



APPALACHIAN

Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.,
serving the lumber industry since 1928

Demand the Appalachian Standard

September 2003

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APPALACHIAN Future Meetings

2003 Inter-Industry Meeting

Oct. 2 - The Grandover Resort, Greensboro, NC

2004 Annual Meeting

Feb. 26-29 - Sawgrass Marriott Resort, Ponte Vedra, FL

2004 Summer Meeting

July 18-20 - The Grove Park Inn, Asheville, NC

Furniture Anti-Dumping Petition Focus Of Inter-Industry Meeting

HIGH POINT, NC - A complaint by U.S. manufacturers fighting Chinese furniture imports will be the focus of the 2003 Appalachian Hardwood Manufacturers, Inc. Inter-Industry Meeting on Oct. 2.

The American Furniture Manufacturers Committee for Legal Trade is made up of 28 case goods manufacturers. The group contends Chinese manufacturers are illegally dumping bedroom furniture in the U.S. market, causing financial harm to U.S. manufacturers.

Hooker Furniture Co. President Doug Williams will update AHMI members and guests on the latest information with the petition. Hooker Furniture is one of the original members of the committee.

"We believe the petition may be filed by this meeting or very close to being filed with the government," said Mark Barford, AHMI president. "This will be very timely for our industry and the direction furniture is headed."

The group plans to present its petition to the U.S. Department of Commerce and the International Trade Commission. The petition asks the U.S. government to enforce existing U.S. laws and trade agreements.

The petition would seek anti-dumping duties against Chinese products. The investigation on the allegations can take up to one year, but preliminary duties could be imposed in six months.

The group contends that Chinese government support of its currency gives Chinese goods false lower prices in the United States.

AHMI members participating on the committee are **Hooker Furniture Co.**, **Keller Mfg.**, and **Stanley Furniture Co.** Other manufacturers continue to join the campaign.

The Inter-Industry meeting will be held at The Grandover Resort, Greensboro, NC. The reception begins at 6:30 p.m. and dinner is at 7:30 p.m.

This meeting typically is the opportunity for lumber producers to make contact with buyers, AHMI President Mark Barford said. A record crowd of buyers attended the 2002 session and an equal number are expected this year.

"This is a great meeting for lumber producers and buyers to get together and discuss common issues," Barford said. "Our subject this year is of interest to everyone in the hardwood business to see what happens with this furniture petition."

Attendees are invited for golf at the Grandover beginning at 1 p.m. The golf fee of \$110 must be paid to AHMI with registration.

(See Meeting on page 2)

Contact AHMI, P.O. Box 427, High Point, NC 27261
phone: 336-885-8315 fax: 336-886-8865
e mail: ahmi@northstate.net web: www.appalachianwood.org

Mark my words.....

By Mark A. Barford, CAE, CF
President

I am very encouraged that the AHMI membership and board have asked staff to become more involved in legislative and regulatory matters.

Over the years, I have seen the industry become directly active through various PAC contributions, letter writing, attending rallies and traveling to Washington and various state capitals. The work needs to continue, but does the focus of those efforts need to change?

One of our biggest legislative concerns has also been one of our biggest disappointments, that is the active management of our nation's national forests. In 1990, the national forests were cutting in excess of 10 billion board feet of commercial timber a year, while growing over 15 billion. Today, the cut is slightly over 1 billion and the growth remains the same.



Mark A. Barford

The math is simple. Our national forests are tragically overstocked and getting worse. The result is disease, fires, pests and generally unhealthy forests.

For years we have worked with a variety of legislative groups to try to bring common sense to the management of the national forests with limited success. Even now in the midst of the current forest health crisis, President Bush's Health Forest Initiative, which only minimally addresses the problem of no forest management, is hung up in Washington.

The Senate has not promised to even vote on it this year, and the political climate makes it tough to move anything forward without a clear majority.

There are so many legislative issues that directly affect our industry outside of the national forests that I am proposing we re-concentrate our efforts on these issues. Issues like private property rights, inheritance taxes, trade policy that is sending manufacturing overseas, environmental regulations, etc.

Thank goodness the industry sees the need to be very active on regulatory and political issues. We just need to be sure we don't spend too much time on any one of them while the rest eat our lunch.

Meeting from page 1

A sporting clays tournament will be held at Shane's Sporting Clays just north of Greensboro beginning at 1 p.m. The shooting fee of \$30 must be paid to AHMI with registration. Shooters must provide their own gun and shells.

A block of rooms has been reserved at The Grandover. AHMI has secured a rate of \$150 for single and \$170 for double per night and reservations may be made by calling The Grandover Resort at (336) 294-1800. The room cutoff date is **Sept. 10**.

The meeting registration fee is \$95 for members and \$195 for non-members. A form is included on page 8 of this newsletter.

A printable registration form is available online at www.appalachianwood.org.

For more information, contact the AHMI office at 336-885-8315 or e mail to ahmi@northstate.net.

Lumber Buyer Sponsors Sought For Inter-Industry

HIGH POINT, NC - Appalachian Hardwood Manufacturers, Inc. is seeking Consumer attendee sponsorships for the 2003 Inter-Industry Meeting.

The meeting is set for Oct. 2 at The Grandover, Greensboro, NC. The sponsorship is \$95 and pays for a lumber buyer to attend for free.

The AHMI Board of Trustees is asking AHMI Producer and Distributor members to fund these free registrations. Sponsoring companies will receive the opportunity to socialize with these buyers during the reception and dinner that evening. Companies will receive a list in advance of all of the lumber buyers who will attend.

The lumber buyers will receive a list of all sponsor companies, addresses, contact names and telephone numbers.

For more information and to become a consumer sponsor, contact the AHMI office at (336) 885-8315.

Consumers interested in attending this meeting should also contact AHMI about sponsorship availability.

Furniture Makers Seek Help In China Fight

GREENSBORO - More than 450 people attended a meeting sponsored by the American Furniture Manufacturers Committee for Legal Trade in August seeking contributions toward the \$1 to \$2 million in legal fees the committee is expected to incur.

The group is investigating the possibility of filing a petition with the federal government claiming that Chinese manufacturers are selling bedroom furniture products in U.S. markets at prices that are far below actual costs. The practice, called dumping, seeks tariffs and other restrictions on the imported goods from China.

The move comes as U.S. manufacturers are closing plants here and shifting production to Asia. Suppliers to the furniture industry have seen sales decline by 40 percent in the past two years.

The anti-dumping petition would be filed with the U.S. Department of Commerce and the International Trade Organization. It accuses Chinese companies of selling wood bedroom furniture at artificially low prices that is prohibited under U.S. trade laws. If the petition is successful, it could result in duties being imposed on wood bedroom furniture imports from China, increasing their retail prices.

The committee is asking each of the suppliers to donate at least \$1,000 to the legal fund. There were also \$3,000, \$5,000 and "over \$5,000" suggested levels of giving printed on the envelopes distributed during the meeting.

"It's time to write the check, guys," committee chairman John Bassett said. He is chief executive of Vaughan-Bassett Furniture Co., which plans to spend between \$250,000 and \$300,000 on legal costs for



John Bassett (left) leads petition meeting

the petition filing.

Attorney Joseph Dorn, a partner with the Washington, D.C.-based firm King & Spalding, gives the furniture industry's petition a good chance and said 51 other industries have been successful at getting anti-dumping duties imposed against China.

If the committee files its petition by October, it's possible that preliminary duties could be imposed on imports from China as early as next March or April, he said. The challenge is bringing together enough manufacturers to support the petition.

U.S. law requires that the petition be supported by companies accounting for at least 25 percent of U.S. production, which the coalition already has surpassed.

For more information on the committee or the address where contributions are accepted, please contact the AHMI office at (336) 885-8315.

AHMI Newsletter Is In The E mail Or Online

HIGH POINT, NC - This issue of the Appalachian Hardwood Manufacturers, Inc. newsletter may be arriving to you in a new format.

AHMI has moved the majority of its members and friends to an electronic mailing list and is sending its monthly newsletter by e mail beginning with the September issue. The move is two-fold: to speed the delivery process and to reduce expenses.

"We can complete the newsletter and have it on your desk the same day," said AHMI Director of Communications Tom Inman. "You can save the information on your computer, print out any pages you need, or just read and delete. It is really simple."

The electronic version has been online since

January of 2001 informing website visitors of the activities of AHMI. The newsletter is an Adobe PDF file that is easy to view and print.

As postage rates continue to climb, AHMI decided to send more newsletters electronically with the newsletter attached for viewing using Adobe Reader. *(The software to view the file is available free at www.adobe.com. A link to this address will be included in the e mail.)*

Members who choose to receive the electronic version will not receive a copy in the mail. If you would like to receive your newsletter electronically, please send an e mail to ahmitom@northstate.net or call the AHMI office at 336-885-8315.

Ag. Secretary Talks Up Healthy Forests In NC

MARION, NC - U.S. Secretary of Agriculture Ann Veneman told a group of sawmillers, loggers and landowners here what President Bush's Healthy Forest Initiative (HFI) will mean to the forest products industry in the east.

The bill is about protecting communities and the environment through thinnings, planned burns and forest restoration efforts on Forest Service lands. Her message was simple, "President Bush is personally involved and committed to managing our national forests and protecting them for future generations."

She spoke only briefly, leaving the bulk of the time to the rest of the panel which included, U.S. Rep. Charles Taylor, R-NC; Scott Schlarbaum, University of Tennessee; **Matt Bennett, Emmet Vaughn Lumber Co.**; and **Jack Swanner, T&S Hardwoods.**

The speakers addressed the importance of trying to regain forest health in U.S. national forests, and the need for the industry to get involved with this bill. Swanner implored the over 200 attendees to get in touch with their Senators to push the legislation which has already passed the House and is now awaiting Senate approval.

"We know that this bill is only the first step towards reopening the national forests to active forest management," commented AHMI president Mark Barford, "But we also know that the Bush Administration is really looking for support from the forest products industry to demonstrate just how important proper forest management is to us."

The event was co-sponsored by the non-profit pro-business organization Citizens for a Sound Economy, the National Hardwood Lumber Association, and many other sponsoring companies from the



Rep. Charles Taylor and Ag. Sec. Ann Veneman

forest industry.

Both Veneman and CSE representatives said years of "flawed forest management strategies and practices" have made the national forests susceptible to fires and diseases that not only threaten the natural resources but nearby families, businesses and property owners.

Veneman said the idea for the Healthy Forest Initiative started among foresters and had been in the works before the massive wildfires occurred in the Western states.

"They were concerned with actually managing the forests," she said. "This is really about protecting the forests as much as it is about anything else. This is not something political people are imposing from the top down."

The Healthy Forests Restoration Act seeks to modernize environmental rules and establish a framework for protecting both communities and the environment. This will be done through local collaboration on thinning, planned burns and forest restoration projects, according to CSE officials.

Hardwood Federation Organizes In Atlanta

ATLANTA - A dozen hardwood producer and user associations, including Appalachian Hardwood Manufacturers, Inc., gathered in Atlanta to discuss ways of putting their political muscle together for the purpose of effecting changes in Washington, DC.

The coalition, called the Hardwood Federation, is based on the successful "Hardwood Council" where many of these same organizations have pooled their monies for a larger hardwood promotion program.

President Mark Barford and Trustee Mike Parton, Gilkey Lumber Co., attended the meeting and offered the support of AHMI which the Board had previously approved. The program would be an ex-

pansion of the already existing NHLA legislative and political action activities. The primary goal is to increase the size of the PAC and increase the amount of legislative activity on the hill.

"We applaud NHLA for taking the lead to develop an industry-wide legislative program that can have some real teeth on Capitol Hill," Barford said. "With the support of other organizations, the program will have more administrative funds and a larger database to seek contributions from." NHLA is still evaluating responses from the meeting to be sure there is enough support before implementing the new Hardwood Federation, Barford said.



Hardwood Council Sends Solutions

OAKMONT, PA - The Hardwood Council recently began shipping thousands of "Sustainable Solutions" packages to architects, designers and builders across North America.

The package includes 20 hardwood samples and the Hardwood Council's Finishing Touch CD. The promotion was created in response to demand from architects and builders for wood samples they could see before making decisions.

Appalachian Hardwood Manufacturers, Inc. is a founding member of The Hardwood Council. The wood for the project was donated by council members, including the following AHMI member companies: Allegheny Wood Products; Baillie Lumber Co.; Cole Hardwood; W.M. Cramer Lumber Co.; and Jim C. Hamer Co.

The council will promote the package extensively to the media, placing Sustainable Solutions in the hands of major trade magazine editors. The package will also be distributed at trade shows, direct mail, e mail and advertising.

Wood Volumes Increase While Share Of Market Declines

The Wood Promotion Network recently reported that market share data for 2002 indicates continued market share losses to steel and concrete in single and multifamily construction. The key trends in material usage in walls, floors and roofs are as follows:

Structural Materials (*lumber, engineered wood, steel, concrete and structural insulated panels*)

Wood (lumber and engineered) volumes dominated, usage was up 6.4% over 2001, however, the combined share of lumber and engineered wood declined 0.8% to 85.8%. Concrete usage remains the

Hamer Named To WV Forestry Hall Of Fame

CHARLESTON, WV - The West Virginia Agriculture and Forestry Hall of Fame welcomed Jim C. Hamer of Kenova, WV, into the hall in July.

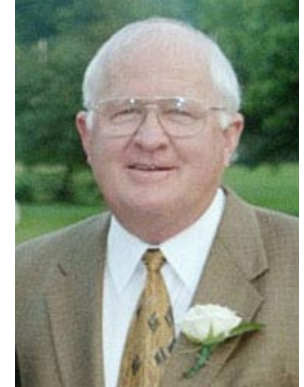
Hamer, chairman of Jim C. Hamer Companies, is the past chairman of Appalachian Hardwood Manufacturers, Inc. He is a 1959 Forestry graduate of State University of New York at Syracuse.

Hamer has spent his professional career managing successful lumber operations and promoting scientific timber management.

Following a stint working in the family business, Hamer started his own wood products company. Since its inception in 1976, the Jim C. Hamer Co. has grown to an annual production level of 75 million board feet of lumber, plus wood pellet fuel production facilities, kilns and 350,000 acres of forestland under management.

The company employs 370 at six locations. Hamer has also supported several public education programs, including "Teachers for the Forest," a non-profit organization that has taken science-based messages about forestry to more than 3,000 teachers in West Virginia.

Hamer was selected as Timber Processing Magazine's Man of the Year, won the National Hardwood Lumber Association's Forest Stewardship Award for North America, and has won the West Virginia Forestry Association's Sawmill of the Year Award four times.



Jim C. Hamer

volume substitute at 12.5%, up from 12.1% in 2001. Steel remains low at 1.6%, up from 1.4% in 2001.

Sheathing Materials (*OSB, plywood, boards, concrete, structural insulated panels and masonry*)

Wood sheathing volumes (plywood and OSB) dominated, usage increased 3.7% over 2001. Wood sheathing market share dropped 2.8% over 2001 after rising the previous year. Concrete market share was up 6.3% over 2001, although given the reporting note above, the five year total increase of 2.5% since 1997, may be more meaningful.

WVFA Sponsors Wood Products Show

RIPLEY, WV - The eighth annual West Virginia Timber and Wood Products Show is set for Sept. 27-28 at Holly Gray Park, Flatwoods, WV.

The show will feature a range of forestry, logging and sawmill equipment displays and demonstrations. There will also be educational exhibits, lumberjack competitions, Game of Logging finals, chain saw carving, wood-related crafts, entertainment and more.

Appalachian Hardwood Manufacturers, Inc. will exhibit at the show. "We are pleased to be a part of this program to educate the public about our industry," said Mark Barford, AHMI president.

Holly Gray Park is located off I-79 near Flatwoods. For more information or tickets, contact WVFA at 1-888-372-9663.

Top 100 Forest Firms See Profits Plummet

An oversupply of wood and slumping demand sawed in half the total profit of the world's top 100 forest-products companies last year and is likely to mean more job losses at sawmills across the United States and Canada, according to a report.

The top companies earned a total of \$3.1 billion in 2002, down from \$6.2 billion in 2001, on stagnant sales of \$301 billion, said the report, released by PricewaterhouseCoopers in Vancouver, B.C.

The 28 U.S. firms in the top 100 saw profit fall by half, to \$800 million, partly due to rising imports and restructuring charges. The worldwide industry probably needs to cut 10 percent of capacity for all its products — including lumber, paper and pulp — and most cuts would be in the U.S. and Canada, where costs are high and economic growth is stalled.

Despite cuts at big timber firms, total employment at the U.S. companies rose 11,000 to 489,000, partly because of growing operations overseas. Total global employment among the top 100 firms was flat at 1.1 million.

Overall profitability improved. Return on equity at the U.S. companies averaged 5.9 percent last year, up from 5.2 percent a year earlier. Restructuring and accounting changes cost the companies \$4.4 billion.

Consolidation among companies could reduce supply, but most companies have too much debt to take on new acquisitions, the report said.



WORKSHOPS

NCSU Offers Kiln Course

RALEIGH, NC - North Carolina State University, Wood Products Extension will conduct its 35th Dry Kiln Operator's Short Course at Haywood Community College in Clyde, NC, Sept. 23-26. The course is sponsored by the Southeastern Dry Kiln Club.

Participants will learn to operate a kiln on a daily basis and gain hands on experience drying a kiln load of lumber. The course is designed for new operators and will cover sample selection, monitoring, equalizing and conditioning.

For more information, contact Joe Denig, NCSU, Campus Box 8003, Raleigh, NC 27695 or phone 919-515-5582.

VA Tech Center Hosts CareerScope Oct. 9

BLACKSBURG, VA - The Center for Forest Products Marketing and Management at Virginia Tech will offer CareerScope on Oct. 9.

The event allows employers and students to meet and interview for permanent, intern and co-op positions.

For more information or to register, contact the Center at (540) 231-4406.

Customer Service

Training Course Set

BLACKSBURG, VA - Customer service training specifically for the forest products industry will be offered Oct. 23 by the Center for Forest Products Marketing and Management at Virginia Tech.

The course is designed for new sales support and customer service representatives who do not have a forest products background or are new to the customer service role. It is also designed for those in management who would like to assist their customer service people.

The course will be held at the Donaldson Brown Hotel and Conference Center on the campus of Virginia Tech. Rooms are available at the hotel by calling (540) 231-5156.

To register for the conference, contact Bob Smith at (540) 231-9759. Registration is limited to the first 30 applicants.

Government Timber Sales Decline 74%

WASHINGTON - The amount of timber from federal lands sold to lumber companies fell by 74 percent during the past 12 years as the Interior Department focused on improving forest health instead of timber sales, a government watchdog report said.

The study by the General Accounting Office found the total volume of timber offered for sale by the Interior Department's Bureau of Land Management fell from 101 million board feet in fiscal 1990 to 26 million board feet in 2002, the GAO said. A separate agency, the U.S. Agriculture Department's Forest Service, controls 192 million acres of national forests and has seen a similar decline in timber sales, the GAO reported.

The decline in timber sales occurred because in the late 1980s, the Bureau of Land Management's programs shifted its focus to protecting wildlife habitat, improving stream quality and preserving public recreation areas, the GAO said.

The Bureau of Land Management told the GAO the Bush administration has proposed a \$1 million increase in funding for forest management in the fiscal 2004 budget. The extra funding "will be used to improve utilization of small-diameter wood materials, improve forest health, and provide entrepreneurial opportunities in the wood product industry," the GAO said.

Papers: Forest Service May Increase Logging

WASHINGTON - Forest supervisors at six national forests in the South may soon approve increases in commercial logging.

The change is detailed in internal U.S. Forest Service documents. Forest Service officials denied they have any plans to allow more logging in the forests beyond what is already proposed.

The internal documents show that the Forest Service is contemplating allowing forest supervisors to alter the plans and designate lands where the primary emphasis is "the purposeful growing, tending, harvesting and regeneration of . . . crops of trees."

Angela Coleman, spokeswoman for the Forest Service regional office in Atlanta, said the management plans likely will have few significant changes from the drafts when the final versions are issued early next year.



FORESTRY

Forest Service Finalizes Timber Sales

WASHINGTON - The U.S. Department of Agriculture Forest Service has announced a final policy for small, low-impact timber sales that will save the agency significant time and resources.

The new policy applies to three new categories of management activities that do not significantly impact the human environment, such as salvaging dead and dying trees and removing insect infested or diseased trees to prevent larger infestations. The Forest Service estimates that it will save up to four months of planning on each project.

"These new categorical exclusions will save the Forest Service time, energy, and money in preparing small, routine timber harvest projects that contribute to healthy forests and healthy economies," said Forest Service Chief Dale Bosworth. "Many of these projects are time sensitive and only have small windows of time in the year to conduct the work."

The first category will be used for low-impact silvicultural treatments that allow the harvest of live trees up to 70 acres; it will not allow for even-aged regeneration activities, such as clear-cuts.

The second category will be used for salvaging dead and dying trees on areas up to 250 acres. The third category will allow the harvest of live, dead or dying trees necessary to control insect and disease on areas up to 250 acres. None of the proposed categorical exclusions will allow more than one-half mile of temporary road construction.

The exclusions were discussed at the Appalachian Hardwood Manufacturers, Inc. 2003 Summer Conference. Council on Environmental Quality Chairman James Connoughton said the exclusions were a first step to aid forest health and an ailing industry.

Categorical exclusions identify actions that do not individually or cumulatively have a significant effect on the human environment and therefore, do not require preparation of an environmental assessment or an environmental impact statement under the National Environmental Policy Act. The Forest Service recently conducted a review of 154 similar forest management activities and found no significant effect on the environment from these kinds of projects.

Like all categorical exclusions, the new categories will not be subject to administrative appeals.

REGISTRATION FORM



APPALACHIAN

Hardwood Manufacturers, Inc.

Inter-Industry Meeting

Oct. 2, 2003

The Grandover, Greensboro, NC

To accurately plan the functions and ensure all members and guests are included on the Registration List, please complete this form and return it with your check to: **AHMI, P.O. Box 427, High Point, NC 27261. AHMI has reserved a block of rooms at The Grandover Resort for \$150 for single and \$170 for double per night. Call (336) 294-1800 to reserve a room before Sept. 10.**

MEETING REGISTRATION FEE: \$95 for members / \$195 for non-members

The AHMI meeting registration fee will be refunded on cancellations before Sept. 22. Cancellations after that time will be subject to 50% forfeiture.

PLEASE REGISTER THE FOLLOWING FOR AHMI'S MEETING

NAME: _____ **BADGE NAME:** _____ **FEE: \$95/\$195**

NAME: _____ **BADGE NAME:** _____ **FEE: \$95/\$195**

Company: _____

Address: _____

City _____ **St.** _____ **Zip** _____

PLEASE REGISTER THE FOLLOWING FOR GOLF

The Grandover Course 1 p.m. Shotgun Start, \$110 per person

GOLF: _____ **HANDICAP** _____ **FEE: \$110**

GOLF: _____ **HANDICAP** _____ **FEE: \$110**

PLEASE REGISTER BELOW FOR SPORTING CLAYS TOURNAMENT

Shane's Sporting Clays, Summerfield, NC, at 1 p.m. \$30 per person

SHOOTING: _____ **FEE: \$30**

SHOOTING: _____ **FEE: \$30**

(Shooters must provide their own gun and shells)

TOTAL: _____

Check for \$ _____ encl. Date: _____ By: _____