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WOOD MARKETING BULLETIN

The Wisconsin DNR publishes the "Wisconsin Wood" marketing bulletin every three months. It serves the timber producing and wood using industries of Wisconsin by listing items: For sale - forest products, equipment and services, wanted - forest products, equipment and services; employment opportunities. There is no charge for the Bulletin or inserting items in it. Only items deemed appropriate to the timber producing and wood processing industries will be listed. Also the Bulletin will feature forest products utilization and marketing news, safety notes, coming events, new literature, tips to the industry, and listing or employment wanted or positions that are available.

If you know of someone who would like to be on the Bulletin mailing list, please ask them to send their name, address and zip code to the return address on the back page. Also, if you have items to list, send in the form or write a letter to the return address on the back page. Repeat listing of items requires a written request each time the item is to be repeated.

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BASSWOOD DEMAND GROWING IN THE U.S.

Montello, Wisconsin – November 21, 2012: Primary basswood processors, dry kiln operators, forest industry specialists, and secondary manufacturing and consumer products executives gathered at Glen Oak Lumber & Milling in Montello, Wisconsin November 14th to discuss basswood supply and usage trends. The collaborative and vertically-integrated event is believed to be the first of its kind for the industries involved.

The increased demand for kiln-dried 9/4 basswood in the Upper Midwest was a hot topic among those who toured Glen Oak's large, state-of-the-art basswood moulding and finishing facility, where millions of feet of basswood blind and shutter parts are produced each year for window fashion fabricators in North and South America. Constructive discussion followed a presentation on American Basswood growth, mortality and harvest data by Wisconsin Department of Natural Resources Forest Product Specialist Terry Mace, with all stakeholders agreeing on the need for a bigger year-round supply of large-diameter basswood logs going into the sawmills.

Window fashion industry executives presented product developments and housing trend forecasts. They revealed how projected increases in housing starts and existing home sales will positively impact demand for wood window blinds over the next several years. They also expounded on why more of these basswood window covering products will be made in America and in the upper Midwest in particular. Advantages in supplying rough basswood lumber to local and regional manufacturers was also a topic on interest.

Practical tips for basswood sawing, drying and stress-relieving were shared by University of Wisconsin-Forest Products Professor Scott Bowe, with input from Mace. Sawmill and kiln operators shared their own experiences and knowledge in a productive group discussion. Overall, those who participated in this Upper Midwest Basswood Supply

Conference rated the inaugural event a success, and look forward to meeting again.

Source: *Glen Oak Lumber & Milling*, November 2012

PUTTING LCA AT THE CENTRE OF SUSTAINABLE DESIGN: AN AMERICAN HARDWOOD CASE STUDY

The American Hardwood Export Council (AHEC) has published a comprehensive report on the environmental life cycle of delivering U.S. hardwood lumber into overseas markets. Fully ISO conformant and receiving high praise from independent LCA experts, the report is being used as the basis for innovative tools to integrate sustainability into product design.

If sustainability is ever to become more than a mere aspiration in design, manufacturing and construction, decisions need to be made based on hard facts. New tools are needed which bring in data from numerous sources covering a huge range of environmental impacts. These tools must be flexible enough to accommodate widely different materials and contexts, and yet accessible so that environmental information can be readily integrated into the design process without adding excess cost.

That's a very tall order – but widening range of scientists, industry groups, specifiers, government and consumer interests have been chipping away at the problem now for several years. Their efforts are beginning to show results. Central to this process has been the development of Life

Cycle Assessment (LCA), a scientific method involving collection and evaluation of quantitative data on all the inputs and outputs of material, energy and waste flows associated with a product over its entire life cycle so that the environmental impacts can be determined.

The LCA process is now covered by International standards, the ISO14040 series, to ensure results are scientifically rigorous and not subject to manipulation by different industrial sectors. The standards require, for example, that data collection and analysis is undertaken by independent third parties and subject to critical review by a panel of independent experts.

AHEC, which represents the interests of exporters of hardwood lumber and veneer from the United States, is actively promoting an LCA based approach to sustainable material use and design to help overcome widespread misconceptions about the environmental credentials of hardwood products. It is often assumed, for example, that because hardwoods are usually derived from managed natural forests and “slow to grow,” their use contributes to forest degradation or deforestation. Another common assumption in Europe is that because American hardwoods have to be transported across the Atlantic, they must have a higher carbon footprint than locally produced materials.

This led AHEC to embark on a comprehensive LCA project with two major objectives: first to ensure full conformance to ISO14010 to ensure the credibility of the data; and second to ensure that the LCA data is made available in such a form that it is useful to decision-makers in material specification and product design.

PE International, an independent company, was engaged to undertake the work due to its experience of LCA in a wide range of business sectors and ability to offer innovative LCA tools. These include PE’s proprietary Gabi software, which facilitates collection and analysis of LCA data, and an “i-

report” system to make this data accessible and useable by designers and manufactures. PE has also been heavily engaged in efforts to develop a global standardized framework for reporting of LCA data in Environmental Product Declarations (EPDs).

At the start of the process, AHEC and PE International assembled a high-powered Critical Review Panel chaired by Dr. Matthias Finkbeiner, a professor at Berlin University who also chairs the ISO committee developing international LCA standards. By involving the Panel in the project early on, rather than simply seeking their endorsement at the end, methodological issues could be dealt with as they arose. When the final LCA report was published in July 2012, the Panel not only confirmed its compliance to the ISO standard, but also “found the overall quality of the methodology and its execution to be excellent.”

The report provides a comprehensive analysis of U.S. hardwood lumber’s profile across a wide range of environmental impacts. In technical terms it is a “Cradle-to-gate plus transport” study, covering all impacts associated with extracting the wood in the forest, transporting, sawing and kiln-drying the material in the United States, and then delivering the lumber to the importers yard in major overseas markets.

Benefitting the Forest Environment

The report includes a qualitative assessment of land use and land use change, biodiversity, water resource and toxicity impacts associated with supply of U.S. hardwood lumber, indicating very low environmental impact across all these categories. On land-use change, it observes “in the system under investigation the main material – wood – comes from naturally re-grown forests. The harvested areas had undergone several iterations of harvesting and re-growth. After harvesting, the land is returned to forest so there is no direct land use

change to account for in the timeline of few hundred years.”

On biodiversity impacts, the study concludes that: “Conversion of any other commercial land into the hardwood forest would most probably be a positive impact on the land quality including biodiversity and associated ecosystem services.” On toxicity it notes that: “In the production of hardwood lumber there are no fertilizers or wood treatment chemicals or any other known substances of particular toxicity concern.” On water resources it comments: “hardwood lumber is expected to have very low impacts.”

While some impacts are treated qualitatively in the LCA report, others are dealt with quantitatively. The report provides numerical data on Global Warming Potential (GWP – better known as carbon footprint), Acidification Potential (AP), Eutrophication Potential (EP), Photochemical Ozone Creation Potential (POCP) and Ozone Depletion Potential (ODP). It also identifies which processes along the supply chain (forestry, sawing, kilning, transport) are most important in determining each of these impacts. It includes a sensitivity analysis to show how environmental impacts vary according to key factors such as species, lumber thickness and transport distance and mode.

Wide Variation Between U.S. Hardwood Species

A key conclusion from this number crunching is that variation in environmental profile is at least as dependent on species and thickness as it is on transport factors. Providing average results for “sawn hardwood lumber” can be very misleading and data needs to be reported separately for each individual hardwood species and board thickness. This is mainly because the kiln drying process consumes a surprisingly large share of the energy needed to produce and deliver hardwood lumber. The time lumber spends in the kiln also varies widely between species and by thickness. For example, for 1”

lumber, oak typically needs to be kilned at least three times longer than tulipwood. And 3" lumber requires more than 4 times as long in the kiln as 1" lumber.

While kiln drying has more of an impact than might be expected, the global warming impact of transport is less. Even very large changes in transport distance result of relatively minor changes in carbon dioxide emissions. For example, the 1" white oak lumber, the carbon footprint of delivering into London (shipping distance 720 km by road and 6300 km by sea) is little different from that of delivering into central Poland (1265 km by road, 7735 km by sea). Even transporting lumber all the way from the Eastern United States to Australia, via Suez and Singapore (2205 km by road 25000 km by sea), results in a carbon footprint no more than 50 percent greater than that of delivery into the UK.

What about Wood's Carbon Storage?

Like all wood products, close to 50 percent of the dry mass of U.S. hardwood lumber comprises carbon which has been absorbed as the tree grows through photosynthesis. In fact, the data gathered by PE shows that the amount of carbon stored in U.S. hardwood lumber almost always exceeds the emissions required to extract, process and transport that lumber into any export market worldwide. However, all the above observations about carbon footprint ignore this storage benefit of the lumber. That's because the scope of this particular LCA report is restricted in that it ends at the point of delivery – unavoidable since it's not possible for producers to know how their material will be used. Treatments, fixings, further processing, life-span and method of disposal all have an influence on carbon storage. These need to be fully accounted for in future 'cradle-to-grave' studies of manufactured products containing U.S. hardwood – before it is appropriate to make far-reaching

claims about the "carbon neutrality" of the raw material.

The AHEC study facilitates this next step by providing conservative estimates of the amount of carbon stored in U.S. hardwood lumber products. This treatment of the carbon properties of wood products, which aligns with international best practice, was singled out for particular praise by the Critical Review Panel.

Another commendable aspect of the study is the conservative approach taken with regard to modeling biogenic carbon removals from the atmosphere. The study quantifies the biogenic carbon uptake in forestry, and reports this separately from the cradle-to-gate result. This transparent and unbiased treatment of biogenic carbon issue supports proper use of the data for future assessments of the complete life cycle of American hardwood based products.

The data provided on carbon storage in U.S. hardwoods again highlights that there are significant variations between U.S. species that need to be taken into account during the design process. Denser species like oak and hickory store more carbon for each cubic meter than less dense species like tulipwood and willow.

Bringing LCA into Design with U.S. Hardwoods

The next stage of the project, and the most challenging, aims to integrate life cycle thinking into all stages in the design, manufacturing and delivery of products containing U.S. hardwoods. As a first step, the LCA data for U.S. hardwood lumber is being made available to suppliers and specifiers by way of PE's on-line 'i-report' tool – this enables specific data to be generated for individual species, lumber thickness, processing parameters (such kiln efficiency and energy sources), transport, distances and modes (truck, ship, rail). AHEC is also commissioning preparation of formal Environmental Product Declarations in line with various national EPD programs including BRE's Environmental

Profiles. The LCA data will soon be introduced into AHEC's existing technical species guides and project case studies, which have long provided guidance and inspiration for use of American hardwoods in construction, interiors and furniture manufacturing.

However, perhaps the most innovative of AHEC's initiatives is a joint project currently on-going with PE and the Royal College of Art in London to develop an 'i-report' system for furniture designers. For the first time, this project will allow furniture designers to develop genuine understanding of the real and very direct environmental impact of their decisions when using U.S. hardwoods.

The full report is available at: www.americanhardwood.org/sustainability/life-cycle-assessment/
Source: By Mike Snow, Executive Director, AHEC, *Hardwood Matters*, September 2012

CHINESE FURNITURE ASSEMBLY PLANT COMING TO VIRGINIA

Danville, Virginia – GOK International, a Chinese wood furniture company, will develop an assembly and finishing plant in Ringgold, Virginia creating 300 jobs over the next three years, according to the Danville Industrial Development Authority (DIDA).

GOK, which specializes in commercial and institutional furniture, is expected to begin hiring many of the furniture assembly jobs in early 2013 at an average annual wage of \$30,000.

DIDA said GOK International will import components from China but is committing to \$12.6 million in capital investments between now and 2015 to convert the 40,000 square-foot Cane Creek Shell Building in Ringgold of Pittsylvania, Virginia into a state-of-the-art furniture assembly and finishing plant and showroom. GOK will locate its sales and headquarters in the River District of Danville.

This represents the latest furniture-related coup for DIDA, which also

lured Swedwood, IKEA's first and only U.S. manufacturing plant and more recently, Axxor Group and EBI LLC, both suppliers to Swedwood.

As part of the deal, DIDA is purchasing the Cane Creek Shell Building and will lease it to GOK. The project is being backed by a \$1 million grant from the Tobacco Region Opportunity Fund.

Kevin Liao, president of GOK, said "We have a very good relationship with Pittsylvania County and Danville, which is important for us in reaching a decision to make our first investment in the United States. The plant's location is only an hour and fifteen minutes from the vast furniture markets of High Point."

Tim Barber, chairman of the Pittsylvania County Board of Supervisors, said "We are excited to have a Chinese company agree to create new jobs and invest several million dollars in the region. The assembly jobs are much needed and will help re-employ our workforce."

Delegate Danny Marshall, also a member of the Tobacco Commission, said, "The Tobacco Commission is all about improving the economy of the regions that it serves. This project is one which the Commission was able to support with a \$1,000,000 grant from its Tobacco Region Opportunity Fund, and it is just the kind of project that we need in our community to improve our local economy."

Source: By Rich Christianson, *Woodworking Network*, September 2012

TABLE SAW SAFETY ACT DIES QUIETLY IN CALIFORNIA SENATE

Sacramento, CA – California's controversial Table Saw Safety Act, which breezed through the Assembly in a 64-4 vote, is dead – for now at least – after the Senate failed to bring the bill up for a vote.

After scoring the Assembly's lopsided vote in May, the bill was sent to the Senate via a 3-2 vote by the Senate Judiciary Committee.

Not only did the bill never get called for a vote, it was never brought up for debate, instead languishing for more than three weeks until the Senate's legislative session came to an end the final week of August, according to the Los Angeles Times.

The Table Saw *Safety Act*, AB 2218, sponsored by Assemblyman Das Williams (D-Santa Barbara), would have required "all new table saws manufactured for sale in California after January 1, 2015, to be equipped with a safety device that substantially mitigates injury when human skin comes close, to, or in contact with the blade."

While the Table Saw Safety Act's introduction summary notes, "The bill does not mandate a specific technology," the Power Tool Institute (PTI) and other opponents voiced concern that passing it would provide an unfair competitive advantage to the makers of the SawStop table saw safety system.

PTI, whose members include Skil, Ryobi and Makita, was joined in its opposition by Home Depot, Lowe's, Sears, California Chamber of Commerce, California Manufacturers & Technology Association, California Business Properties Association and the California Retailers Association among others. Consumer groups, including the National Consumer League and unions, supported the bill.

Gass told the Times that he was more concerned about preventing table saw-related accidents than in profiting from a table saw safety mandate. "I think there's still obviously a significant need for a change in the status quo. Table saws are maiming people every day," Gass said.

The most recent study by the U.S. Consumer Product Safety Commission (CPSC) indicated that 66,900 people receive emergency room treatment each year for table saw and bench-top related injuries at a cost of \$2.3 billion. The annual injury total includes about 3,500 amputations.

The CPSC is continuing to plod along its course to create a national

table saw safety standard. Like California's proposed bill, it would likely mandate flesh-sensing brake technology, that is the hallmark of SawStop. Gass holds about 90 patents relating to his invention.

Source: By Rich Christianson, *Woodworking Network*, September 2012

GROUNDWOOD PAPER CAPACITY A KEY WILD CARD AS PRODUCERS BATTLE SLUGGISH DEMAND

Demand for both coated and uncoated groundwood grades continues its secular decline and in some grades the rate of decline has accelerated. Nevertheless, hope springs eternal as the fall catalog season could bring a boost to demand and a much needed price increase. The direction of the market and any change in pricing, however, could be determined in large part by the state of idled capacity, particularly for super-calendered (SC) grades.

Today's market for groundwood grades appears to have a little bit in common with the game of Russian roulette. In roulette, chance is the overriding factor in what happens next. You can bet the odds on whether the next round results in a bullet or not, but other than that it's impossible to predict the outcome.

In the case of the North American market for groundwood papers – both coated and uncoated grades – similarity lays in the fact that a major factor determining the direction of the market is the highly unpredictable nature of capacity. Mills and consumers alike can analyze key indicator and supply and demand data all they want and make lots of forecasts and predictions on trends, etc. But it may all just come down to whether or not one or two major mills restart or not and when they restart. In one case the mill in question faces an array of financial hurdles and other factors not related at all to the paper market. And that is precisely why the outlook is so hard to predict. In

another, the timing is more determined by operational and mechanical issues as an accident caused the shutdown.

Demand Continues Contracting

If you just look at the numbers, which range from terrible to just poor, there isn't anything surprising so far this year. North American demand for printing and writing papers, including uncoated groundwood grades such as SC-A, lower quality machine finish grades and lightweight coated papers, continues to decline. Through the first seven months of 2012, total printing and writing paper demand is down 6.9% to 13.1 million short tons, according to the Pulp and Paper Products Council (PPPC), with shipments off 7.1%.

The largest decline year to date has been for uncoated mechanical demand, down almost 17% to about 2.4 million ton. Shipments of uncoated groundwood are off by 17%, reflecting not only market weakness but also a significant decline in capacity. Coated groundwood demand, by comparison, is doing better, but demand is still off by 3.3% vs. last year at about 2.4 million tons. Shipments are off by just 3.4%. Operating rates over the same period are reported at 92% and 89%, respectively, for uncoated and coated groundwood papers.

The decline in demand isn't a surprise to anyone that has been following the market in recent years. Various sources are predicting a decline in coated paper demand in the 4% to 6% range overall this year. The drop is a continuation of the trend that began several years ago, exacerbated by the recession, as key groundwood paper and end-uses such as magazines continue to suffer, as advertising continues to decline and readers shift away from print products.

Other key advertising driven end-users such as retail newspaper inserts and catalogs, all of which are key groundwood paper markets, are also contracting.

Uncoated demand, as noted, has declined far more than other grades, as demand by catalogs, a key market for

SC and other grades, has plummeted, down almost 20%. It's also reported that the extreme financial pressure felt by printers has led them to downgrade from higher quality grades to newsprint and lower quality MF grades. Giving credence to this are data on newsprint use, where non-daily newsprint consumption is reported to be up by almost one-third based on PPPC data through April 2012. Magazine advertising papers are off about 7% through the first half of the year. Magazines are the largest use for coated groundwood grades, notably LWC grades, accounting for almost half of consumption.

Pricing and Capacity

Prices haven't moved much in recent months but producers are attempting to reverse that and have announced increases recently. If demand is given a boost by the fall catalog printing season, the increases might have a chance at success, in particular since most mills continue to lose and struggle financially.

Prices have remained surprisingly stable over the last few months due to fall in supply for almost all groundwood grades. LWC prices dipped some in July, but looked a little better in August.

Coated groundwood capacity in the U.S. has slipped steadily over the last five years, dropping by almost one quarter according to AF&PA and industry estimates, to just over 3.5 million tons.

Recently, LWC and SC capacity was reduced by the unplanned and now permanent shutdown of Verso's Sartell, Minnesota mill due to an explosion and fire last May which removed 180,000 tpy of capacity. Other coated groundwood capacity that have helped to sustain operating rates include the removal of 90,000 tons by Verso at the Bucksport in late 2011 and 150,000 tpy by Resolute at the Catawba facility this past summer. The situation is similar in Europe where almost one million tons of coated groundwood capacity was closed in the last year.

There is some evidence that the hoped-for-seasonal uptick in demand may improve the coated mechanical market. Demand in July was actually up 2.5% compared to July 2011, and shipments were only down by 1.3% compared to year earlier levels.

As noted above, the fluid state of capacity is really hard to predict, in particular in the case of the proposed restart of the 360,000 tpy Port Hawkesbury (Nova Scotia) SC mill, which was shut down last fall. The restart could undermine any chance of a price increase as it represents a significant portion of overall capacity – about one-third – in this grade. The restart isn't based on market factors but on financial and political ones, making it anyone's guess as to whether it will occur. Some sources don't think that the restart will have a major impact on the market while others believe it will. Sure seems like to me that a one-third increase in capacity would have an impact.

While the overall outlook on the demand side remains pessimistic, hope remains that a seasonal boost to demand coupled with recent capacity adjustments may support a price increase. The increase, if it occurs, will likely be fragmented both in terms of the amount and timing, given all the ups and downs of each individual market segment and grades.

In late August, major producers announced a \$60/ton price increases on coated groundwood grades and \$40 on supercalendered grades effective in October. It's been reported that a July increase on coated groundwood has been partly implemented, which raised prices by about \$20 per ton. Average prices for LWC roto grades were about \$975/ton with SC-A grades going for about \$845/ton at the end of the summer.

Producers have worked hard to manage supply and thus the announced price increases, particularly for LWC, have a good chance to succeed. But it still may come down to chance – when and if idled capacity is brought back online.

Source: By Harold M. Cody a contributing writer for PaperAge. He can be reached by e-mail at HCody@paperage.com
PaperAge, September/October 2012

SUCCESSION PLANNING

For those who own a closely-held or family timber processing business, retirement is more than just a matter of deciding not to go to work anymore. In addition to ensuring there will be enough money to retire, timber professionals, business owners, shareholders and partners must decide what will happen to the business when they are no longer in control.

An effectively developed succession plan provides for a smooth transition in management and ownership with a minimum of transfer taxes. Additionally, a business succession plan can provide financial security and freedom to the retired timber professional and his or her spouse.

Tax law changes in 2001 contained a one year elimination of the so-called "death tax." The estate tax rose from the grave at the end of 2010, with a Bush-era top rate of 35% and an applicable exclusion amount of \$5 million (\$5.12 million in 2012). In 2013, the death tax will revert to its antiquated, pre-2001 form. The applicable exclusion amount will plummet to \$1,000,000, and the top marginal rate will leap twenty points to 55%. The 5% surtax will also return, to be levied on estates between \$10 million and \$17 million. This raises the top effective rate of the death tax to 60%.

Because a key method of reducing estate taxes is to lower the value of assets that are in the estate, "gifting" strategies can legitimately lower any timber professional's tax liability. Fortunately, there are several ways to make gifts outright, and all serve to reduce the amount of the overall estate:

- . Annual gift exclusions: Currently, property valued at up to \$13,000 per year per donee (i.e. person gifted)

may be gifted without any gift tax consequence.

- . Other gift tax exclusions: Gifts for the purposes of the donee's health or education are excluded from gift tax calculations (this is why parents could seemingly pay unlimited amounts for their children's doctor appointments and, for some lucky ones, schooling expenses).

- . Lifetime gift tax exemptions: In 2011 and 2012, giving lifetime gifts totaling up to \$5 million before any estate, gift or generation-skipping taxes are imposed are possible.

Unfortunately, none of these gifting strategies provide any direct benefit to the timber harvesting or forest products business. Other strategies for transferring the business exist, strategies that frequently include retaining control.

By controlling the business through a "family limited partnership" ("FLP"), or a "family limited liability company" ("FLLC"), everyone can get the added benefit of gifting shares at considerable discounts. A FLP or FLLC can also assist in transferring a business interest to family members.

First, a partnership with both general and limited partnership interests is created. Then, the business is transferred to this partnership. A general partnership interest is retained for the owner, allowing a continuation of control over the day-to-day operation of the business. Over time, the limited partnership interest is gifted to family members.

A buy-sell agreement, often called "business prenup" is a legal contract that prearranges the sale of a business interest between a seller and willing buyer. A buy-sell agreement allows the seller to keep control of his or her interest until an event specified in the agreement occurs, such as the seller's retirement, disability, or death. Other events such as divorce can also be included as triggering events under a buy-sell agreement.

An Employee Stock Ownership plan (ESOP), allows the owner of an incorporated forest products business to sell his or her stock to the ESOP,

and defer the capital gains tax.

Ownership can be transferred to the timber processing operation's employees over time, and the business can obtain income tax deductions for the plan contributions. It can provide a market for the shares of owners who leave the business, a strategy for rewarding and motivating employees, and a way to take advantage of incentives to borrow money for acquiring new assets using pretax dollars.

To keep the income rolling in without having to show up for work every day, succession planning might involve an owner, shareholder or partner selling their interest in the business outright. When the business interest is sold, the seller receives cash (or assets that can be converted to cash) that can be used to maintain the seller's lifestyle, or pay his or her estate taxes.

The time to sell is optional - now, at retirement, at death, or anytime in between. As long as the sale is for the full fair market value (FMV) of the business, it is not subject to gift tax or estate tax. Of course a sale that occurs before the seller's death may be subject to capital gains tax.

Developing a succession plan is a multi-phase process outlining, in detail the, who, what, when, why, and how changes in ownership and management of the timber processing business are to be executed. At a minimum, a good plan should help accomplish the following:

- . Transfer control according to the wishes of the operation's owner, shareholder or partner.

- . Minimize the tax liability of the timber professional and his or her heirs.

- . Provide economic well-being after the owner, partner or shareholder steps aside.

Business owners seeking a smooth and equitable transition of their interests should seek competent, experienced advisors to assist them in this matter. Remember however, no matter how talented and earnest those

professional advisors are however, their limited specialties should never dictate the choices for the business, or the owner, shareholder or partner's family.

Finally, succession planning isn't something that can be done once and forgotten. To be complete and effective it must be continually revisited, reviewed and updated it to reflect changes in the value of the timber processing operation, market conditions, and the owner, shareholder or partner's health as well as the abilities and passion of the people it will be passed on to.

Source: By Mark Battersby, *Great Lakes Timber Professional Association*, September 2012

THE VALUE OF WOODLINKS

Do you know about WoodLinks? I hope that you do. If you don't, let me introduce you. My buddy Dave is a Regional Director for WoodLinks. He and I go way back. In fact, we go back farther than we even knew at the beginning. Come to find out that before we met face to face, we walked the same college campus during the same years.

Now, thirty years later, Dave and I have both left public school teaching. But you can take the teacher out of the class but you can't take the class out of the teacher! In Dave's case, he now works to promote WoodLinks. And because he's "retired," I get to see quite a bit of Dave including at WoodLinks events on the regional and national levels. He's been to AWFA and IWF a number of times. Both events support and involve WoodLinks.

WoodLinks promotes cooperation on many levels between industry and education. That being said, they focus specifically on connections between junior and senior high school woodshop teachers and industry.

Why??? Well, Mr. or Mrs. shop owner, where are you finding the qualified workers that you need to man your shop and do the level of work that you expect? Good cabinetmakers don't just fall off of

any old turnip truck that rolls through town. Those of you involved in hiring know exactly what I mean.

There has to be a really special turnip truck out there somewhere. And I'll bet you anything that if you find it, the guy driving that truck is going to be the local workshop teacher. But school programs such as this are becoming a rare commodity in these days of tight school budgets and years of reduction in force needed to protect the "core curriculum" while balancing an ever-shrinking budget. I know all about that. You see, Dave and I met back in the 70s when things were quite different. I was the choir director and Dave was the new workshop teacher. I loved woodworking and he loved singing. It was a match made in heaven. He's help me with rehearsals during his prep period. I'd help him with whatever I could. We're still helping each other all that we can today. Here I am, writing an article about another one of Dave's passions. But the choral program and the woodshop program just aren't the same today as they were then...trust. That's true.

Again, you, the shop owner, need to know about WoodLinks. You have a need for workers trained in the art form known as cabinetmaking. You need both talented and trained employees. Likewise, the teacher in your town needs to know that there are well paying careers out there for kids who become trained in...shall I say...Industrial Arts.

Let me illustrate my point. Back in the days when Dave and I taught together, right next door to Dave's shop was another buddy named Jim who taught metals. Jim's kids left his program knowing how to weld with the best of them. Likewise, they could make shavings on a milling machine or a lathe like nobody's business. They were well qualified as entry-level people in the metals trades. I know. One of those students was one of my children. Eryn began a career as a machinist because of Jim and his teaching.

Dave's students were the same way. They left Dave's class with some really good skill sets. I used to hire some of them for weekend jobs that required helpers for what I was doing in the cabinet industry.

So what can you do to promote WoodLinks in your community?

That question requires some really hard questions in return.

- . Is there a woodshop program in your local high school?
- . How about the junior high?
- . Do you know the teacher(s) there?
- . Can you go over one day after school and meet them?

Ask them about WoodLinks and encourage them to get involved. But first, involve yourself by doing some research as www.woodlinksusa.org.

In closing, I met a couple of weeks ago to help plan the annual Washington-Oregon October Teacher In-Service offering. This was scheduled for October 12, 2012.

I am calling all of you who read my column to do some cultivating and fertilizing in your back yards this school year. It is perfectly possible that next year there could be a teacher in-service day of some kind in your area that encourages cooperation at a number of levels between school shop programs and industry. Please go out there and do some digging and make things happen.

Until next time...spray on!

Source: By Bernie Bottens, *WoodLinks Newsletter*, November 2012

SURVEY OFFERS A NEW LOOK AT WISCONSIN LOGGING

Madison – Wisconsin's logging business is following the same trend as many other industries: Fewer, larger, more mechanized operations.

That's according to a survey of owners of Wisconsin logging enterprises conducted last year by a team led by Mark Rickenbach, professor and extension specialist in the UW-Madison Department of Forest and Wildlife Ecology.

"One of the challenges that the industry faced in the last ten years was an aging workforce and a reduction in the number of people in the logging business," Rickenbach says. "That trend is going to

continue, and so I think the challenge is: How do you recruit a rural workforce that wants to work in this industry? A big piece of that is mechanization—being able to make that easier so that people aren't necessarily out there running a chainsaw all day."

Among the findings:

- Overall production is steady, but harvests are more intensive. Average harvest per logging firm was 5,849 cords in 2003 and 6,893 cords in 2010, but the average volume per acre rose from 12 cords in 2003 to 15 cords in 2010.
- About two-thirds (62 percent) of the loggers' reported timber harvest comes from private forests, followed by county forests (17 percent), industrial forests (12 percent), national forests (4 percent), state forests (3 percent) and tribal land (1 percent). That's roughly the same distribution as in 2003.
- Asked to describe their profitability, operators' most common response (38 percent) was "broke even," followed by "good" (30 percent), "poor" (22 percent), "very poor" (10 percent) and "excellent" (1 percent.)
- Capital investment hasn't changed. Median investment per firm is 2010 dollars was \$223,000 per firm in 2010 vs. \$202,000 in 2003. But that varies considerably depending on mechanization. Median 2010 investment for a chainsaw-based operation (about a third of the state's logging firms) was \$60,000, vs \$480,000 for mechanized operations. Fifteen percent of firms reported investments of \$1 million or more in 2010, up from 10 percent in 2003.

U.S. INTERNATIONAL TRADE COMMISSION ISSUES UNANIMOUS AFFIRMATIVE DETERMINATION IN INVESTIGATION OF HARDWOOD AND DECORATIVE PLYWOOD FROM CHINA

Washington D.C. – November 2012 – The U.S International Commission in November issued a unanimous affirmative determination in its preliminary investigation of hardwood and decorative plywood from China. The Commission, an independent Federal agency in Washington, made a preliminary determination that there is a reasonable indication that U.S. manufacturers of hardwood and decorative plywood are suffering material injury or are threatened with material injury due to imports of the product which have been alleged to be sold

in the U.S. market at dumped prices and are unfairly subsidized by the Chinese government.

As a result of this vote, the investigation will proceed to the U.S. Department of Commerce, which will now conduct a detailed investigation of pricing practices by manufacturers and exporters of the product in China, as well as subsidies provided to these companies. The Commerce Department's investigation can result in the imposition of a duty escrow requirement in early 2013 and the subsequent assessment of actual duties to compensate for the level of unfair trading. However, through well-established rules, imports from China coming into the U.S. market before the Commerce Department makes its initial determinations can be subject to retroactive duties. Under U.S. law, U.S. importers are responsible for making any duty deposits or paying any antidumping and countervailing duties that may result from this investigation.

The investigation results from a petition filed in late September by the Coalition for Fair Trade and Hardwood Plywood (CFTHP),

an association of U.S. manufacturers of hardwood and decorative plywood. Members of the CFTHP account for approximately 80 percent of U.S. production of the product. In October the Commerce Department announced its formal acceptance of the petition, which documents dumping margins that average in excess of 300 percent.

Jeff Levin, counsel for the CFTHP, stated that "the Coalition is very pleased with the vote by the International Trade Commission.

We feel that this is an important step towards reintroducing competitive parity in the U.S. marketplace so that this U.S. manufacturing industry has an opportunity to compete on a fair and level playing field against imports from China." Mr. Levin noted that "the fact that today's vote was unanimous, we believe, is a reflection of the weight of the extensive evidence reviewed by the Commission, and the seriousness with which the concerns detailed by the domestic industry was viewed."

Evidence presented to the Commission indicates that imports of hardwood and decorative plywood from China have increased dramatically over the past several years and accounts for 50 percent or more of the U.S. market. According to Mr. Levin, the rapid growth in market

share captured by manufacturers in China has been achieved through unfair trade practices that have resulted in systemic underselling of domestically-manufactured hardwood and decorative plywood, and has been a direct cause of the continuingly tenuous competitive position of the U.S. industry in recent years. Mr. Levin notes that "the petitioning companies look forward to an intensive investigation of China's pricing and subsidies practices by the Commerce Department. We have strong reason to believe that one of the pronounced economic factors that allow imports from China to undersell U.S. product by such large margins is the systemic use of wood obtained from suspect or illicit sources. In the end, this is all about open trade on a level playing field. All the U.S. manufacturers are looking for is the opportunity to compete squarely in the U.S. market on a fair basis, and in accordance with mutually accepted rules that govern the global economy."

The International Trade Commission is expected to issue a public report which details its findings and the bases of its unanimous affirmative determination shortly.

For more information on the petition and investigation, visit www.hardwoodplywoodfairtrade.org. Source: *Coalition for Fair Trade of Hardwood Plywood*, November 2012

GREEN, GREENER, GREENEST EPDs verify environmental footprint

The term "green-washing" refers to positive environmental attributes or labeling attached to products without any scientific evidence or standardized testing to back the claim. Some common words or phrases used by businesses in reference to their products include green, eco-friendly, or environmentally sound. But are they really?

At present there are more than 600 eco logos worldwide tied to third party certification schemes, whereby a program decides whether a product is good enough to use its logo.

Why EPDs

One way to overcome the accusation of green-washing is to develop an Environmental Product Declaration (EPD) for your product, and the North American softwood lumber as well as the Western Red Cedar lumber industries are doing just that.

An EPD is a document that provides relevant, verified and

comparable information about the environmental impacts of goods and services, and it offers real evidence of a product's environmental footprint. The information gathered is verified by an independent third party and enables comparisons to other products used in the same application on an apples-to-apples basis.

Western Red Cedar (WRC) lumber producers achieved EPDs for their decking and siding products in 2011 through the Western Red Cedar Lumber Association (WRCLA), headquartered in British Columbia.

The WRCLA is a nonprofit industry group with membership consisting of both WRC manufacturers and distributors, whose members represent 70 percent of WRC production in the world. WRC grows along the Pacific coast from northern California to the southern tip of Alaska, with pockets also found in the BC southern interior and U.S. inland northwestern states. It is used primarily as siding, decking, appearance timbers, and for outdoor living applications.

"Our belief is that wood is the greenest of all building materials, and if it is, others may talk about being the greenest or having a green advantage, but we own it," says Jack Draper, WRCLA managing director. "We should do everything possible from an industry standpoint to ensure that we are able to have credible research information, and we are able to articulate that to decision makers in the world."

He adds that WRC's third-party, certified, environmental performance demonstrates WRCLA's commitment to provide accurate, verifiable, information. Part of the association's motivation for pursuing an EPD is the erosion of market share that its products are witnessing in certain building applications to plastic composites and concrete. Draper says the association's members have benefited because the environmental studies that underlie the EPD clearly show that in building applications where WRC, plastic composites, and concrete products could be used, WRC comes out as the clear environmental winner.

The association has focused considerable effort in communicating this information to architects and designers because Draper says they are the ones who demand the greatest amount of evidence when it comes to environmental footprint claims. They also have considerable influence on the selection of building

materials, particularly on projects where environmental impact is an important consideration. WRCLA is also sharing its EPD information with consumers and builders as part of a comprehensive promotional program.

Developing EPDs

In terms of tangible rewards, Draper says given the current economic climate, product price still tends to be the dominant factor in purchasing decision. In future, however, he adds that having the EPDs clearly provides a significant competitive product advantage and will certainly result in positive returns for supplying members. He does recommend that other wood product sectors pursue EPDs.

The association collaborated with FPIInnovations to meet all of the EPD requirements. FPIInnovations used this opportunity to concurrently develop the Product Category Rules for producing an EPD for North American structural and architectural wood products. Developing the rules is the most difficult task in the EPD development process and because they have already been developed for the wood industry, this gives it a significant head start over its concrete, plastic composite, and steel competitors.

The American Wood Council (AWC) is leading the North American softwood lumber EPD initiative, using Product Category Rules for North American structural and architectural wood products developed by FPIInnovations in Canada. These rules were developed based on standards set out by the International Standards Organization (ISO) on the procedure that must be followed for gathering the data used to produce an EPD. The procedure involves input from a wide variety of stakeholders and is essentially the rule book that industry must follow to prepare and complete a legitimate EPD.

"Basically, we built the highway and now folks can drive their cars down it. I think it is tremendously positive because it gets us a little closer to getting the environmental benefits of wood recognized in the marketplace," says Jennifer O'Connor, FPIInnovations Group Leader for Energy & Environment in the Building Systems Program. "What I like about EPDs is that it's transparent communication of actual, measured, footprint data."

She adds that the forest industry has known for many years that wood products in building applications have a softer footprint on the environment, "but if you don't have a way for the marketplace to

see and appreciate that data, then you are not getting the benefit of it, while our competition is getting all kinds of market benefit simply by calling themselves 'eco-friendly' or saying that they are 'green' or telling you they have recycled content. That's very different from saying, 'well, prove it.'"

Competing with Other Materials

Nothing is stopping the concrete, plastic composite, and steel industries from developing their own EPDs, and it is to the wood industry's benefit if they do. The concrete industry is working on Product Category Rules right now in advance of producing an EPD.

The AWC is developing the softwood lumber EPD so that all North American softwood lumber producers will be able to share the information with their customers. It is taking this approach because the differences in softwood production from one mill to another are minor and softwood lumber producers do want to use this information to compete with other building materials not against each other. No further action will be required by individual softwood lumber producers once the EPD process has been completed.

Companies may choose to promote the EPD on their web pages, label their products as having underground EPD scrutiny, attach EPD information with each bundle, or company marketing personnel may choose to distribute the EPD document to their customers. Typically, EPD will look like a 10 to 12 page annual report or product brochure. The goal is to complete the North American softwood lumber EPD in 2012. The wood industry wants to be among the first in North America to have developed an EPD.

An EPD will provide buyers, who have an interest in using environmentally friendly products, with a means of making side-by-side comparisons of the available options and their impact on the environment, leaving them to make their own product selection based on their requirements. This is similar to consumers comparing nutrition labels on food packages.

International Marketing

While a softwood lumber EPD represents a powerful marketing tool when competing with other building materials, it may also become the price of admission for doing business in some markets in future. Requiring a wood product EPD could become a legal trade barrier to entry

into some key markets. Europe and parts of Asia are a decade or more ahead of North America in developing industry-specific EPDs. New European Union (EU) regulations have already been proposed that would mandate the use of EPDs in the construction industry. Europe has already developed EPDs for oriented strandboard (OSB), particleboard, plain structural timber, sawn-dried timber, and glulam products.

Japan's Environmental Management Association for Industry (JEMAI) also started an ecological labeling program in 2002 and is considered a world leader in EPD development.

EPDs are still a rather new concept for some, leaving them wondering if this is yet another certification program. O'Connor is quick to point out that it is not. At present, most of the conversation related to EPDs tends to take place at the CEO level because, at present, interest in EPDs is being driven by organizations like the Binational Softwood Lumber Council.

By Tony Kyzanowski, Source: *Timber West Journal of Logging & Sawmills*, September/October 2012

Timber and Forest Products

Equipment

Murphy Roger 40 hp bag house collector that includes: one set extra bag; one 18 inch Murphy Roger rotary air lock; one 440-480 volt 3P controls including magnetic starter; one 24 inch elbow; one 13 foot 24 inch spiral pipe; one air diverter, inside or outside exhaust; one 24 inch 11 foot muffler; all ready to load on your truck. Very good condition, asking \$12,500; One Southworth 4 x 8 foot 4000 pound 3P lift table with roller conveyor, asking \$2,000; One set HD powered roller conveyor, 22 ft. by 36 inch. Make offer; One set 31 x 30 inch HD roller conveyor mounted on HD 4 inch channel iron. Make offer;

Electrical disconnect boxes, 3P, most with fuses. Four 60 amp, two 100 amp, one 200 amp, one 400 amp, all for \$250.

Contact Allen Vetsch, Vetsch Hardwoods, 3460 Marion Road SE, Rochester, Minnesota 55904 Phone (507) 288-0671, FAX (507) 289-8424.

Services for Sale

WANTED TO BUY

Timber and Forest Products

 If you want to list items, fill in the form below:

FOR SALE	WANTED TO BUY	SERVICES	EMPLOYMENT
FOREST PRODUCTS <input type="checkbox"/>	FOREST PRODUCTS <input type="checkbox"/>	FOR SALE <input type="checkbox"/>	AVAILABLE <input type="checkbox"/>
EQUIPMENT <input type="checkbox"/>	EQUIPMENT <input type="checkbox"/>	WANTED <input type="checkbox"/>	WANTED <input type="checkbox"/>
		MAILING LIST <input type="checkbox"/>	

NAME ----- DATE -----
 ADDRESS ----- COUNTY -----
 CITY ----- ZIP CODE ----- PHONE AC (-----) -----

WISCONSIN LOCAL-USE DIMENSION LUMBER GRADING

A procedure is in place under which Wisconsin sawmills are able to produce dimension lumber that may be sold without a grade-stamp issued under the authority of a lumber grading bureau, and that lumber may be used in residential construction when directly sold to the person who will inhabit the dwelling (or to a person acting on his or her behalf) and for whom a building permit has been issued. To do this someone from the mill must attend one of the **Wisconsin Local-Use Dimension Lumber Grading Short-Courses** that are offered for Wisconsin sawmill operators. These one day special short-course training sessions are offered several times a year, at no charge, and are advertised in the WI-DNR's Wisconsin Woods Marketing Bulletin. **Successful completion of this course and successfully passing an associated test is required for anyone that wishes to produce and sell local-use dimension lumber in Wisconsin that will be used in residential construction. This means someone in your company needs to attend the course if you wish to produce Wisconsin Local-Use Dimension Lumber. (Note: Local-use dimension lumber is lumber that is not grade-stamped under the authority of a grading association.)**

If you wish to produce and directly sell Wisconsin Local-Use Dimension Lumber that may be used in residential construction, you will need to get someone from your mill to a course so they be certified (as a representative of your mill). Also if you do custom sawing for anyone who wishes to use the lumber in their dwelling (such as if you have a portable mill and are custom sawing logs for forest landowners who want to use that lumber in building their home), this would apply to you and you also should get the training and get certified.

The next one-day Wisconsin Local-Use Dimension Lumber Grading Short-Course that you can register for will be offered on April 4th at the University of Wisconsin-Stevens Point Wood Lab in Stevens Point WI. The short-course is one day in length, beginning at 9:00 AM and ending at around 4:30 PM (at the latest).

There will be no fee for attending - HOWEVER - pre-registration is required – there will be NO WALK-IN REGISTRATION - (space is limited to 20 persons maximum for each course to allow for more interactive discussion). Pre-registration for the course must be received before for March 15th for the September class to permit time to confirm registrations, and for mailing all students a grading manual for advance study, and travel directions and other materials.

To register for any of the short-course, you may email, FAX or phone in your registration. Your registration will be confirmed (also by email, FAX, mail or phone) OR you will be informed the course is full.

TO REGISTER:

Email the following information to: RGOVETT@UWSP.EDU (email registration is preferred if possible)

Provide the following information when registering:

- 1) The full name (or names) of the person (or persons) being registered
- 2) The company name (if different from the person's name)
- 3) A complete mailing address (including zip code)
- 4) Phone number (with area code)

OR if you do not use email you can FAX to: Bob Govett 715-346-4821

OR you can simply phone Bob Govett (715-346-4212) – if you phone in your registration – please be sure to spell out the name and address



Department of Natural Resources
Forest Products Specialist
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ADDRESS SERVICE REQUESTED

The Wisconsin Department of Natural Resources reserves the right to edit all items included and accepts no responsibility for the accuracy of description or for the commercial integrity of the persons or firms making offers in this Bulletin.

If you wish to use the facilities of the Bulletin, forward a letter, post card or form on page 11 with detailed description of your "wanted" or "for sale" items. All forest products (stumpage, logs, pulpwood, posts, poles, trees and lumber, etc.) and services (custom sawing, custom kiln drying and tree planting, etc.) may be listed. Please be sure your full name, address (including zip code), telephone number accompany your listing, there is no cost for listing any items. If you want items repeated in the next issue, send in a written request. If you have comments about the Bulletin or have suggestions on its content, write to: Forest Products Specialist, 3911 Fish Hatchery Road, Fitchburg, WI 53711, phone (608) 231-9333 FAX (608) 275-3338.

DEADLINE FOR ITEMS TO BE LISTED IS THE 20TH OF: MARCH, JUNE, SEPTEMBER and DECEMBER.



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