



Appalachian Sustainable

March 2014

Monthly newsletter of
Appalachian
Hardwood
Manufacturers, Inc.
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Future Meetings

2014 Summer Conference - July 26-29

The Homestead,
Hot Springs, VA

2014 Fall Meeting - Oct. 14-16

Charlotte Sheraton,
Charlotte, NC
*in conjunction with
Wood Products
Manufacturers
Association*

**2015 Annual Meeting - Feb. 25-
March 1**

Hyatt Coconut Point,
Bonita Springs, FL

AHMI Elects Officers; Sets '14 Agenda

Participants at the 2014 Annual Meeting of Appalachian Hardwood Manufacturers, Inc. heard timely presentations on top industry issues and selected new officers and trustees for the next two years.

Attendance increased approximately 10 percent for the 2014 meeting at the Boca Raton Resort in Boca Raton, FL, over the previous year in Orlando. There were several new members and others who have not attended an AHMI meeting in a few years.

"The reports from attendees were this was one of our best meetings in the quality of the information during the business sessions and the prime location," said Tom Inman, AHMI president. "People came away with valuable information and had a great time at a beautiful place. All of this makes AHMI meetings special."

There are reports on each of the business sessions on the following pages of this newsletter.

During the Annual Business Meeting, AHMI Chairman Chris Keziah presented a report on the activities of the association in 2013 and plans for 2014. These include promotion, marketing, education and meetings.

Past Chairman Mike Parton presented the Nominating Committee's report on new officers and trustees for 2014-16. These are:

Chairman – Steve Houseknecht of Wagner Lumber Co.; Vice Chairman-elect – Mike Hoover of Neff Lumber Mill; Vice Chairman finance – Jay Reese of Penn Sylvan International; Past Chairman – Chris Keziah of Oak Ridge Hardwoods

Trustees are: Lowery Anderson, Roy Anderson Lumber Co.; Robert Coleman, Robert Coleman Lumber Co.; John W. Crites II, Allegheny Wood Products; Mike Turman, Turman Hardwoods; Steve Hamer, Jim C. Hamer Co.; John Foley, BPM Lumber; Tom Sheets, Blue Ridge Lumber Co.; Larry Thompson, T&S Hardwoods; Mel Yoder, Yoder Lumber Co.; Distributor Division – Bill Joyce, Middle Tennessee Lumber; Consumer Division - Tony Honeycutt, Mullican Flooring; Forestry Division - Mike Hincer, The Forestland Group.

AHMI thanks retiring board members John O'Dea, American Hardwood Industries; Ed Dallison, Dallison Lumber; Mike White, Harold White Lumber, Inc.; Tim Borntraeger, Babcock Lumber; and Mike Parton, Gilkey Lumber, for their service.



AHMI Chairman Chris Keziah (left) of Oak Ridge Hardwoods passed the gavel over the New Chairman Steve Houseknecht of Wagner Lumber Co.

The way I see it...

By Tom Inman, AHMI President

... participants at the 2014 Annual Meeting of Appalachian Hardwood Manufacturers, Inc., want to go back to Boca Raton, FL.

A combination of timely business sessions, outstanding service and warm temperatures on the south Florida coast combined for a great meeting from all reports. I want to thank everyone who attended for making it a truly exceptional event.

You can read reports from each of the business session speakers in this newsletter. We also video recorded each of the presentations and they are available on DVD and their slides as PDF documents. Please contact the office for copies.

One of the highlights was the discussion of the Hardwood Checkoff presented by Jim Howard of Atlanta Hardwoods who is a Blue Ribbon Committee member that helped draft the Checkoff order and Jeff Hanks of Bill Hanks Lumber who is a member of NoHardwoodCheckoff.com. The two men gave the best presentations I have seen to date on their positions on Checkoff. *See report on page 3 of this newsletter.*

Then they fielded questions and comments from the audience. The exchange was challenging but these two professional lumbermen rose to the occasion and gave heartfelt reasons for their positions.

I want to commend and thank both of them for making this an exceptional program. Their demeanor throughout the session and weekend reflected the gentlemen they are and the decorum you expect from an Appalachian Hardwood Manufacturers meeting.

At least during the business session. The same cannot be said for the dancing.



MEMBERSHIP

AHMI welcomes the following new members:

Distributor

Missouri Walnut LLC
Steve Arnold
11417 Oak Road
Neosho, MO 64850

Supplier

FSI Technologies
Danielle Cottrell
4105 Oak Ridge Rd.
Summerfield, NC 27358

New members are the lifeblood of the association and if you know of companies that should join, please contact the AHMI office at (336) 885-8315 or info@appalachianwood.org.



Steve Houseknecht (center) holds 90-pound sailfish he caught during the AHMI tournament

Golf, Fishing Winners

The winners of the first AHMI Fishing Tournament were: Largest fish: Steve Houseknecht with a 90 lb. sailfish; Most fish: Team Cha Ching with more than 40 tuna. They were Rick and Lauren Burnett, Gordon and Marilyn McIlvain, David Kay and Bryan Watkins.

The winners of the AHMI Golf Tournaments were: Friday: Low gross, Craig Cox; and Low net-Tie: Chris Keziah, Jay Reese and Jeff Kelly.

Saturday: Low gross, Steve Arnold; Low net, Craig Cox; Closest to the Pin, Jeff Kelly; and Long Drive, Marijo Wood.

Meeting Provides Checkoff's Pros & Cons

A Hardwood Checkoff dialogue was presented at the 2014 Annual Meeting of Appalachian Hardwood Manufacturers, Inc. and was the first time both sides of the issues have shared the platform to discuss the proposal.

Jim Howard of Atlanta Hardwood Corp. and a member of the Checkoff Blue Ribbon Committee and Jeff Hanks of Bill Hanks Lumber and a member of NoHardwoodCheckoff.com each made presentations of their beliefs about Checkoff and then fielded questions from attendees.

Howard began by briefly reminding the group of the 2010 Hardwood Industry Summit presented by Hardwood Review. Discussion there prompted a "Vision 2020" with goals of:

1) American hardwoods will be known, valued, desired and selected by the global customers for their full breadth of environmental and consumer benefits.

2) The global public will have a positive perception of the American hardwood industry and American hardwood forest management.

3) American hardwood industries will be unified, profitable, sustainable and growing.

The group of industry leaders in attendance recognized the need for funding promotion, education and research and volunteers formed a committee to develop a strategy that lead to the current Hardwood Checkoff proposal.

Howard said hardwoods have the best sustainability and building material use messages but the industry does not do its best job promoting that with limited resources. He said Checkoff provides the funding mechanism for the work.

Howard noted the committee has recognized that not all industry is supporting the concept. He said the committee is recommending changes to the US Department of Agriculture to clarify that export lumber is included in overall sales, eliminate the assessment on industrial products and remove paperwork requirements for exempted small mill owners.

Hanks said those opposed the Hardwood Checkoff do support promotion, research and education but there are too many unknowns with the current proposal. He likened it to buying an



Jim Howard (left) and Jeff Hanks answer questions during AHMI session

insurance policy where you knew how much it cost but you did not know what benefits were provided.

Hanks said comparing the Hardwood Checkoff to other commodity checkoff programs is not accurate because many of them receive government price supports and subsidies. He also noted that the Hardwood Checkoff is a partnership with the plywood industry but that sector continues to take market share away from solid hardwood.

The two fielded questions and comments from the audience. The session was recorded and is available on DVD from the AHMI office.

The US Department of Agriculture is reviewing the more that 800 comments made to the Order and is expected to make changes which will be announced in coming weeks. The revised Order will be posted for review before the Checkoff vote which could be held in late summer or fall.

Howard: Pro Checkoff

- Hardwood pie is shrinking; need to play offense
- Checkoff is game changer
- Public perception matters

Hanks: No Checkoff In Current Form

- Cost/Benefit of program?
- Risks to Industry Institutions
- Partnership with Plywood?
- Referendum Structure

	2008	2013	2018
Resilient Flooring	8.4%	10.7%	10.6%
Laminate Flooring	5.6%	5.7%	5.7%
Wood Flooring	10.8%	10.4%	12.3%
Ceramic Floor Tile	10.2%	11.6%	13.2%
Carpet Rollgoods & Tile	48.2%	46.2%	44.7%
Area Rugs	13.3%	12.6%	10.4%
Rubber Flooring & Mats	<u>3.5%</u>	<u>2.9%</u>	<u>3.1%</u>
Totals	100.0%	100.0%	100.0%

Hardwood Flooring Plans Growth In Market

The hardwood flooring industry expects to continue to take market share from carpeting and hold its own against laminate and vinyl in the next four years, according to a presentation at the AHMI 2014 Annual Meeting.

Mullican Flooring President Neil Poland said the hardwood flooring industry has seen substantial growth in 2013 and expected for the next five years. He is a past chairman of the National Hardwood Flooring Association and had encouraging news for hardwood lumber producers.

Consumers want to add last value and beauty to their homes and they demand hardwoods, he said. The wood flooring market has grown consistently since 2009 when sales bottomed at \$1.5 billion. Sales increased to \$2.1 billion in 2013.

Manufacturers offer more species and color choices than ever before as consumers demand choice. Poland said trends include sculpted and distressed products and growth in domestic exotic species like walnut, hickory and cherry.

Finishes have improved greatly in the past decade and prefinished floors are more than half of all hardwood flooring sales. These floors allow ease of installation and maintenance.

American manufacturers have been able to compete with imports but sales continue to rise. Imported products made up 36% of hardwood flooring sales in 2012, up from 33% in 2012.

Poland noted that lumber prices have been on the rise in the past 12 months. He said flooring manufacturers have been able to pass along the increases but the price of hardwood flooring is reaching a point that may give competing materials an advantage in the marketplace.

Industrial Mats Offer Low Grade Options

Industrial mat products are taking an ever increasing share of low grade logs, according to a presentation at the 2014 AHMI Annual Meeting.

Vince Walters, vice president of industrial mats with Bridgewell Mats of Portland, OR, said energy exploration is driving demand for wood mats to place under heavy equipment. The hardwood products allow drilling and wind power equipment to move into new areas without causing environmental impact.

Industrial crane mats sizes are typically 12"x4'x16' but extend to lengths of 20' to 40'. The material of choice are hardwoods, Douglas Fir, pine and Hemlock and these usually provide road surfaces and are bolted together.

Laminated mats are also known as swamp mats and are used for heavy equipment and are the most cost effective per square foot. These typically are 3-ply laminated sizes are 8'x14' and 8'x16'. The species are the same as crane mats and are usually linked by cables or chains.

Walters said the industry does have challenges with increasing competition for the low grade log and the need for large inventories. The cost of freight and long payment cycles are both serious considerations for those looking at the market.

Bridgewell Resources is a global wholesale distributor, sales organization and supply chain manager with 13 offices in the U.S. and one in China. The company sells logs, lumber, industrial and other forest products.



Timber crane mats ready for placement

Bioenergy Will Impact Appalachian Forest

The growth of bioenergy in the eastern United States will change the forest landscape in the next 20 years, according to a speaker at the 2014 Annual Meeting of Appalachian Hardwood Manufacturers, Inc.

Blake Stansell, senior vice president of investments for The Forestland Group LLC in Chapel Hill, NC, discussed the present and future of forestland in the Appalachian region. TFG owns more than 3.5 million acres of forestland in the United States and Central America.

He said the U.S. forest is sustainable with an average growth to removal ratio of almost 2 to 1. The Appalachian region exceeds that with 2012 data from the U.S. Forest Service at 2.2 to 1 in the 12 states of the region.

The future demand from traditional wood using industries is projected to remain relatively stable tracking population growth. As the housing sector recovers and new home construction rise, the demand for hardwoods for flooring, cabinets, moulding and furniture will increase.

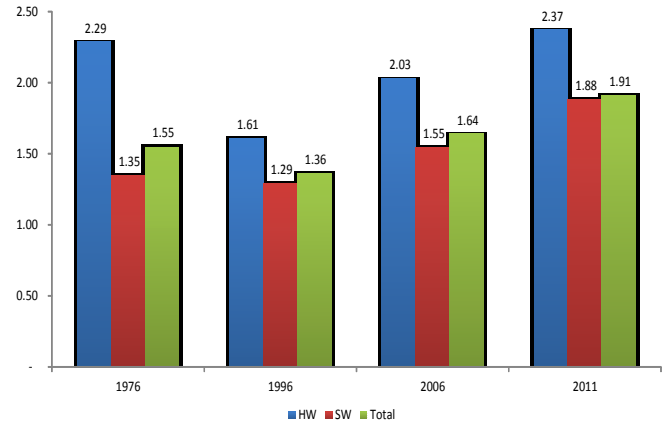
Stansell said a swing factor for the future of the U.S. forest resource could be the level of demand from the bioenergy sector. There are currently 444 operating or announced wood-energy facilities in the U.S. and includes large facilities in Virginia and North Carolina.

Industry forecasts find that bioenergy could consume as much as 80.1 million tons of wood per year by 2023 (pulpwood, logging residues, and mill residues). In 2012 the forest products industry consumer approximately 347 million tons which was down from 500 million tons in 2006. He said the anticipated recovery by the industry in 2020 is back to 500 million tons.

Stansell noted that most research finds that demand from the bioenergy sector is not likely to have a substantial negative impact on aggregate US forest-timber supplies (i.e. timber growth will continue to exceed removals).

His research found that based on growth and removals, there appears to be sufficient timber inventory to meet industry demand.

There are, however, significant questions that must be addressed by the industry:



Growth to removal ratio adjustments in the U.S. forest over the past 35 years

1) Logging contractor shortage might be the biggest issue to overcome. He said solutions could be company logging crews, landowners and producers financing new logging companies or forest management consultants adding logging to their suite of services;

2) How much timber will be available for harvest in the future as a growing number of private landowners have non-timber objectives;

3) How much volume will the wood-energy sector consume in the future because projections vary widely on this topic.

Stansell said sawtimber supply will likely be impacted by the change in management practices and a changing species mix and some quality concerns are issues for the future.

The Appalachian region remains favorable to timber growth and harvesting with more than 61 million acres of forestland. Most of the Appalachian Region's forestland is commercial: 57 million acres of timberland—represents about 11% of the nation's timberland (i.e. commercial forestland).

Stansell said the Appalachian forest has 80 percent private ownership. While it is fragmented in many areas, large blocks of managed timberland are present in the primary wood producing states in the Region—West Virginia, Pennsylvania, New York.

A version of Stansell's presentation is available from the AHMI office.



At the presentation are (from left) NC Ag Commissioner Steve Troxler, Prime Lumber's Bill and Lisa Graban and Jeff Neidert, and Scott Bissett, NCDA

Prime Lumber Is NC's 2014 Exporter Of Year

RALIEGH, NC - The North Carolina Department of Agriculture and Consumer Services recently awarded Prime Lumber of Thomasville, NC, the 2014 North Carolina Exporter of the Year.

The award recognizes agribusinesses that have excelled in exporting their products around the world. Agriculture Commissioner Steve Troxler presented the award to Prime Lumber's partners Bill Graban and Jeffrey Neidert.

"North Carolina exports \$3.9 billion worth of agricultural products. When you add forestry products, such as those exported by Prime Lumber, the numbers top the \$5 billion mark," said Troxler. "Prime Lumber is a great example of the growing number of North Carolina companies finding success on an international stage."

Prime Lumber is a long-time AHMI member who processes and sells hardwoods for use in furniture, architectural millwork, cabinetry, flooring, musical instruments and decorative items. Founded in 1988 by Graban and Neidert, Prime Lumber has been exporting since its first year in operation.

In 2013, Prime Lumber shipped more than 600 containers of lumber overseas. The company recently added three new kilns to increase its capacity and support further international growth.

Graban and Neidert said the award would not be possible without the 110% support from their wives, families, dedicated hard working employees and their loyal customers.



EXPORTS

Leading Hardwood Exporting Countries

Reporting Country	Unit	2013		2013
		USD	Quantity	Market Share
Reporting Total	n/a	6588532498		
United States	M3	1444573872	2812829	22%
Thailand	M3	886557027	2237927	13%
Malaysia	M3	799229460	1962449	12%
Germany	M3	336572191	612328	5%
Romania	M3	248923996	731844	4%
Croatia	M3	224052077	1870802	3%
China	M3	205970353	259790	3%
Ghana	T			0%
Brazil	M3	182364877	242776	3%
Belgium	M3	167562911	224245	3%
France (Customs)	M3	152984202	775580	2%
Italy	M3	138321108	135920	2%
Canada	M3	125260113	278746	2%
Russia	M3	115745879	630321	2%
Latvia	M3	91499292	422494	1%
Ukraine	M3	97517237	290062	1%
Austria	M3	101879859	145036	2%
Ecuador	T	76902448	20297	1%
Hungary	M3	80600510	182204	1%
Cote d'Ivoire	T	74350237	125450	1%
Poland	M3	77205916	104961	1%
Philippines	T	73707746	454377	1%
Slovakia	M3	68197923	1029201	1%
Netherlands	M3	99712776	318879	2%

Leading Hardwood Importing Countries

Reporting Country	Unit	2013		2013
		USD	Quantity	Market Share
Reporting Total	n/a	7706688952		
China	M3	2958741335	6664328	38%
United States	M3	360465181	679801	5%
Italy	M3	342599127	723424	4%
United Kingdom	M3	301012198	409995	4%
Thailand	M3	257022793	1728456	3%
Belgium	M3	244968931	334631	3%
Japan	M3	218024852	222534	3%
Germany	M3	229608749	263244893	3%
Netherlands	M3	228761460	1367045	3%
France	M3	201926536	638791	3%
Canada	M3	189282004	832120	2%
Mexico	M3	140441030	518304	2%
Malaysia	M3	128454872	234309	2%
Austria	M3	122071905	163721	2%
Taiwan	M3	121276607	324285	2%
India	M3	112806303	270871	1%
South Korea	M3	100898953	1236331	1%
Poland	M3	106109686	185879	1%
Singapore	M3	97528682	340988	1%
Hong Kong	M3	95150289	173945	1%

Statistics for 2013 provided by the American Hardwood Export Council (AHEC) which is the leading international trade association for the U.S. hardwood industry, representing the committed exporters among U.S. hardwood companies and all major U.S. hardwood product trade associations. For information please contact AHEC by phone at 703.435.2900 or www.ahec.org and www.americanhardwood.org.



AHMI Launches Solid Appalachian Campaign

Appalachian Hardwood Manufacturers, Inc. will begin a new promotion in March titled Solid Appalachian Hardwood.

The program is aimed at consumers to educate them about the benefits of solid hardwood for flooring, cabinets and furniture. It includes a newly designed website with information and images and most importantly links to AHMI Consumer members websites.

"The media landscape is changing and consumers want information as well as easy to find photos and link to those images," said Tom Inman, AHMI president. "We will use this new site and a social media presence on Houzz to market specifically to consumers and designers about the beauty, sustainability and properties of solid Appalachian hardwood."

The site will add new images weekly. Visitors will have the opportunity to link to the images and save for future reference.

The Houzz site will also enable AHMI member companies to showcase their products on the Solid Appalachian Hardwood section. Consumer members are encouraged to visit and share the information immediately.

AHMI is also working with a Social Media Marketing class at High Point University to develop a strategy for business to business marketing. The results will be available in April and the AHMI Trustees will decide at the Summer Conference about the next step in this promotion.

The class will make recommendations about Facebook Twitter and other media.

AHMI Activities 2014

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meeting, trade shows and other events to promote AHMI members and products in 2013-14:

March 12-14: HMA National Conference, Savannah, GA

April 4-10: High Point Furniture Market, High Point, NC

April 7-8: Annual Material Use and Design Survey at Furniture Market, High Point, NC

April 16-19: NWFA Convention & Flooring Show, Nashville, TN

May 15-18: ALC, Myrtle Beach, SC

June 9-11: NeoCon, Chicago, IL

June 25-25: AHEC Asia Convention, Tianjing, China

July 28-30: AHMI Summer Conference, The Homestead, Hot Springs, VA

Sept. 8-10: Hardwood Federation Fly-In, Washington, DC

Oct. 8-11: NHLA Convention, Las Vegas, NV

Oct. 14-16: Fall Meeting & Tours in conjunction with the Wood Products Manufacturers Association, Charlotte, NC

Oct. 18-23: High Point Furniture Market, High Point, NC

Oct. 21: American Society of Furniture Designers, High Point, NC

For more information, please contact the AHMI office at (336) 885-8315. We are always seeking new venues to promote Appalachian Hardwoods. If you have suggestions, please contact the office.

Appalachian Verified Materials

AHMI members are reminded that 2014 Appalachian Hardwood Verified Sustainable and Verified Legal materials are available from the AHMI office. These include certificates, letters from AHMI and from the U.S. Forest Service explaining the program and decals for use on packaging or invoices for Verified Sustainable.

These materials can be delivered to your company within a few days of placing your order. Please contact AHMI at (336) 885-8315.

Forestry Summit Set In Williamsburg

A Forestry Summit will be held April 2-4, 2014 at Kingsmill Resort, Williamsburg, VA. The event will attract members from the Virginia Forestry Association (VFA), the Virginia Chapter of the Association of Consulting Foresters (ACF), and the Appalachian Society of American Foresters (SAF).

The theme is "Forest Products and Services for Global Markets." More than 1,800 forest landowners, loggers, foresters, forest products companies, businesses and citizens of Virginia, North Carolina and South Carolina who are members of VFA, ACF and APSAF are invited to attend.

Participation will provide you an opportunity to meet this diverse group of individuals in the forestry community. This year's events are scheduled with tours and meetings, workshops, and an awards luncheon.

For more information, please contact Glenda Parrish at the VFA at 804/278-8733 or email gparrish@vaforestry.org; Anne Ulrey anne.j.ulrey@us.army.mil; or Greg Scheerer greg.scheerer@mww.com.

The Homestead Is Site Of Summer Conference

Appalachian Hardwood Manufacturers 2014 Summer Conference is planned for July 26-29, 2014 at The Omni Homestead, Hot Springs, VA.

The Omni Homestead is an AHMI member favorite with the Appalachian Mountains and valleys surrounding the resort bursting with outdoor activities. From horseback riding to exploratory hiking, paintball, archery, Segway tours and even falconry, you can take your pick from over a dozen distinctive Virginia activities. Professional and amateur players alike will enjoy our championship golf courses and tennis courts.

If your idea of relaxing doesn't include the great outdoors, The Omni Homestead has no shortage of indoor resort activities. You can play games with your family, take an Omni Homestead history tour, or stay in for our nightly movie in the theater. You can also explore the town of Hot Springs with our

Boiler Tuneups Due March 21

The Environmental Protection Agency's changes to Clean Air Act standards for area source boilers and major source boilers require initial tuneups to be completed by March 21 for existing boilers.

You are affected if your facility is an area source and your boiler burns:

- coal (including coal refuse, petroleum coke, or synthetic fuels derived from coal)
- oil or other liquid fuel (for boilers that burn primarily gas but infrequently burn oil, see below)
- biomass
- non-waste materials

The following types of boilers are not covered by the rule: gas-fired boilers; boilers that burn solid waste; hot water heaters; waste heat boilers (heat recovery steam generators); temporary boilers; residential boilers; electric boilers; electric utility steam generating units.

The final rule amendments require electronic reporting of the Notification of Compliance Status (NOCS).

Sources are now required to submit the NOCS electronically using the Compliance and Emissions Data Reporting Interface (CEDRI) through EPA's Central Data Exchange (www.epa.gov/cdx).

Mark Your Calendar: July 26-29

recommended shopping and dining options.

No one should miss out on enjoying the famed Virginia hot springs that flow into our indoor and outdoor pools and are utilized in The Spa at The Omni Homestead. This expansive, state-of-the-art facility for guests allows you to experience decadent treatments, wellness facilities and unique features, including our Aqua Thermal Suite and a year-round, adults only Spa Garden.

AND, your AHMI reservation is Modified American dining which includes breakfast and dinner. You can complete your room reservations by visiting the AHMI website at www.appalachianwood.org/meetings.htm or contacting The Homestead at 540-839-1766 and use the group code AppalachianHardwood.