process for some time - over its real implications. The situation has not been helped by changes to the wording of the legislation - introduced at the very last minute – which seem to obscure rather than clarify the obligations to be placed on wood suppliers to the EU, for example with regards to traceability. The European Commission has been mandated to further develop implementation measures and guidelines and EC officials at the meeting stated that "consultation starts now" and that they would welcome inputs from all interested parties.

AHEC used the meeting, backed by follow-up correspondence with the European Commission and European trade associations, to explain the American Hardwood sector's approach to legality verification. This combines the evidence of the 2008 Seneca Creek study that there is a negligible risk of any American



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THE WASHINGTON SCENE

AFRC Members File Owl Estimation Suit

The American Forest Resource Council (AFRC) recently joined some of its members such as Swanson Group Manufacturing, Rough and Ready Lumber, Washington Contract Loggers Association and Douglas Timber Operators, filing a lawsuit in federal district court in Washington, D.C., against the Secretaries of Interior and Agriculture (Swanson Group Mfg. v. Salazar). Challenging the way the Forest Service estimates how many northern spotted owls are impacted by timber management, the suit focuses on Owl Estimation Methodology (OEM).

Put in place in 2007 and modified in 2008, the OEM requires the use of computer modeling to generate virtual owl sites, which are then used to estimate the number of owls to be "taken" by a management activity, without regard to whether the sites are or ever have been used by real spotted owls.

According to the AFRC, use of the methodology results in vast overestimates of the impact of forest management activities on the spotted owl population. It is also a major cause of the Bureau of Land Management's failure to meet its obligation to produce timber as required by the O & C

Act. AFRC says it has been working for some time to convince the agencies to correct legal deficiencies in the OEM and a lack of success led to filing this case.

USDA Research Helps Quantify Value Of Trees Across The Nation

New research from the U.S. Forest Service demonstrates that among their many benefits, trees increase home prices, improve air quality, and reduce household energy use and the effects of climate change.

"Trees in urban areas beautify neighborhoods and provide great economic benefits," Forest Service Chief Tom Tidwell said. "Aside from enhancing neighborhood aesthetics they filter the air, reduce storm runoff and absorb carbon dioxide."

Reports issued by the Forest Service Northern and Pacific Northwest Research Stations focused on specific cities –Chicago, Portland, and Sacramento. The studies detailed the following findings:

- Chicago's 3.6 million trees annually reduce air pollution by about 890 tons, a \$6.4 million benefit per year.
- In Sacramento, trees planted on the south and west sides of houses reduced summertime electricity bills by an average of \$25.16.
- In Portland the study found that street trees growing in front of or near a house added an average of \$8,870

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A New Resource: The Forest Research Institute of Malaysia (FRIM)

By **Elizabeth Baldwin**

In October, I had the opportunity to visit Malaysia courtesy of the Malaysian Timber Council (MTC). I served as a panelist in their "Dialogue on Requirement for Timber Legality Verification in the Global Market" and attended their first ever Global WoodMart trade show.

The MTC set up several special tours. One was to a forest research station outside the city where we were able to compare and contrast a regenerated second growth forest with an old growth forest. To the untrained eye, and to many well trained ones as well, there was no obvious distinction.

We were also able to visit FRIM, the Forest Research Institute of Malaysia. It is just 20-30 minutes outside Kuala Lumpur and well worth battling any traffic to get there. The recommendation of the day? Whenever you are in Malaysia, for a future Global WoodMart or any other reason, be sure to include a visit to FRIM.

FRIM has multiple mandates, including showcasing how natural forests regenerate after selective harvesting. They have a second growth forest that you can take guided walks through. It was wonderful to see some commercial species that I had previously only seen as flooring, or logs or lumber growing tall.

The rangers who served as guides were informative and provided facts and figures for both the regular tourist and the wood professional. The walk



FRIM hosts hardwoods of differing densities set out on the jungle floors.

included presentations at several small demonstration areas. One site, for example, had hardwoods of differing densities set out on the jungle floor. The rangers discussed decay rates and applications. Another display of interest was an example of sap collection from a Jelutong tree. Finally, there is also an optional canopy walk (if you can make the steep hike uphill to get there!), where you can stand on rocking suspension bridges and admire both the upper canopy of the forest and the sight of

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Keeping The U.S. Strong Through World Trade

By Brent J. McClendon, CAE
 Executive Vice President
 International Wood Products Association
www.iwpawood.org



On my way back from an International Tropical Timber Council (ITTC) meeting in Japan, I read an interesting article in the Wall Street Journal, titled, 'Not really 'Made in China.'

The subject of the story is the Apple's iPhone. The moral of the story is that although the iPhone is 'Made in China,' it really isn't (or at least most of it isn't). The story cites an amazing statistic that the phone, popular with U.S. businesses and U.S. consumers alike, added \$1.9 billion to the U.S. trade deficit with China in 2009. Anyone following the news understands the growing sensitivity toward the U.S. trade deficit and concerns about imports and U.S. jobs. So is buying an iPhone (or iPad for that matter) bad for the U.S. economy and jobs?

Not so fast says the research. Current U.S. Customs practice assigns the whole cost of a product. In the case of an iPhone \$178.96 is attributed to China where it was manufactured. However, the cost of constructing an iPhone only accounts for

3.6% or \$6.50 of the total cost. The rest of the cost comes from components manufactured in Europe and North America.

Pascal Lamy, who is the director general of the World Trade Organization, is quoted as saying, "What we call made in China is indeed assembled in China, but what makes up the commercial value of the product comes from numerous countries." The concept of country of origin for manufactured goods has gradually become obsolete.



Try this... next time you put on a shirt look at the label. One of my shirts, for example, says "100% Egyptian cotton, woven in Italy, manufactured in China." Flooring, furniture and other manufactured wood products are products made in similar processes, with value added at every stop and inputs from multiple countries.

This was certainly apparent during market discussions at the ITTO meet-

ing in Japan. Participants highlighted the inter-connectivity and complexity of trade flows. For example, under

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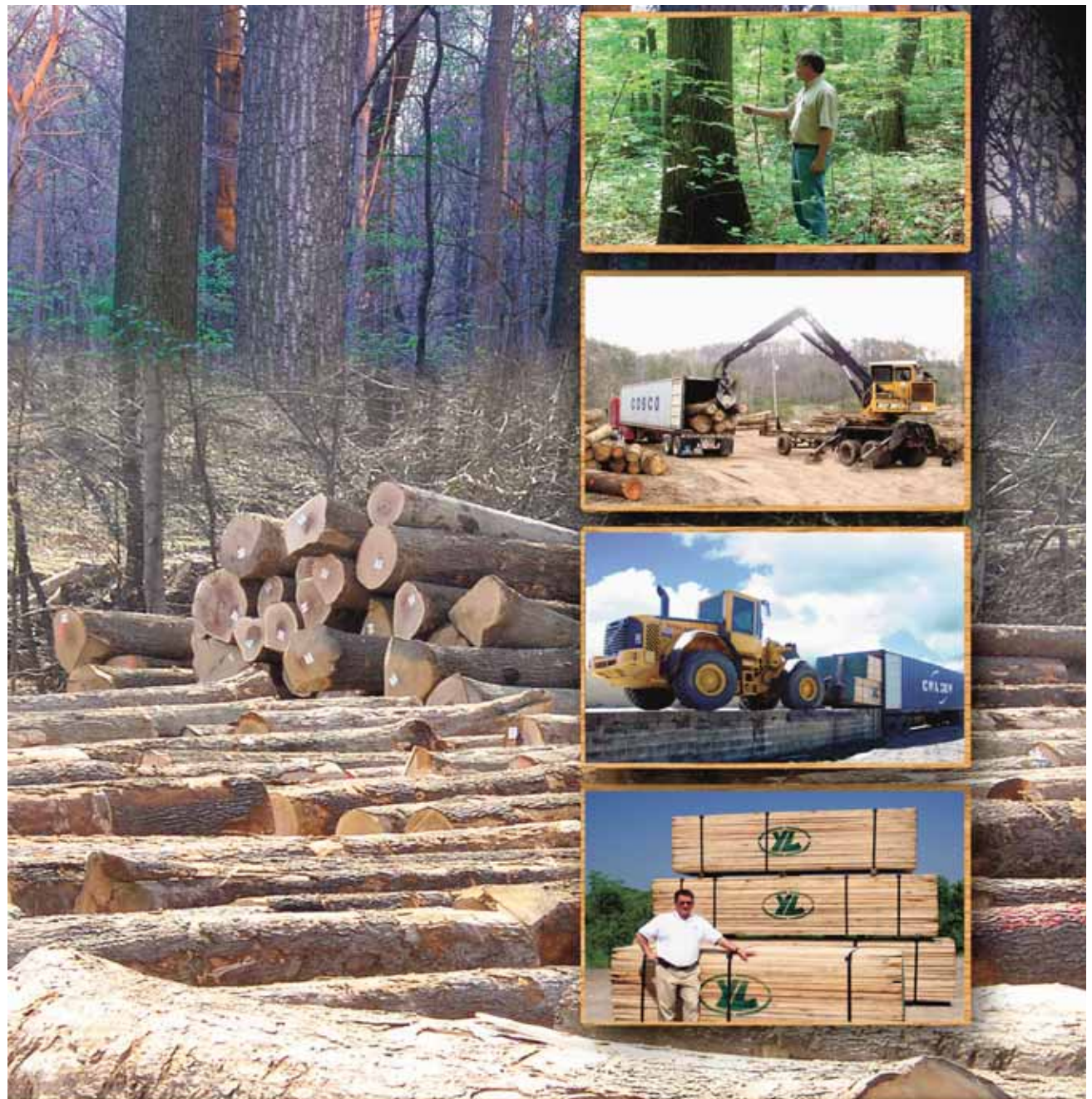
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Thai Firm Seeks North American Hardwoods

By Michael Buckley



Located in Prachinburi Province, Thailand, Picotee International Co. Ltd. has routinely purchased North American hardwoods, such as Red Oak (pictured), in its many furniture products.



Picotee has found Red Oak a good match for its production needs and this year plans to source other species to be used instead of Rubberwood. Tulipwood is one North American hardwood deemed a possible replacement species in the firm's products.



Panels of Red Oak veneer are stacked and ready for use at Picotee's plants.



Throughout the Picotee manufacturing plant is evidence of control standards and testing. Precise and accurate machining is required.



The company is ISO:9001 2008 certified by SGS, and that certification has been held since 2001. Pictured is an employee in Picotee's fingerjointing operations.



Small furniture hardwood items are prepared for staining at Picotee.



Prachinburi Province, Thailand—150 kilometers East Nor'east of Bangkok is the 16-year-old furniture manufacturing plant of Picotee, a family business managed by two brothers and always run on Rubberwood as the raw material, but is now poised for change. The company from its inception has been a major supplier to the U.S. market with home living and home office ranges, in designs largely dictated by its U.S. buyers. But times they are a-changing and North American hardwoods plays a significant role in this change.

It would be fair to say that Paiboon Pinikanchanapun, president of the company, is passionate about wood, having worked at least the last 40 years in the industry. He is also an

Continued on page 15

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Email: reiniertaapken@salamancaalumber.com



Picotee's products require significant hands-on craftsmanship, such as hand staining small components of each item, as pictured.

Picotee is a firm with high labor content, using manual work from a skilled workforce.



HOLT & BUGBEE Expands Sales Force, Targets High-End Products

By M.A. Wallace



Holt & Bugbee Co., headquartered in Tewksbury, Mass., has provided Northern Appalachian hardwoods to its customers across the globe for over five generations.



Annually, H&B dries about 20 million board feet through 15 kilns located in the Tewksbury, MA and Mt. Braddock, PA facilities.



The Delle Vedove catalytic UV primer and profile sander can process up to 20,000 lineal feet per day.



The Weing Raimann rip saw can be programmed to handle up to 10 width sorts.



Molder heads are prepared to run thousands of custom profiles on 8 Weing molders.

Tewksbury, Massachusetts—Holt & Bugbee exports approximately 1.5 million board feet of hardwoods annually. "We offer grades of No. 1 Common and Better in widths of 4/4 through 12/4," said Holt & Bugbee's President Phillip Pierce, who noted considerable demand for domestic hardwoods, including White Oak in Europe, the Near East and Far East. Holt & Bugbee offers the imported hardwood species of Spanish Cedar, European Beech, Baltic Birch, Jatoba, African Mahogany, Genuine Mahogany, Sapele, Teak and Utile.

The firm also has a broad array of domestic hardwood species, which include Alder, Ash, Aspen, Basswood, Birch, Butternut, Hickory, Hard and Soft Maple, Red and White Oak, Poplar and Walnut. Additionally, the firm offers softwood species that include Cypress, Eastern White Pine, Fir and Aromatic Cedars.

Lumber industry entrepreneur John Cutter knew a thing or two about international networking in 1825 when he supplied a New England ship captain with blocks of ice in exchange for transporting South American Mahogany logs back for rough cutting at Cutter's Charlestown, Mass., sawmill. Soon after, the company Cutter founded was renamed for his son-in-law, Stephen Holt, and business associate John Bugbee.

Company headquarters shifted to Tewksbury in 1967 to better serve a growing customer base. Holt & Bugbee Co. added a second location in Mt. Braddock, Pa., in 1994 and a third operation in Boyertown, Pa., in 1999.

Holt & Bugbee Co. has convenient access to North Appalachian hardwoods and ideal location (less than an hour from Philadelphia) for serving customers in the mid-Atlantic region.

Fast-forward five generations and many industry changes and today Holt & Bugbee Co. does business coast-to-coast and around the world. The company keeps 195 employees busy through 40-hour weeks at all three locations, with 135 of the staff located in the home office.

"Operating as distribution yards with high-end millwork services is the best way for us to fulfill orders from our primary customer base," Pierce explained. "Timely supply and delivery of smaller specialty orders defines the future for us as a distribution company in the lumber industry."

Doing business by phone and the Internet is a growing necessity for

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SPECIALIZING IN MIXED TRUCK & CONTAINER LOADS

SUMMIT DOOR INC. Adds Value In Wooden Garage Door Niche Product

By Jimmy Hudson



Summit Door Inc. in Corona, Calif., has been manufacturing quality wooden garage doors since 1961.



Summit Door purchases approximately 160,000 board feet annually. Among the species used are: Mahogany, Teak, Koa, Sapele, Red and White Oak, Birch, Walnut, Knotty Alder, Western Red Cedar, Redwood and Spruce-Pine-Fir.



The doors by Summit are manufactured with a 1-3/8" solid frame and true 1x facing with a fully integrated drip cap system to guarantee each door is as durable as it is aesthetically appealing.



Increasing the value and reliability of its products, Summit Door inspects all lumber as it's received for moisture content, density, color variation, grain pattern and knot characteristics to ensure all design elements and expectations are met.



Summit doors have been utilized in applications from airplane hangers in Nevada, wineries in Napa to a personal castle in Massachusetts.



In late 2008, Summit Door Inc. participated with the Emmy Award winning PBS television series, This Old House, and provided the garage doors for the home.

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The Hawkinson Family: (from left) Marcus, John, Jennifer Geiger, Marcus John and Kathy.

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Corona, California—Summit Door Inc. has been manufacturing quality wooden garage doors since 1961. The Greenway family first became involved in the garage door industry by opening a sales, installation and service company for commercial and industrial garage doors in Los Angeles, Calif. "Seeking to meet the demands of the booming local real estate market, our family ventured into residential sales and installation in the late 1980s, opening another location in Orange County," owners Janet Greenway-Rader and Mike Rader said.

During this time, the trends of the residential garage door industry dictated a shift from wooden tilt up doors to steel overhead applications. "It was the design limitations of traditional steel sectional garage doors that inspired us to begin Summit Door," the Greenways explained. "From its inception, our company sought to create a garage door which combined both aesthetic appeal and function. Since then, Summit Door has become an industry-leader in the quality design and creation of customized wooden sectional garage doors. Today, we operate out of Corona, Calif., serving customers world wide."

In imported woods, **Summit purchases Mahogany, Teak, Koa and Sapele**. The company carries hardwood doors comprised of **Red and White Oak, Birch, Walnut and Knotty Alder**, purchasing approximately 160,000 board feet. In softwoods, they offer **Western Red Cedar, Redwood and Spruce-Pine-Fir**.

Summit Door Inc. continues to be committed to service and quality. Throughout three generations, the company has maintained a reputation for offering distinguished wooden garage doors with a history of craftsmanship, innovation and dedication. The firm offers several options in wood species, designs and sizes.

Increasing the value and reliability of its products, Summit Door inspects all lumber as it's received for moisture content, density, color variation, grain pattern and knot characteristics to ensure all design elements and expectations are met. The doors are manufactured with a 1-3/8" solid frame and true 1x facing with a fully integrated drip cap system to guarantee each door is as durable as it is aesthetically appealing.

The production team at Summit Door Inc. has the ability to create or re-cre-

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Staying Ahead of the Curve

By Linda Kramme, Manager of GFTN-North America

Photos By WWF Global Photo Network (GPN)



Kerinci Seblat National Park Swampy tropical rainforest in Sumatra, Indonesia.



The Forest Stewardship Council (FSC) logo painted on sustainable harvested logs in Uzachi forest of Oaxaca, Mexico.



Illegal logging to establish paper and Palm oil plantations in Tesso Nilo National Park, Sumatra, Indonesia.



Linda Kramme, Manager of GFTN-North America

Increased international regulations in both Europe and the U.S. to combat illegal logging have resulted in a fast-changing regulatory and legislative landscape governing trade in timber and timber products. Getting the lay of the land is proving to be more complex than ever before.

Combine this with markets in Europe and North America that are growing more sensitive to environmentally and socially responsible products, and you have a new set of challenges that companies must navigate, to adapt to this evolving and increasingly competitive global marketplace.

In the face of these challenges, how can your company be certain that you are avoiding risks to your supply chain and ensure that you are not contributing to the

degradation of the world's forests and the local people who depend on them? Furthermore, how can you sustainably secure your supply chains? The answer lies in responsible forestry.

A Complex Legal Landscape

With stricter requirements in the U.S. and Europe, it is more crucial than ever for companies to be able to demonstrate due care in sourcing both legal and sustainable wood. The Lacey Act is a U.S. law amended in 2008 to ban trade in illegally sourced plants and their products, including timber and paper products. Already in the U.S., there are Lacey enforcement actions underway against U.S. companies. Enforcement actions will likely continue in other sectors, as the customs declaration requirements associated with Lacey will expand to include many new product categories for furniture, panel products, paper, sporting goods and musical instruments.

On the other side of the Atlantic, Europe is also tightening its policies to limit illegal timber flows. The Action Plan on Forest Enforcement, Governance and Trade (FLEGT) of the European Union (EU) encourages businesses to adopt purchasing policies that exclude illegal timber. And this year, the European Parliament overwhelmingly approved a crackdown on illegal timber, voting to pass new legislation that will take effect in 2012. This new law would require all

Continued on page 19

The symbol of the FSC is painted on stacks of processed timber in Brazil. (Photo courtesy of Edward Parker)



ROMEVA VENICE Quality and Just In Time



VENICE EUROPEAN HARDWOOD DIVISION



BOLOGNA TROPICAL HARDWOOD DIVISION



EUROPEAN HARDWOOD



TROPICAL HARDWOOD

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FREIGHT - Struyk

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hours before loading for all shipments going to Europe or trans-shipping by Europe," **Vice President of TMX Shipping, Curtis Struyk** explained. "The carriers are now going to charge \$25 per bill of lading for that service. For Asia and LTAM origins, the payer of the ocean freight will pay the Compliance Surcharge. For the European Trade (origin: Europe and Mediterranean), the charge will be billed and collected at origin."

As for current business activity Struyk said, "We're not as busy as we were this time last year but we're in a good, perhaps even better position. Last year was a record year for us as far as number of shipments. Rates seem to have stabilized at a reasonable level. Business is a little slower but at a steady pace. At this time last year, we were having a tough time keeping up and now the workload is busy but we're not overwhelmed. So we're at a good pace right now."

For the months ahead he does expect rate increases. "We're about as low as we can go right now and they tried to get some rate increases before the New Year but there just wasn't enough business to warrant it," he explained. "Just as soon as the Chinese New Year is over and we start shipping into Asia again, they'll probably try to get an increase in March. All indications are that business is going to be good and customers that have been shipping their wood products to Asia and Europe and are taking orders. As soon as the ships start filling up, that's when we'll see some rate increases." Overall he predicts 2011 will be a strong year for log and lumber exports.

TMX Shipping Co. Inc. has offices in Morehead City, N.C. and Virginia Beach, Va., as well as partnerships around the world. Since 1985, TMX Shipping has worked to provide customized service, understanding protocol and tending to the minutest details. TMX Shipping is founded on strong customer service, called Customized TMX, with every customer having just one account manager who oversees every phase of that customer's cargo shipments.

FREIGHT - Lovett

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including Southeast Asia, West and South Africa.

"The export market for lumber/logs in 2010 has been a growing market in comparison to the previous year, where we experienced a slow recovery from the recession of 2008/2009, and markets now appear to be picking up. The Chinese market, being at top standing will continue to evolve throughout 2011 and will more than likely be a top leader for increased volumes, whereas other areas such as Europe and the Mediterranean will continue to be steady but promising markets," Lovett said.

"The container freight rates are like any other industry where supply and demand dictate the price fluctuations. In 2010," he said, "the lumber industry was able to maintain somewhat steady ocean freight costs, however, still face variances due to fuel (BAF) and currency (CAF) levels - we feel very confident that no general rate increase on ocean freight costs will be applied to the first quarter of 2011 and this alone is a positive factor in comparison to 2010."

"Supply and demand is perhaps one of the most fundamental concepts of

economics and is the backbone of a market economy," Lovett continued. "With that in mind, in 2011 we can predict that the overall reduction of container ships will cease and will be maintained to influence both market volumes and costs.

As opposed to 2010, overall freight costs will stabilize with the exception of fuel and currency surcharges that are unforeseen costs and cannot be avoided due to increasing fuel levels and the weak U.S. dollar; all carriers are forced to implement these surcharges to stabilize ocean freight costs on overall revenue for all cargo. Different from 2009 where the domestic and export business were extraordinarily strenuous times for our industry, 2010 has seen a steady incline in the lumber/log container export principally to China, 2011 looks exceptionally optimistic. I am not an economist but according to Mr. L.J. Peter, "An economist is an expert who will know tomorrow why things he predicted yesterday didn't happen today." On that quote I would like to take this opportunity to sincerely thank the forest industry for all their support and may 2011 be a healthy and prosperous year for family, friends and business."

The outlook for 2011 is mixed among furniture manufacturers. Many executives said they expect there will be problems with the supply chain from China in the coming year. "There are reasons to be positive, but customers are still cautious," said a manufacturer who sells imported case goods. "I think everybody still has nervousness about what this 'new normal' is going to bring."

FREIGHT - Bernard

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applied additional handling fees. Another security example, the Maritime Department of Thailand has recently introduced a new regulation requiring carriers transporting dangerous goods to and from Thailand to have insurance to cover third parties who may be impacted by loading and discharging activities of dangerous goods. Due to this new ruling, we are aware of one carrier who will stop accepting dangerous cargo for Thailand. In 2011, we believe more security measures will be established. Not knowing the security procedures



for a country could become a very expensive situation for the shipper."

Since most carriers returned to a profitable level in 2010, Bernard said he does not anticipate swings in the rates like in 2009/2010. "This is not to say there will not be any increases," he explained. "However, we do not foresee any increases to previous or past rate levels. Any changes will likely come from bunker. If fuel prices continue to rise, carriers will increase their bunker fuel surcharge to cover the increase."

Most carriers have implemented a slow steaming policy to conserve bunker and help the environment. This policy has increased the carrier's transit times to most ports. Bernard said some U.S. companies are not pleased with the policy. "The Federal Maritime Commission has agreed to look at the slow steaming effect on the U.S. supply chain and environment. If the policy is removed, the change could affect the bunker."

Before the economic drop, most U.S. ports were at or close to full capacity. This caused a reduction in import and export free days. Some ports are expanding, but if volumes increase, Bernard said ports could face a con-








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IBS PHOTOS - Continued from page 1



Fred Johnson, H.A. Johnson & Sons Inc., Salisbury, Mass.; and Romel Bezerra, Elof Hansson Inc., Pembroke Pines, Fla.



Richard Chong, Vicwood Industry (Suzhou) Co. Ltd., Hong Kong



Mary Medaglia, Ontario Wood Products Export Association, Markham, Ont.



Terry Miller, Import/Export Wood Purchasing News, Memphis, Tenn.; Dawn McElfresh, Armstrong Flooring Products, Columbus, Ohio; and Pero Perpa, Armstrong Flooring Products, Pittsburgh, Pa.



Shufen Zhou, Qingdao Fuyuan Timber Company Ltd., Qingdao, China



David Lewis, Norbord Industries, Inc., Orlando, Fla.



Erick Filby, Marvin Windows and Doors, Duluth, Minn.; and John Kirchner, Marvin Windows and Doors, Minneapolis, Minn.



Levi Piri, Neuma Doors, Houston, Texas



Paul van de Wiel, River's Bend Wood Products Inc., Antogonish, N.S.



Ray Sheepwash, Marwood Ltd., Montreal, Que.; and Blair MacLeod, Marwood Ltd., Halifax, N.S.



Tony Saad, Nordic Engineered Wood, Toronto, Ont.; Benoit Jean and Albert Renaud, Nordic Engineered Wood, Montreal, Que.; Nathan Smith, Nathan Smith Builders LLC, Linwood, Mich.; and Jean-Marc Dubois, Nordic Engineered Wood, Slingerlands, N.Y.



Mark Milne, Wayne-Dalton, Chandler, Ariz.; and Jane Ely, Wayne-Dalton, Mt. Hope, Ohio



Eron Hutchison, Andersen Windows Inc., Bayport, Minn.



John Thorski, Nick's Building Supply, Crown Point, Ind.



Jim Abbott, Boise Cascade LLC, Philadelphia, Pa.; Dan Carter, Boise Cascade LLC, Boise, Idaho; and Jim Sanders, Boise Cascade LLC, Suwanee, Ga.



Charles Hall III, COMMCO, Kansas City, Mo.; and Sarah Hamlin, Young Manufacturing Co., Beaver Dam, Ky.



Rich Castro, Vinotemp International, Rancho Dominguez, Calif.



Christy Lukemire, Wine Cellar Innovations, Cincinnati, Ohio



Craig Combs, PPG Machine Applied Coatings, Medford, Ore.; David Jeffers, PPG Machine Applied Coatings, Raleigh, N.C.; and Tom Hunter, PPG Machine Applied Coatings, Wells, Maine



Shan Yang, Country Wood Flooring, Los Angeles, Calif.



Richard Codney, Borano Inc., Charlotte, N.C.



Chris Killwitz, Viance, Charlotte, N.C.; and Bob Edwards, Viance, Lancaster, N.Y.



Christian Smedberg, Osborne Wood Products Inc., Toccoa, Ga.



Laizheng Ma and Frank Zhang, Qingdao Liangmu Co., Ltd., Qingdao, China

FREIGHT - Bernard

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tainer space shortage. "Exporters could face a smaller window for loading containers and returning containers to the port. This in turn, could affect a shipper meeting a customer's order. In 2012, the upgrade on the Panama Canal locks should be completed. The upgrade will provide the chance for carriers to operate larger vessels through the locks. This could cause more imports to be discharged at U.S. east coast ports, creating more of a demand for container port space."

As for vessel space and equipment, Bernard explained that only a few of the world's top 20 container lines have any appreciable amount of capacity idled despite it being the middle of the traditional slack container-shipping season.

"Carriers have placed orders for new vessels, enough to cope with normal trade growth, but space might become a challenge in 2012. As for equipment, most carriers have increased their global inventory. The closer the loading location is to a port the more likely it is a shipper can meet their equipment needs. Securing equipment at inland depots will always remain tight. Shipper's need to be aware, most carriers are no longer supplying chassis. Instead, private companies are beginning to supply chassis on a daily rental basis, approximately US\$15-\$25 per chassis per day."

For the year ahead, Bernard offered, "The change to 2011 has brought about new incoterms. Incoterms clearly define the responsibilities of the seller and the buyer involved in an international transaction. There are now eleven terms instead of thirteen and several names have changed. It's important companies know the new incoterms and use the correct incoterm when selling their product. Not knowing can cost a company a lot of additional expense."

With more than 55,000 employees and its global network of 900 offices in more than 100 countries, Kuehne+Nagel has evolved from a traditional international freight forwarder to a global provider of integrated supply chain solutions for a comprehensive range of industries. The firm has more than 7 million square meters/75 million square feet of worldwide warehouse space.

Furniture manufacturers expect increased lead times particularly from China. "Lead times from China are likely to get longer, requiring importers to be better at sales forecasting to know how much they'll need," one manufacturer commented. "It's not an inexpensive country to produce in like it was 10 years ago. But it's still the most effective. It has highways, it has shipping and it has deep-water ports, a lot of advantages over other countries. We all just have to accept the fact that it's just not cheap anymore," said another. "If pressure continues on China to let its currency float more freely, prices could rise as the dollar weakens."

WHO'S WHO - Caruso

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is a graduate of the NHLA Lumber Grading Short Course and NHLA Hardwoods 101.

Prior to Matson Lumber, Caruso held a position as sales engineer for a capital equipment manufacturer for 10 years.

He and his wife of 16 years, Gretchen

have a daughter. In his spare time he enjoys hunting, fishing, broadcasting local high school sports and watching his daughter play sports.

Matson Lumber Co. is a member of National Hardwood Lumber Association (NHLA), American Hardwood Export Council, Penn-York Lumbermen's Club, Pennsylvania Forest Products Association, Sustainable Forestry Initiative of Pennsylvania Keystone Kiln Drying Assoc., and Hardwood Manufacturers Association (HMA).

For more information visit www.matsonlumber.com.

WHO'S WHO - Dean

Continued from page 2

cent of the company's sales volume is its "Prestige Hardwood Flooring" line, which is a precision milled wide plank, long length solid wood flooring in both domestic and imported species. The remaining 10 percent of the company's sales volume is comprised of high quality, precisely milled mouldings made for boat companies and high-

end housing markets.

Matt Dean began his career with the firm as a salesman while he was a fulltime student at the University of Dallas in Dallas, Texas.

Dean is a native of Virginia Beach, Va., and a graduate of Portsmouth Abbey School in Portsmouth, R.I. He is active in civic and professional organizations, such as International Wood Products Assoc., National Hardwood Lumber Assoc., the United States Chamber of Commerce, Architectural Woodwork Institute, National Wood Flooring Assoc., Special Olympics and D.A.R.E.

WHO'S WHO - Smith

Continued from page 2

some 10/4 and 12/4. These eastern Appalachian hardwoods are sold as green and kiln-dried in No. 2 Common, No. 1 Common, Select and FAS grades and industrial timber products. Additionally Coastal Lumber offers 4/4 through 8/4 Cypress in the grades of Select & No. 2. Internationally, the company offers

these items as kiln-dried and as shipping dry.

Coastal Lumber Company offers proprietary grading, customized width sorting, straight line or gang ripping, planing and mixed load shipments. The company offers certified wood as requested.

To adjust to the economic downturn, the company has focused much more on customers' specific requests. Coastal Lumber Company distinguishes itself with customer service, quick responsiveness and prompt delivery of specific customer requests.

The company's niche is its ability to create specific grade and dimension sorts to fit customer needs.

Coastal Lumber Company is a member of the National Hardwood Lumber Association, the Appalachian Lumbermen's Club, Penn-York Lumbermen's Club, Indiana Hardwood Lumbermen's Association and the American Hardwood Export Council.

Smith has worked for Coastal Lumber Company 26 years. He began in the industry in industrial lumber sales in 1984.

Smith graduated from East Carolina University with a bachelor's of busi-

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