

WISCONSIN WOOD

MARKETING BULLETIN



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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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COMBUSTIBLE DUST IN THE WORKPLACE,

May 11, 2011

LSLA Education will be holding a one day workshop on Wednesday, May 11 will address the growing concern of combustible dust in the workplace and new Occupational Safety and Health Administration (OSHA) regulations that directly impact our mills. The objective of this course is to provide information on OSHA standards for combustible dust, how to be in compliance, and the costly consequences for ignoring combustible dust in the workplace. The course will be of particular interest to mill personnel involved in the oversight of their

company's safety and compliance programs for additional information contact LSLA Education, 3071 Voyager Drive, Suite E, Green Bay, WI 54311, Phone 920.884.0409

CONTINUES PROCESS IMPROVEMENT TOOLS TO BEEF UP YOUR BOTTOM LINE

September 14, 2011

LSLA Education will be holding a one day workshop on Wednesday, September 14th, the topics will be a big picture overview of Continuous Process Improvement (CPI) strategies and tools. Long recognized as successful components of improving the bottom lines for many industry segments, methods such as Lean Manufacturing, Statistical Process Control, and Total Quality Management are still not well understood within our wood using industry. This course is aimed at upper level mill managers and owners to provide an introduction to these improvement methods and strategies. For additional information contact LSLA Education, 3071 Voyager Drive, Suite E, Green Bay, WI 54311, Phone 920.884.0409

TRADE WARS

On September 16, 2010 the U.S. International Trade Commission heard from an arsenal of lawmakers on behalf of U.S. coated papermakers to consider whether the dumping of "certain coated papers suitable for high-quality print graphics using sheet-fed presses" from China and Indonesia have caused or threatened "material injury" to the coated paper industry in the U.S.

Senators, U.S. Representatives, and one Governor, provided testimony on behalf of their constituents before a panel in the main hearing room at the ITC in Washington, D.C. The primary message was one of American jobs falling victim to cheap imports from China and Indonesia. A number of paper industry workers from

United Steelworkers also attended the hearing.

Backing up a bit and to provide a brief background, on September 23, 2009 Appleton Coated, NewPage, Sappi Fine Paper North America, and the United Steelworkers of America (USW) filed antidumping and countervailing duty petitions with the Department of Commerce.

Just to keep terminology clear, according to Commerce, "Dumping is when a foreign company sells a product in the United States at less than fair market value."

In March and May of 2010, Commerce preliminarily determined that Indonesian, Korean, and Chinese producers/exporters have sold coated free sheet paper in the United States at 10.85 percent, zero to 30.86 percent, and 23.19 to 99.65 percent less than fair value, respectively.

Currently, Commerce has imposed temporary taxes on the paper imports.

I read through the testimonies available on the ITC website and one stood out above the rest. It was delivered by Maine Senator Olympia Snow and her words conveyed a real passion about the paper industry in her State and the overall situation.

"It would defy all logic to believe it is mere coincidence that, based on the ITC's prehearing staff report, between 2007 and the first six months of 2009, imports from China and Indonesia jumped from 14 percent of the U.S. market to 20 percent of the U.S. market, at a value of over \$300 million." Senator Snow said halfway through her testimony.

"Let's be clear...these imports have undersold U.S. coated paper producers and depressed the value of the U.S. coated paper products by margins of 20 percent or more, as I have heard from mill operators in my state," Snow charged.

"China, as of two years ago, has managed to overtake the U.S. to become the world's leading and largest producer of paper and paper products...That begs the

question, how is it possible when China has no natural competitive advantage in papermaking...when China lacks the natural resources to propel its paper industry given its forest base is among the smallest in the world...when China, according to a study by the Economic Policy Institute, spends three-fourths of its papermaking costs on raw materials alone...”, Snow asked.

A good question, indeed.

However, Terry Hunley, acting president, APP Americas, argues that it's not that simple and any injury claimed by U.S. papermakers was a combination of the economy and self-inflicted.

APP counters that weak economic conditions in 2009 lead to the sharp drop-off in demand for coated paper, resulting in weak pricing. In addition, APP says U.S. producers' input costs went down during that time period and coupled with the black liquor tax credits, allowed domestic producers to sell their products at a reduced price, which further eroded overall pricing.

Both sides had a point, and the ITC had until October 19, 2010 – the date it was scheduled to deliver its final ruling – to figure things out.

By John O'Brien, Managing Editor,
jobrien@paperage.com

Source: *PaperAge* - September/October 2010

LUMBER ROTS ON CHICAGO TRANSIT STATIONS

Chicago – Newly rebuilt wood platforms on Chicago public transit lines is rotting prematurely, reports the Chicago Better Government Association, a local government watchdog group. The platforms at recently renovated train stations, rebuilt in a \$530 million project of several years, have required \$300,000 in replacement of 10,000 square feet of Southern yellow pine decking at eight stations.

Previously, the Chicago Transit Authority, which operates the train lines, used creosote to preserve the wood. Seeking a more environmentally friendly chemical, the agency selected Flame Safe X-T, from Flame Safe Wood Products, Fort Worth, Texas. The chemical primarily acts as a flame retardant, while also reducing rot. Intended for exterior wood, Flame Safe is also available in varieties for interior wood applications.

In addition, the boards were treated with CedarShield to prevent rot, says the Better Government Association report, at the

suggestion of consultant Lee Gjovic, a wood expert and former federal employee assigned to the Forest Products Laboratory in Madison, Wisconsin.

The Better Government Association says David Glassel, president of Cedar Shield, said his firm's anti-rot treatment is less effective when applied over other treatments, and should have been applied before the Flame Safe X-T was applied. By Bill Esler, January 3, 2011
Source: <http://woodworkingnetwork.com>

PROTECTING WISCONSIN'S BLACK WALNUT TREES FROM THOUSAND CANKERS DISEASE

Madison – Steps to protect Wisconsin's black walnut trees from thousand cankers disease will be part of a new rule proposed by the Department of Agriculture, Trade and Consumer Protection. The rule will restrict the import of certain plants, wood and wood products to prevent the introduction of the disease into Wisconsin.

Thousand cankers disease or TCD is caused by the walnut twig beetle and a fungus carried by the beetle, *Geosmithia morbida*. The beetles tunnel through the black walnut tree and spread the fungus. The tree develops numerous cankers or lesions under the bark, hence the name. The foliage yellows, thins and eventually the walnut tree will die.

Thousand cankers disease can spread by firewood, nursery stock and unfinished or untreated black walnut products. Because an "administrative rule" can take up to 18 months to put into place, the department has enacted a temporary rule that will prevent potentially infested black walnut material from moving into Wisconsin from states known to be infected by TCD unless the items have been inspected by state or federal plant health officials.

TCD has not been identified in Wisconsin. The disease was first observed in New Mexico in the 1990's and has since spread to eight western states. In July 2010, TCD was confirmed in Tennessee, the first find east of the Mississippi. There are no known pesticides that will control this disease.

"The rule will protect Wisconsin's black walnut resources," explained Bob Dahl, plant protection section chief. "There are nearly 19 million black walnut trees in Wisconsin. State businesses export approximately \$4 million in black walnut veneer logs and lumber annually."

Under the temporary rule, Wisconsin will join Indiana, Kansas, Michigan,

Missouri, Nebraska, North Carolina and Oklahoma in having a TCD quarantine.

Comments or e-mails to Robert.dahl@wisconsin.gov or fax to (608) 224-4656 or mail comments to Bob Dahl, DATCP, P.O. Box 8911, Madison, Wisconsin 53708-8911.
Source: By Bob Dahl, DATCP. January 2011

NEW FLASH: STILES, BIESSE, WEINIG, SCM RETURN FOR AWFS 2011

COMMERCE, CA – The Association of Woodworking and Furnishings Suppliers says several major woodworking machinery makers, including Stiles, SCM Group, Biesse and Weinig, have signed on to exhibit at the 2011 AWFS Fair. The July show in Las Vegas is the U.S. wood industries' largest exhibition this year.

The news is especially noteworthy because these companies did not exhibit at the International Woodworking Fair last August, an event that coincided with a low point in the economic downturn. In addition, Stiles, Biesse and Weinig did not participate in the 2009 AWFS Fair.

"We have missed participating in the major trade shows for the past two years, and we are excited to reunite with the industry in Las Vegas this summer," said David Rothwell, Executive VP of Stiles.

AWFA Fair, which is organized by AWFS, also says a large number of exhibitors are returning from the 2009 edition of its biennial show. In addition to SCM Group, AWFS notes that Hafele America, Blum, Timesavers, Salice, Thermwood, Planit Solutions, Grass America and many others have recently signed on to exhibit.

"The fact that many exhibitors have decided to return, including several that have sat out an entire show cycle, is an extremely encouraging sign for the entire industry," says John Kemp, president of AWFS board. "We couldn't be happier."

After a stronger fourth quarter in many sectors, the woodworking industry is also recovering, says John Gangone, president of SCM Group North America. "Business has steadily gotten better and shops are definitely getting busier."

AWFS says home renovation activities are expected to blossom, citing an IBIS World Industry Report projecting growth of household disposable income will drive spending on remodeling. The cabinet, bathroom vanity and countertop manufacturing industries are projected to grow 3% per year to \$14.7 billion during

the five years to 2015, and millwork is poised for annual rise of 4.8% for the next five years, according to figures from IBIS provided by AWFS.

That forecast is also borne out in the recent growth for February's Closets Expo in Charlotte, North Carolina which has more than doubled in size since last year's show.

By Bill Esler – Source:

<http://woodworkingnetwork.com>, January 2011

DELTA SOLD BY STANLEY BLACK & DECKER

COLUMBIA, SC – Woodworking tool maker Delta Power Equipment Corporation has been sold by Stanley Black & Decker, and will establish a manufacturing operation in Columbia, SC. The independent company, which spins off from Stanley's Delta Porter Cable unit, plans to invest more than \$3.6 million and hire 40 for its operation.

"The new facility will allow Delta Power Equipment to continue its tradition of providing top-notch woodworking equipment to our customers," says Bryan Whiffen, president and CEO of Delta Power Equipment Corporation. Whiffen was Senior Vice President of Techtronic Industries N. A., Anderson, SC, which includes Milwaukee and Ryobi power tools in its stable of brands.

Delta will locate its new corporate offices and manufacturing in an existing building, with start-up by the beginning of April. Norman MacDonald has been named COO/EVP of Delta Power Equipment Corporation.

Founded in 1919, Delta and Porter-Cable came under common ownership in 1960. In 1999, Delta Machinery began consolidating its operation with Porter-Cable, which manufactures portable electric and cordless power tools, air nailers and compressors, generators and pressure washers. The two units relocated headquarters to a new 425,000-square foot distribution center in Jackson, Tennessee.

In 2005, Black & Decker purchased Delta Machinery and Porter-Cable from Pentair Inc. The companies came under new ownership in 2009 when Stanley and Black & Decker combined.

Source: <http://woodworkingnetwork.com>, January 2011

FINAL BCAP RULE RELEASED

Industry Responds Favorably to Eligible Material Requirements

The release of the long-awaited final rules for the Biomass Crop Assistance Program (BCAP) by the U.S. Department of Agriculture (USDA) has relieved some industry fears of continuing market distortions for low-grade lumber. Under the final rule, USDA has resumed making the BCAP payments to eligible producers. The federal government suspended payments in February after the program swelled beyond initial expectations.

BCAP was created in the 2008 Farm Bill as a primary component of the domestic agriculture, energy, and environmental strategy to reduce U.S. reliance on foreign oil, improve domestic energy security, reduce carbon pollution, and spur rural economic development and job creation. It provides incentives to interested farmers, ranchers and forest landowners for the establishment and cultivation of biomass crops for heat, power, bio-based products, and biofuels.

"Domestic production of renewable energy, including biofuels, is a national imperative and that's why USDA is working to assist in developing a biofuels industry in every corner of the nation," said USDA Secretary Tom Vilsack. "By producing more biofuels in America, we will create jobs, combat global warming, replace our dependence on foreign oil and build a stronger foundation for the 21st century economy."

Previous Market Distortions

The pallet industry experienced mostly negative effects from the original BCAP Notice of Funding Availability (NOFA) because the subsidy made it harder to source low-grade lumber material in some areas of the country. Producers opted to send logs and lumber to be ground for biomass energy instead of used for pallets and other low grade applications. Upward price pressure and reduced availability forced pallet manufacturers to compete more for low-grade.

"In certain markets, BCAP drove the price of wood biomass up to a point where it was about the same as pulpwood," said William Perritt, executive editor of RISI's *Wood Biomass Market Report*. "This reduced the incentive for producers to sort pulp-grade from biomass-grade wood, and forced some pulp mills to raise prices to compete with the subsidized market."

Many in the forest products industry were concerned about the unintended consequences of the final rule if the government did not further restrict what qualifies for BCAP subsidies. Instead of

stimulating the development of innovative technology and alternative energy crop markets as it was intended to do, the original BCAP created a new demand for low-grade lumber, causing distortions in the market felt painfully by the wood pallet manufacturing industry.

The USDA seems to have listened to these concerns, releasing a final rule that has received a mostly favorable response from the overall forest products industry.

"Secretary Vilsack and the staff of USDA, took seriously the concerns raised by various stakeholders during the comment process and produced a rule that is a win-win for jobs critical to our rural economy while positioning our country to make greater use of environmentally-friendly renewable energy sources," said Donna Harman, president and CEO of the American Forest & Paper Association (AF&PA).

Eligible Materials

USDA addressed the market distortion issue under the final rule by giving a more restricted definition of "eligible materials." It extended the 2008 Farm Bill specification that material removed from federal land is not eligible if it would otherwise be used for higher-value products to material from all land not under a BCAP contract. In addition, it clarifies the definition of "higher-value product" as an existing market product that is comprised principally of an eligible material or materials which have an existing market as of the publishing of the rule of October 27, 2010.

The new rule states that "higher-value products may include, but are not limited to, products such as mulch, fiberboard, nursery media, lumber, or paper, or a product manufactured from eligible materials from which eligible materials must be separated in order to be used for heat, power, biobased products, or advanced biofuels." The rule does make exceptions for regional differences, however, allowing eligible materials that are considered to be used for a higher value product to qualify for matching payments if no higher value product market exists in that region. Although the new rules do not specifically name wooden pallets as a higher-value product, it makes sense that wooden packaging would be classified as such given its higher dollar value than other products mentioned by USDA.

The Federal Register further clarified the purpose of BCAP. USDA stated, "BCAP is for the use of materials that

would otherwise be waste materials and that would go uncollected or unharvested.”

BCAP seeks to encourage use of waste material from the land not manufacturing processes. For example, sawdust collected from processed trees after the trees are delivered to a wood products facility cannot qualify for matching payments under this new rule. Sawdust collected directly from the forestland before delivery to a facility may qualify for matching payments as long as the government determines there is not higher-value product market, such as particle board, in that local area.

“We appreciate USDA’s consideration of industry concerns and the modifications made in the rulemaking process that will minimize market distortions and focus on supply,” said Donna Harman of AF&PA. “USDA’s revised approach on BCAP helps preserve existing jobs while increasing renewable energy development particularly in rural communities.”

Qualifications for matching payments is based on the sequence of collection, harvest, transportation and delivery, further restricting eligible materials. The rule allows only those collected or harvested directly from the land, before transport and delivery, to be eligible. Materials cannot be “collected or harvested” after transport and delivery, nor “collected or harvested” by separating from a higher value material in order to be used for heat, power, bio-based products or biofuels. The rule requires that woody eligible material collected or harvested must come directly from the land and if outside BCAP project areas it must be a byproduct of preventive treatments that are removed to reduce hazardous fuels, to reduce or contain disease or insect infestation, or to restore ecosystem health. All eligible material must be harvested in accordance with an approved conservation, forest stewardship, or equivalent plan.

Matching Payments

For the matching payments, the USDA did choose one of the three options that were suggested in the draft rule in February 2010. Matching payments for eligible materials will be made at a rate of \$1 for each \$1 per dry ton equivalent paid by a qualified biomass conversion facility, in an amount of up to \$45 per dry ton. The rule caps the amount of time an eligible material owner can receive payments at two years. According to the USDA, \$250 million was distributed in matching payments during the NOFA period, which

lasted roughly three months. This disbursement far exceeded initial projections. With changes in the final rule, the USDA estimates total expenditures of \$461 million over 15 years.

The final rule also removed the requirement on arm’s length/related party transaction, replacing it instead with the requirement that all eligible material be purchased at fair market prices, regardless of the relationship between buyer and seller, allowing participation in BCAP for vertically integrated operations but preventing the inflating of biomass prices to gain higher matching payments.

Having eligible materials restricted to those not already used for higher-value products is a notable victory for the pallet industry and other low-grade lumber users that will provide a more level playing field at BCAP payments resume.

“BCAP has morphed from a job killing welfare program to one that now makes economic and environmental sense,” said Tom Julia, Composite Panel Association (CPA) president. “It is now targeted to the production of new sources of woody biomass, rather than raiding established, viable markets for the wood fiber upon which a wide range of American industries rely.”

The USDA suggests that with the proper limitations in place to reduce the opportunity for market distortions, BCAP now has a chance to do what it was intended to do: improve domestic energy security and spur rural economic development and job creation. Source: By DeAnna Stephens Baker, *TimberLine*, December 2010

EPA DEFERS GREENHOUSE GAS PERMITTING REQUIREMENTS FOR BIOMASS

The U.S. Environmental Protection Agency (EPA) has deferred greenhouse gas (GHG) permitting requirements for carbon dioxide (CO₂) emissions from biomass-fired and other biogenic sources for three years.

The agency plans to issue guidance shortly to provide a basis that state or local permitting authorities may use to conclude that the use of biomass as fuel is the best available control technology for GHG emissions until the agency can complete an action on a three-year deferral in July.

In May 2010, in a move that ignored federal precedent and overturned previous EPA policy which recognized the carbon neutral benefits of biomass, the EPA decided to subject emissions from biomass

facilities to the same regulation as fossil fuel emissions under the Clean Air Act. Under the final Prevention of Significant Discharge (SPD) Tailoring rule, which was used to define what stationary sources would be subject to emission controls and regulations beginning in January 2011, the EPA said that biomass emissions would be included when calculating greenhouse gas (GHG) emissions. At the time, the EPA said that an exclusion for biomass sources could not be justified, as comments against including biomass did not provide information that demonstrated that an overwhelming permitting burden would still exist.

The agency made the deferment announcement on January 12, 2011, the week after the requirement had gone into effect. The EPA intends to use this time to seek further independent scientific analysis of the issue and develop a rulemaking on how these emissions should be treated in determining whether a Clean Air Act permit is required.

“We are working to find a way forward that is scientifically sound and manageable for both producers and consumers of biomass energy. In the coming years we will develop a commonsense approach that protects our environment and encourages the use of clean energy,” said Lisa Jackson, EPA Administrator. “Renewable, homegrown power sources are essential to our energy future, and an important step to cutting the pollution responsible for climate change.”

The announcement was met with praise by many in the forest products industry and beyond who had been concerned that the inclusion of biomass in calculating GHG emissions for regulation could discourage the responsible development and utilization of renewable biomass.

“Treating biomass emissions like fossil fuel threatens beneficial investments in biomass energy upgrades at paper and wood products mills throughout the country,” said Donna Harmon, president and CEO of American Forest & Paper Association (AF&PA). “The forest products industry is the leading producer and user of carbon-neutral, renewable biomass energy. Paper and wood products mills generate two-thirds of their energy on average from renewable, carbon-neutral biomass. Studies have shown that using wood biomass to produce forest products and the associated renewable energy sustains nine times more jobs than stand-alone energy production. These are high paying, family-wage jobs that are critical

for the rural communities where our mills are located.”

A study released in December that the National Alliance of Forest Owners (NAFO) commissioned Forisk Consulting to conduct found that the Tailoring Rule’s current treatment of biomass energy emissions would put over 130 renewable energy projects “at risk” for cancellation or delays and that the regulatory uncertainty created by the EPA had contributed to stalled investment in at least 23 near-term projects representing 1,519 megawatts of potential electrical capacity.

Tom Vilsack, Secretary of the U.S. Department of Agriculture (USDA) said he supported the EPA’s decision for expedited rulemaking so that it can defer greenhouse gas permitting requirements for biomass for three years.

“EPA’s action today will provide the agency with the time it needs to ensure that greenhouse gas policies properly account for the emissions and carbon sequestration associated with biomass,” said Secretary Vilsack. “In many cases, energy produced from biomass will provide significant reductions of greenhouse gases relative to fossil fuels.”

The EPA said that it plans to complete a rulemaking that will defer permitting requirements for CO2 emissions from biomass-fired and other biogenic sources for three years by July 2011. During the three-year period, the agency will seek input on critical scientific issues from its partners within the federal government and from outside scientists who have relevant expertise and further consider the more than 7,000 comments it received from its July 2010 Call for Information. Before the end of the three-year period, the agency intends to issue a second rulemaking that determines how these emissions should be treated or counted under GHG permitting requirements.

Source: By DeAnna Stephens Baker, *Pallet Enterprise*, February 2011

INDUSTRY OVERALL **OPTIMISTIC ABOUT 2011**

An optimistic 2011. That is the overwhelming consensus by representatives of the woodworking industry who say they anticipate an improved economy – and greater sales – this year.

Also spurring hope for a better 2011 are recent projections by the National Association of Home Builders (NAHB) and other groups for gains in

new housing activity and remodeling projects for 2011. In a recent statement, NSHB Chief Economist David Crowe noted, “Expected improvements in the job market and the overall economy are beginning to increase homeowners’ confidence and remodelers are seeing indications that business will pick up.”

Slow Growth for Cabinets

The cabinet industry, which relies heavily on remodeling and new home construction, still has a long way to go before it reaches the \$13 billion to \$14 billion in sales recorded back in 2005-2006, when housing starts were high and people were big into remodeling. “A cabinet market in the \$6 billion to \$7 billion range seems more realistic,” says Dick Titus, executive director of the Kitchen Cabinet Manufacturers Association.

According to the KCMA’s most recent Trend of Business Report, 2010 cabinet sales (at November’s end) reflected an overall drop in sales of 3 percent, with custom cabinets hit hardest, down 13.2 percent, followed by stock cabinets down 5.5 percent, but offset by semi-custom, which was up 1.8 percent.

An uncertain housing market and slow, but recovering, economy will be the biggest challenges facing the cabinet industry this year, Titus says. “Predictions for 2011 are for sluggish and slow growth, in the 1 percent to 3 percent range in terms of units sold,” he adds. “The market will continue to be impacted by restrictive credit availability, foreclosures, declining housing prices, unemployment exceeding 9 percent, increased health care costs, costly new government regulations and scary national debt.”

To survive, cabinetmakers will need to increase their manufacturing efficiency, control or reduce costs and search out new business opportunities, he adds, “Strengthened supply chain relationships could be another possible positive result in 2011.”

Home Furniture Up Slightly

Housing and consumer confidence are among the biggest challenges facing manufacturers of residential furniture,

says Andy Counts, CEO of the American Home Furnishings Alliance. The industry, though, is already in good position for growth.

“Preliminary estimates would indicate around a 3 percent improvement at retail, year over year,” says Counts. “Industry analysts project a possible 5 percent improvement in 2011, weighted primarily in the back half as we enter a strong 2012.”

We are hopeful that the job market will continue to show signs of improvement,” he adds. “Seasonal housing sales area projected to be more in line with historic averages. This will give consumers confidence to reenter the marketplace and purchase our goods.”

A poll by the Woodworking VIPs, an online community of readers that acts as advisors to Wood & Wood Products, found that 57% predict sales will be higher in 2011 compared to 2010. How will they accomplish this? An estimated 30% will buy new equipment, 25% will raise prices, 15% will make changes to their product lines and 28% will do nothing new.

Office Industry Trending Upward

Calendar year 2010 turned out much better than expected for the office furniture industry, reports Tom Reardon, executive director of the Business & Institutional Furniture Manufacturers Association. Early estimates by BIFMA have furniture orders up approximately 12 percent and shipments up about 5 percent over 2009.

Forecasts for 2011 also appear to be strong, Reardon says, with the latest projections of 8 percent growth in shipments this year. “Despite the slow economic rate of recovery, there are bright spots on the economic horizon. Many companies are flush with cash and in a position to reinvest in capital expenditures that could include furniture. The office vacancy rate is keeping lease rates relatively low and competitive and could prompt business relocations, which in turn could result in furniture orders,” he says.

“Capitalizing on available opportunities and continuing to manage their companies effectively should allow the industry to realize above average growth – and ideally, profitability – over the next year.”

With regards to exports and imports, currently, about half of all U.S. furniture exports go to Canada, which continues to be the chief office furniture trading partner with the United States. Canada and China are about equal as far as imports into the United States, both at 40 percent.

Retail Environments Look Strong
Strong holiday sales at the end of 2010 could act as an accelerant for business in 2011, says the Association of Retail Environments (A.R.E.).

“A.R.E. research indicates that sales of retail environments projects increased by 9.5 percent and 2010 and we project an additional 10 percent increase in 2011,” says Klein Merriman, executive director. “At first glance, industry growth of close to 10 percent for two consecutive years sounds upbeat. But this is until you realize that the industry has declined so dramatically that it has a long way to go to get back to even.”

According to Merriman, two-thirds of respondents to A.R.E.’s Industry Forest survey back in September predicted “it will be 2012 or later before they are back to 2007 sales levels. So the outlook for 2011 is continued growth – even if at a pace slower than most would prefer.”

Even a slow recovery is welcome news. And despite an increase in imported fixtures, displays and visual products from China the past few years, “pent-up demand for new and renovated stores should translate into sales gains going forward,” Merriman says.

“The competitive environment has changed and retailer expectations have changed,” says Bob Reiley, A.R.E. president and CEO/president of DSA Phototech. “Successful suppliers in 2011 will need to offer cost-effective, creative solutions to their clients and be prepared to offer technology integration to the products they

provide. With the emphasis on remodeling existing stores, instead of building new stores, suppliers and designers will be focusing on providing the most visual impact within the budget allowed.”

Component Sales See Growth

Members of both the Wood Component Manufacturers Association (WCMA) and the Wood Products Manufacturers Association (WPMA) also see sales growth in 2011.

“Growth for 2010 was between 5 to 7 percent,” says Steve Lawser, executive director of the WCMA. “According to our newest market study, our members are expecting 2011 to show improvement in sales of around 10 percent.”

With the cabinet industry continuing to be the largest end-use market for components, Lawser notes, “recovery of the housing and remodeling markets will be key for our members. These two market segments are the largest customers for wood components.”

Members of the WPMA are also projecting an increase in 2011. “The majority of members have stated that sales for 2010 were at, or above levels, and most felt positive about business going forward,” says Phil Bibeau, executive director of the WPMA. “The overall consensus was that business has bottomed out and there will be a very slow and gradual increase in business in 2011, especially in the second half of the year.”

There are a number of challenges facing the components industry this year, Bibeau says. “The biggest challenges are the difficulties in generating new and profitable business and increasing business from existing customers.”

Lawser adds components manufacturers will need to “capitalize on their ability to product smaller, most customized orders with quicker turnaround, find more ways to add value to their products and services, and respond quickly to customer requests.”

Bibeau agrees. “The biggest opportunities that members will see in 2011 will be for niche products that can be delivered in small quantities with extremely short lead times,” he adds.

Panel Products Pick Up

Like those in the secondary wood products markets, producers of particleboard, MDF and hardwood plywood veneered panels say they have reached a turning point and see improvement in 2011.

“The dramatic drop in North America composite panel shipments in 2008-09 finally leveled off last year and overall shipments of particleboard, MDF and hardboard products were nominally up despite a disappointing second half of the year,” says Tom Julia, president of the Composite Panel Association, (CPA). “CPA expects a continuation of this trend in 2011, with very modest overall improvement,” he adds.

The same is true for the hardwood plywood industry. “Sales recovered slowly in the first part of the year, but fell back to 2009 levels in the last part of the year, reflecting the very slow pace of the economy,” says Kip Howlett, president of the Hardwood Plywood Veneer Association (HPVA). “Exports, particularly for veneer, picked up with some markets showing higher percentage increases, although these tended to be smaller markets.”

Although the economy continues to have the greatest impact on sales, the growing popularity for green products will also continue to play a role, both groups report, particularly with regards to offering panels that meet or exceed formaldehyde emissions limits under California Air Resources Board (CARB) Phase 2.

Also of concern in 2011 is the availability of raw materials. “Our industry’s biggest challenge will continue to be focused around the raw material used to make composite panels,” Julia says. “Whether referred to as a fiber issue, a biomass issue or something else, it is really a constellation of public policy, energy, jobs, and environmental issues....”

We will continue to fight for domestic jobs and rural manufacturing and support a level playing field when it comes to federal and state regulatory, tax and trade policies. This includes making sure the composite panel industry has free market access to the raw materials needed to make our products.”

Adds Howlett, “Cheap imports, particularly engineered hardwood products, flooring and plywood, are also having a significant impact. If cheap imports don’t flood into the domestic market and take the growth share, the domestic industry should do all right. Latin America and the Middle East will be more robust export markets for our engineering products and hardwood veneer. Asian markets for North American hardwood veneers are a mixed bag of expanding economies for growth potential, but tempered with trade barriers and open access to American hardwood logs for value-added processing there.”

Machine Purchases on Upswing

Machinery manufacturers are taking heart by the optimism of those in the secondary woodworking markets. Despite a relatively flat 2010, members in both the Wood Machinery Manufacturers of America (WMMA) and the Woodworking Machinery Industry Association (WMIA) are anticipating improved sales in 2011.

“The economic environment is much more promising for 2011. Members are projecting an increase of 8 to 10 percent in the woodworking industries, and a slightly higher increase in non-woodworking industries,” says Dave Rothwell, WMIA president and executive vice president at Stiles Machinery.

The challenge will be in finding new customers outside of traditional markets and increasing the speed of product delivery to customers, say Harold Zassenhaus and Jim Beach, executive directors of the WMMA. “Opportunities arise from the hopefully rising economy in 2011 and 2012. Where there is change, there is opportunity. Working closely with

their customers to understand and satisfy the end users’ needs will be provide the greatest opportunity,” Zassenhaus says.

“America is a wonderful place to manufacturer and certain woodworking manufacturers are eliminating their import lines and bringing the manufacturing back to America due to the increase in manufacturing costs aboard as well as logistics costs, obsolescence, inventory carrying costs, etc.,” says Rothwell.

“Relatively speaking,” he adds, “land in America is inexpensive, the population is growing, raw materials are abundant, a good labor force exists, and first and foremost, America is the number one consumer market in the world.”

Source: By Karen Koenig,
<http://woodworkingnetwork.com>
February 2011

OAK WILT RESTRICTION GUIDANCE FOR TIMBER MANAGERS

Oak wilt restrictions affect how we manage forests in Wisconsin that contain oak as a percentage of the stand. This fungal disease is most active between April 1st and July 15th in Wisconsin and research has proven that the risk of new infection is greatest during this period. Due to the nature of the infection, common practice has been to restrict logging in stands with oak during these months. This has an affect on the availability of timber for forest industry in Wisconsin.

The Wisconsin Department of Natural Resources has made a new tool available to timber managers to assist in assessing the oak wilt risk to a forest. This tool is found at the following location on the DNR internet:

<http://dnr.wi.gov/forestry/fh/oakWilt/guidelinesform.asp>

Use this link or access the tool through the DNR website by locating it in the forest health webpage.

The purpose of this tool is to encourage flexibility in managing

stands that contain oak as a percentage. The tool is meant to provide input to help make a decision about allowing harvesting during the oak wilt infection season. The tool is not meant to make the decision! Furthermore, on private lands, the decision will ultimately be up the landowner.

DNR foresters will encourage as much flexibility as possible when assessing a harvest for oak wilt restrictions. Some of the factors that will be assessed include: basal area of residual oak after the harvest is completed, and spacing of residual oak within the stand and relation to neighboring stands. It maybe possible to mitigate oak wilt concerns within a stand by holding an on-site meeting with the DNR forester, timber manager, and logging crew.

By reducing harvesting restrictions, timber sales maybe more attractive to log buyers and increased forest management will occur. Please contact your local DNR forester to discuss specific oak wilt concerns in individual counties.

Source: By Mike Finley, Forester,
Wisconsin DNR, February 2011

VIETNAM FURNITURE EXPORTS TO U.S. HIT \$1.8 BILLION IN 2010

Vietnam furniture exports to the U.S. rose 31 percent to \$1.82 billion last year, reports the International Trade Commission.

That dramatic growth could be boosted even further, as the Southeast Asian county devalued its currency, the dong, 7 percent last week – making its exports cheaper still. But financiers warn the benefit to Vietnam’s furniture and other trade could be short lived.

Analysts from around the world said the currency devaluation will ultimately hurt the Vietnam’s trade position, imports more expensive and aggravating inflation. The Vietnamese government takes an active role in developing export markets. The Vietnam Ministry of Industry & Trade and Ho-Chi-Minh

City government will co-sponsor a wood furniture exhibition in Saigon March 11-14. Last year's show drew over 5,100 foreign visitors, including 798 from the U.S., the largest contingent.

VIFA, the government agency that runs the fair, announced that it is now part of a Southeast Asian fair circuit. "Joining the fair circuit will make more benefits to the wood industries of all member countries, and thanks to which, VIFA can also be further propagandized (sic) to potential international buyers, importers such as those from the USA, Japan and other European countries," the show managers say at the show website.

The U.S. International Trade Commission says the U.S. imported nearly \$14.8 billion in goods from Vietnam, with furnishings the second largest category (after apparel at \$5.76 billion). The international Trade Commission, an arm of the Department of Commerce, lumps wood furniture in with bedding, cushions, lamps and lighting fittings, illuminated signs, nameplates and prefabricated buildings.

Source: By Bill Esler,
<http://woodworkingnetwork.com>
February 2011

LIMBING TREES

Although it is apparent that the most dangerous situations while operating a chainsaw usually occur while felling the tree, limbing the tree can also create dangerous situations and can result in serious injury. And remember, it can include being struck by branches or dead trees as well as being cut. So how can we prevent injuries while limbing? Let's review some important pointers to keep us from making deadly mistakes.

As in felling trees, hazards will present themselves during limbing as well. So be sure to look for obvious hidden hazards. Those will include loose limbs hanging above the work area created when the tree fell. Also look for dead stubs or dead trees that may have been partially dislodged or loosened, spring poles, branches under

pressure, hidden holes or obstacles under branches, etc.

NEVER move back into the felling area to begin limbing until the entire area is settled and you have assessed it. Remove or avoid all hazards that have developed.

After you have decided it is safe to enter the work area, use the following safety tips to help prevent injuries.

1. Make sure your footing is sound. Use care when getting near the top of the tree when limbs/leaves can hide potential situations that can affect good footing.

2. Start limbing from the butt end of the tree and work toward the top.

3. Always stay on the uphill side of the tree. Sometime branches on the downhill side of the tree are supporting the tree or are preventing the tree (or log if you are bucking the tree) from rolling. Releasing those branches can provide a serious hazard to the sawyer.

4. Whenever possible, stand in a clear area or clear your footing area.

5. Limb from the left side of the trunk wherever possible. This position is much safer because it lends itself to more natural working positions.

6. Make sure the saw bar is on the opposite side of the tree before moving forward. When moving through cluttered areas, apply the chain brake, and do not move while the saw is on your side of the trunk.

7. To prevent kickbacks while limbing, do not limb with the kickback corner of the bar and make sure the saw is at full throttle when limbing.

8. Cut supporting limbs last using extreme caution as the logs/trees may shift or roll.

9. Keep a minimum of two tree lengths away from other fellers/falling trees.

10. When cutting large limbs, be alert for the chain binding and/or kickback. Using a technique called "limb lock" will help prevent this from happening. When cutting limbs under tension, make the first cut on the compression side of the branch. Make the cut about one third of the

way through the branch, but be careful that your saw doesn't get pinched!! The second cut is made on the tension side to bypass the first cut and offset to create a "lock" to prevent the branch from shooting out and striking you.

If these steps are followed, and we use common sense when limbing, we can reduce the number and severity of injuries. Remember to work in the most comfortable position possible, and identify the things that can create hazards, and avoid or remove them – OR DON'T DO THE JOB.

Source: By Lee Schauman, *Great Lakes Timber Professional Association*, January 2011

HOW TO FIND AND PAY SALES REPS

I have bought a lot of cars. Like many of you, constant road travel, employees and teenagers ate up a lot of vehicles. For some reason, the plaid suit coat salesman was always aimed at me.

The reason that car dealers, copier and cell phone salespeople can be so aggressive is they are in the job for just one sale. They know if you leave without buying, they will lose the sale to another dealer or person. The immediate sale is more important than a long-term business relationship with you.

Hiring to Sell for the Long Term

When hiring a salesperson for a woodworking firm, the opposite is true because long-term relationships with your customer will lead to future business. The sales personality that is best for long-term sales is more of a consultant than a conniver. Customers trust a salesperson that acts as an advocate instead of an ass. Look for a personality that believes in finding customers true need and in making their dreams come true.

Personality traits are easy to find out. Past customers and employers are the first reference to check, but also ask questions that highlight helpful traits. Hobbies and volunteer groups show the true nature of many people.

For some hires we have used personality tests. These tests are available online and are excellent for determining styles of selling and the applicant's empathy, compassion, organizational skills and intelligence. I have used the Caliper Tests, caliperonline.com and the Rembrandt system, rembrandtadvantage.com. While they can't make the final decision for you, the tests can highlight areas of concern prior to hiring the candidate.

What is the best way to compensate a salesperson? Should it be a salary, commission, or both?

The woodworking industry is usually a long-term sale. We want to build relationships with our customers that keep them returning to us for future work. With that in mind, I would avoid both straight salary and straight commission payment programs.

Straight salary pay for salespeople creates a great customer-service team, but hampers future growth. Future growth comes from actively calling on reluctant prospects and promoting your company. It comes from a taking a lot of professional and personal rejection while trying to find that one perfect new customer. If the salesperson can make the same amount of money staying inside talking with existing customers, why strive for new business and take all the rejection?

Straight commission pay for salespeople has the opposite effect. If all the money comes from bringing in new business, the salesperson will only pay attention to bringing in business. Service issues, customer complaints, and entering sales tracking information are all neglected while hunting for the new commission. Straight commission does work well if you are looking at independent reps or hiring an inside sales support person that can take care of the daily details. Remember that the potential commissions must be enough to support the salesperson's living, car, insurance and travel expense, along with their taxes

Blending salary and commission works best for most of our industry. The percentage of each is up the company's goals. Leaning more on the commission side will create new business, while more salary will give the company directed goals and projects more emphasis.

One compromise method is to pay a flat commission. For example, for every new kitchen sold, the salesperson gets \$300, no matter what size or style. This keeps the salesperson focused on new business, but still has the control of a salaried position.

The popularity and ease of texting is creating a new communication style. Voice mails often are ignored while text messages are answered. If voice mail is answered it is often via text.

Texting immediacy is wonderful, but its limited space requires short answers. As a salesperson, it is hard to build a relationship while texting, though it does show you are responsive. The key to working with the array of communication methods is matching them to the situation.

Did you just get a text that needs an immediate response? Return it quickly in text form, is a longer explanation needed? Write an e-mail that highlights solutions. Does the situation require subtlety? Voice mail will show your inflections so true meaning comes across. Is the customer angry? Plan a personal visit to show you take it seriously. And don't forget the power of hand-written notes. When 99% of communication is electronic, written notes carry lots more weight.

Whichever method you decide on, remember that you are still employing a person. The total compensation must create a living wage or none of your hires will stay long. Source: By Rick Hill, Rick Hill is a consultant specializing in woodworking companies that need to find new markets and more sales. He is also an independent sales rep and founder of *WoodReps.Com*, a national

association of independent woodworking industry reps. Reach him through *OnPointSales.com* <http://woodworkingnetwork.com> February 2011.

FOR SALE

Timber and Forest Products

Equipment

Brushcutter- Moffro model P-7 power soyethe 10", \$105; My supply of NC-NF taps and dies as well as tap extractors and pipe taps and dies, US made, \$120; Craftsman 10" radial arm saw with many attachments and stand. All items in great condition, \$140; Full harness body belt with lanyard, meets OSHA requirements and EZ stop shock absorber, DBI Industries, model LB 910-5, excellent condition, \$40. Contact Peter Luxenhofer, 5120 Terrace High, Racine, Wisconsin 53406-1267; Phone (262) 632-9260

2003 Chevy tilt bed truck wench, 6 speed overdrive V-8 big block \$16,500; 1993 top kick dump/flat bed truck 6 cylinder diesel, 16 foot bed, 5 speed with 2 speed rear end \$8,500; CAT D-3-C bulldozer - 6 way blade 90% bottom \$17,000; 1993 Dynweld - 10 ton equipment trailer \$4,000; Clark 8,000# towmotor gas, pneumatic tires - 14 foot lift \$4,900. Contact Fred Janik, 6881 Minnick Road, Lockport, New York 14094; Phone (716) 433-4224

Vertical edger - a great addition to your sawmill operation, the Jackson vertical edger is designed to mount on various makes of sawmills. Contact: Jackson Lumber Harvester Company, Inc., 830 North State Road 37, Mondovi, Wisconsin 54755 (715) 926-3816, FAX (715) 926-4545, E-mail: www.jacksonlbrharvester.com

Schaefer Enterprises of Wolf Lake, Inc. - Rely on our experience established in 1967. Used parts shipped daily for log skidders, crawlers, loader backhoes, excavators,

wheel loaders and skid steers. We have many reconditioned engines and transmissions that are dyno-tested. Rebuilt winches, final drives and used tires. If we do not have a part – we can locate it for you on one of our three nationwide parts locators. Contact a parts professional at: (618) 833-5498 or (800) 626-6046. We are located at 4535 State Route 3 North, Wolf Lake, Illinois 62998. Check out our inventory at www.sewlparts.com or you may send

e-mail requests to parts@sewlparts.com.

Services for Sale

WANTED TO BUY

Timber and Forest Products

Veneer logs, hard maple, red maple, black and white ash, white and yellow birch, red oak, white oak, basswood, butternut and walnut. Contact Ted Fischer, Ike International Corporation,

500 East Maple Street, Stanley, Wisconsin 54768; Phone (715) 644-5777, Cell (715) 577-7975; FAX (715) 644-5786; E-Mail tedfischer@ikeinternational.com

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

FOR SALE WANTED TO BUY SERVICES EMPLOYMENT

FOREST PRODUCTS FOREST PRODUCTS FOR SALE AVAILABLE REMOVE FROM

EQUIPMENT EQUIPMENT WANTED WANTED MAILING LIST

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 12,2011 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 May 1st for the April 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
3911 Fish Hatchery Road, Route 4
Madison, WI 53711

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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