

Appalachian Sustainable

Northern Long Eared Bat Battle Continues

by Dana Lee Cole

Hardwood Federation Executive Director

The much anticipated announcement from the U.S. Fish and Wildlife Service (FWS) regarding the Northern Long Eared Bat (NLEB) was released on April 2 and the final determination on the NLEB's status under the Endangered Species Act (ESA) is mixed.

On the plus side, the FWS declared that the NLEB should be listed as "threatened" rather than "endangered." While the difference in definition may seem small, in terms of application under the ESA, it is significant. An endangered listing would have triggered a number of extremely stringent protective actions under the law, limiting virtually any activity that is deemed disruptive to the bat's habitat, regardless of how those activities actually impact the bat. The threatened designation does allow for some flexibility in protective measures and restrictions.

At the same time the FWS announced their determination on the NLEB's status, they also published a related interim 4(d) rule outlining required protective measures as well as exceptions to regulations, including forest management and timber harvests, in areas impacted by White Nose Syndrome. This rule will be refined during the balance of 2015 with a final rule by the end of the year.

The FWS does recognize that forestry related activities do not have significant impact on the NLEB and they freely acknowledge that the WNS, a fungal disease spread during winter months in caves and hibernation sites, is the main cause of the bat's population decline. However, on the

(See Bat on page 3)



AHMI's Tom Inman and Vice Chairman of Finance Jay Reese of Penn-Sylvan Hardwoods at Interzum Guangzhou booth

Ash, Walnut In Demand At Interzum Guangzhou

GUANGZHOU, CHINA - Lumber buyers from Chinese manufacturing plants were seeking Appalachian Ash and Walnut at the 2015 Interzum Guangzhou in late March.

The exhibition attracted thousands of Chinese, Southeast Asian, Malaysian and Middle East manufacturers of furniture, flooring and cabinets. The annual event is held in the southern China area known for wood furniture production and more than 1,300 exhibitors from 35 countries participated.

The American Hardwood Export Council sponsored the US Hardwood Pavilion and 28 U.S. companies participated including AHMI President

(See China on page 2)



April 2015

Monthly newsletter of Appalachian Hardwood
Manufacturers, Inc., P.O. Box 427, High Point, NC 27261
T. 336-885-8315 | F. 336-886-8865
info@appalachianwood.org | www.appalachianwood.org





AHMI welcomes the following new members:

Distributor

Mix Timber
Michael Gutchess
91 Broad Avenue S
Naples, FL 34102

Supplier

Dominion Risk Advisors
Duke Baldrige
PO Box 833
Roanoke, VA 42011

New members are the lifeblood of the association and if you know of potential members, please contact AHMI at (336) 885-8315.

Future Meetings

The following is the list of future meetings of Appalachian Hardwood Manufacturers, Inc. that have been contracted. More information will be mailed to members and guests. Please mark your calendar today and make plans to attend.

2015 Summer Conference - July 24-28
Colonial Williamsburg, Williamsburg, VA

2015 Fall Meeting & Tours - Oct. 20-22
in conjunction with the National Wooden Pallet & Container Association

2016 Annual Meeting - Feb. 25-Feb. 28
Naples Beach Club, Naples, FL

2016 Summer Conference - July 24-28
The Greenbrier, White Sulphur Springs, WV

China from page 1

Tom Inman and AHMI members Turman Lumber, Northwest Hardwoods, Robinson Lumber, Ron Jones Hardwoods, Somerset Hardwoods, Northland Corp., Sonoking Corp., PJ Lumber, Baillie Lumber, and Mayfield Lumber Co. Other AHMI member companies in attendance were Penn-Sylvan Hardwoods and Allegheny Wood Products.

Most inquiries were for Ash and Walnut lumber from furniture makers. There were requests for Poplar and White Oak while questions about Red Oak centered on price.

Manufacturing representatives said the late Chinese New Year has delayed work for the early part of 2015. They reported that production was on the rise in late March.

"I heard repeatedly that timber warehouses in Shanghai and Guangzhou had rather large inventories of American hardwood species," Inman said. "The buyers reported that it will take a few weeks to work through those inventories and buyers will be returning to the market by mid- to late-summer."

Exports to China declined in the first two months of 2015, compared to the previous year for most species. The only increases were in Walnut and Soft Maple.

Sales of wood furniture, cabinets and flooring in China remains stable and increasing. There has been a transition in the past 18 months to more American hardwood lumber staying in China to meet the domestic demand rather than exporting to the U.S. and Europe.

"Lumber buyers were upbeat but there was definitely a focus on lower prices," Inman said. "Most of the American exhibitors reported sales during the show and certainly contact with new and existing customers."

Inman assisted AHEC in collecting trade leads, distributed AHEC and AHMI materials and educating lumber buyers about the American Hardwood resource. Trade leads will be delivered to AHMI Export Division members in the next few weeks.

Inman will be a speaker at the American Hardwood Seminars in June in Hanoi, Vietnam and attend the AHEC Asia Convention on June 24-26 in Nanning, China. For more information, please contact the AHMI office.

Bat from page 1

negative side, despite their recognition of the true cause of the NLEB population decline, the interim guidance does restrain timber harvesting particularly during the months of June and July when NLEB pups are born.

Impacts on Forestry

The interim guidance impacts the hardwood industry in the following ways:

1. The FWS has designated “buffer zones” that are defined as areas within 150 miles of U.S. and Canadian districts where White Nose Syndrome has been detected. These zones effectively cover most of the eastern part of the U.S. with the exception of some of the most southern areas of southern states.

2. Outside the buffer zones, the 4(d) rule essentially does not apply and business may proceed as usual.

3. For areas **within** the buffer zones, the 4(d) rule exempts the following activities from the guidance:

- a. forest management practices;
- b. limited tree removal projects, provided these activities protect known maternity roosts and hibernacula;
- c. removal of hazardous trees, maintenance and limited expansion of transportation and utility rights-of-way; and
- d. prairie habitat management.

4. **However**, the above activities must be conducted under the following restraints:

- a. Activity occurs more than .25 miles from known, occupied hibernacula (caves or bat hibernation sites). This applies for all months;
- b. Activity avoids cutting or destroying known, occupied roost trees between June 1 and July 31 (pup season). However, trees near or next to roost trees may be removed but clearcuts prohibited;
- c. Activity avoids clearcuts (and similar harvest methods, e.g. seed tree, shelterwood and coppice) within 0.25 mile of known, occupied roost trees between June 1 and July 31 (pup season).

5. During months other than June and July, forest management activities, including timber harvests, may proceed as normal unless they are within the .25 radius of known hibernacula under the interim rule.

The above presents several challenges for the forest products industry, including hardwood businesses:

- Defining known hibernacula and occupied roost trees is a difficult and time consuming.
- Pup season occurs in the middle of prime harvest season for many locations, leaving operators to struggle during months of more questionable weather. This will be particularly onerous on federal lands.

The guidance provided above does **nothing** to solve the primary issue of the NLEB population decline: The White Nose Syndrome. The FWS has not addressed how to slow or cure the white nose syndrome, the only action that will have any appreciable impact on the bat’s sustainability.

It is important to note that the interim rule released on April 2 and described above is virtually unchanged from the draft rule published for comment in January 2015. The rule April 2 rule does not take into account the extensive comments provided by the Hardwood Federation and our colleagues in the wood products industry. Because of the number of comments received by the FWS, they are taking more time to consider a final rule which will be issued by the end of the year.

The FWS will continue to take comments until July 1, 2015. The Hardwood Federation and our allies will continue to push FWS to finalize a 4(d) rule that eliminates the timber harvest restrictions that are in the current version.

The Bottom Line

One thing is clear. If the Hardwood Federation and all of our forestry and forest products industry allies had not worked so hard over the last year educating the FWS and Congress, the NLEB would have been listed as “endangered.”

Second, more work on this 4(d) rule is clearly needed. But it is also important to recognize that forestry was the only sector that received any accommodation at all in this proposal.

Finally, this battle has been going on for well over a year and will most likely continue on into 2016. This issue remains the top priority for the Federation and we will continue to fight on behalf of the industry for realistic, practical and impactful solutions to the question of healthy forest management and healthy Northern Long Eared Bats.

2015 Verified Sustainable & Legal Guides

The 2015 Appalachian Hardwood Verified Sustainable & Legal Resource Guide was mailed recently to more than 6,000 hardwood lumber consumers and emailed to more than 12,000 international buyers.

The Guide is the membership directory for AHMI and includes company and contact information for all membership divisions. Additional copies will be distributed at the International Home Furnishings Market in High Point and will be given out at the National Wood Flooring Show, and other events throughout the year.

If you need additional copies for your staff, please contact AHMI. Members are reminded that 2015 Appalachian Hardwood Verified Sustainable 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.

AHMI also offers Verified Legal certificates, letters, procurement forms and more to assure customers they are receiving a legal product. You are assigned a member number from AHMI. These materials can be delivered to your company within a few days of placing your order.



Please contact the AHMI office at (336) 885-8315 for additional copies or more information

Houzz Index Finds Home Renovations On Rise

Houzz, the leading platform for home remodeling and design, recently launched the Houzz Barometer, a quarterly index that tracks confidence in the home renovation market.

The Houzz Renovation Barometer indicates optimism about a continued industry rebound through 2015. Nino Sitchinava, principal economist at Houzz, said their findings are consistent with other leading industry research and economic indicators of growth and confidence for the home improvement industry as baby boomers and growing families continue to invest in their homes.

The Barometer Study found that overall revenues are improving for renovation firms of all sizes, many smaller interior designers, landscape professionals, builders/remodelers, specialty trade and other industry firms report aggressive rates of growth (50+ percent annually), and roughly a third hired new employees in 2015.

The vast majority of professionals are bullish for 2015. Over 80 percent of interior designers,

landscape professionals, builder/remodelers, and specialty trade and 70 percent of architects expect revenues and profits to grow this year. Nearly half of builders/remodelers and specialty trade firms expecting to grow their employee base this year.

Firms are concerned about shortages of qualified labor and subcontractors, the shift towards a budget-conscious homeowner, and the uncertain U.S. and world economic and political climates.

With a community of over 25 million monthly unique users, 90 percent of whom are homeowners, and more than 600,000 active home professionals, Houzz is in a unique position to provide unprecedented insights into the health of the home renovation and building industry.

Appalachian Hardwood Manufacturers maintains a Houzz site at <http://www.houzz.com/pro/kemp1395/appalachian-hardwood-manufacturers-inc>.

MasterBrand Parent Buys Norcraft Co.

EAGAN, MN - The nation's largest cabinet conglomerate will be even bigger with the announcement that MasterBrand Cabinets' owner Fortune Brands Home & Security Inc. will acquire Norcraft Companies.

Under the terms of the agreement, Fortune Brands will purchase shares of Norcraft for \$600 million. Fortune Brands is the parent firm of MasterBrand Cabinets Inc., which includes the Aristokraft Cabinetry, Schrock Cabinetry, Diamond, Decora, Homecrest, Omega, Dynasty, Kemper and Wood Crafters brands.

Norcraft produces a range of kitchen and bath cabinetry through seven main brands: Mid Continent Cabinetry, Norcraft Cabinetry, UltraCraft, StarMark Cabinetry, Fieldstone Cabinetry, Brookwood and Urban Effects.

Norcraft which posted 2014 sales of \$376 million, will be merged into Fortune Brands' cabinet business. Chris Klein, CEO of Fortune Brands, said the combination will strengthen overall product offerings, round out our regional market penetration and enhance capabilities.

Masco Gets Cardell Cabinetry Trademark

ANN ARBOR, MI - Masco will produce kitchen and bath cabinets under the Cardell Cabinetry brand following its purchase of the shuttered company's trademark.

Masco Cabinetry's purchase of the Cardell Cabinetry name was registered with the U.S. Patent and Trademark Office in December 2014. The kitchen and bath cabinetry is currently being produced at existing Masco plants.

The semi-custom lineups of Cardell kitchen cabinetry, classic vanities and furniture vanities are available for online ordering or through The Home Depot and delivered in 21 days.

The San Antonio-based Cardell abruptly shuttered its doors in September 2013, leaving approximately 900 workers unemployed.

USNR Purchases Söderhamn Eriksson

USNR announced in March that it has acquired Söderhamn Eriksson and all of its subsidiaries from Cellwoodgruppen AB. USNR is the world's largest supplier of equipment and technologies for the sawmill industry.

George Van Hoomissen, president and CEO of USNR, said he was very interested in the opportunity to acquire Söderhamn Eriksson because the company's strong market position in Europe would complement USNR's strong position in North America. The buyout will strengthen both companies South America, Australia, New Zealand, Russia, and Asia.

"We believe that Söderhamn Eriksson's extensive sales, distribution, and service networks in Europe will help USNR to more broadly introduce and support its products in Europe," said Chris Blomquist, vice-president of sales for USNR. "Lack of local support infrastructure can be a challenge, but now the combined organization has an extensive OEM support network spanning 15 time zones, three continents, 10 countries and at least nine languages. No other company in our industry even comes close to matching this level of after-market support."

Within the Söderhamn Eriksson organization, this acquisition is also viewed as tremendously positive and transformative. "We have products that are very well-suited to the North American style of sawmilling, and we are optimistic that with the support of USNR, we will be able to successfully introduce these products into the United States and Canada," said Henrik Lefvert, managing director for Söderhamn Eriksson.

USNR operates seven facilities in the U.S. and Canada, including three large manufacturing plants, plus a sales and service centre in Russia. USNR is best known around the world for providing end-to-end solutions for sawmills and planer mills, including log lines, curve sawing gangs, edger lines, trim-sort-stack systems, dry kilns, and the optimization and control technologies that maximize the output and performance of that equipment.

6 - April 2015- Appalachian Sustainable Wood Fiber Shortage Forecast In China

A surplus of hardwood fiber in Asian markets exists in early 2015, but this market is expected to change dramatically over the next five years, according to a recent study.

It is forecasted that by 2019 there will be a shortage of hardwood chip export supply relative to strong demand in Asia, and a subsequent increase in hardwood chip prices by 2018-2019. These findings and more were recently released in the *2015 International Pulpwood Trade Review* by RISI, the leading information provider for the global forest products industry.

“This year started off with an apparent weakness in hardwood chip prices, in contrast to softwood chip prices which have been increasing. However, the forecasted shortage of supply for Asian markets – relative to projected demand – could result in significant changes,” said Robert Flynn Director of International Timber at RISI and co-author of the annual report.

The announced government policy to limit woodchip exports from Vietnam, by far the largest source of supply for the international markets, was another factor which could “throw the woodchip markets into turmoil,” according to Flynn.

For more info, visit www.risi.com/IPTR15

AHMI Activities

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meetings and other events to promote members:

April 15-16: **Virginia Forest Summit**, Charlottesville, VA

April 18-23: **High Point Furniture Market**, High Point, NC

April 20-21: **Furniture Market Wood Species Design Survey**, High Point, NC

April 28-May 1: **National Wood Flooring Association Convention**, St. Louis, MO

May 15-17: **ALC Beach Meeting**, Myrtle Beach, SC

June 22-23: **American Hardwood Seminars**, Hanoi, Vietnam

June 25-26: **AHEC Southeast Asia Convention**, Nanning, Guangxi, China

July 26-28: **AHMI Summer Conference**, The Williamsburg Lodge, Williamsburg, VA

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

Oct. 7-9: **NHLA Convention**, Nashville, TN

Oct. 17-22: **High Point Furniture Market**, High Point, NC

Oct. 19: **American Society of Furniture Designers**, High Point, NC

For more information, contact the AHMI office.

Sierra Club Joins Call For Lacey Enforcement

WASHINGTON, DC - The Sierra Club and several partner groups are advocating for enforcement of the Lacey Act, a historic conservation law that prohibits the trade of illegally handled plants and wildlife.

The environmental group placed advertisements around the country on the same week that Lumber Liquidators, the nation's top hardwood flooring retailer, revealed the company could face federal charges for importing illegally sourced products.

Signed by President McKinley in 1900, the Lacey Act initially intended to prevent the poaching of game and birds taken in one state and sold in another. In 2008, the Lacey Act was amended

to broaden protections for a wide range of plants, including trees and plants in countries outside the United States.

The Hardwood Federation was instrumental in the amendments were supported by a broad, bipartisan coalition of interests, including much of the domestic wood products industry, labor unions, and environmental organizations. The Lacey Act helps protect communities, jobs, and our climate by reducing the demand for illegally sourced wood products.

The ads targeted the forests in the Russian Far East, home to the last 450 Siberian tigers in the wild. They stated rampant corruption and lax enforcement has led to widespread illegal logging.