

## Hardwood Federation Update

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While the Hardwood Federation's core issues of forest management reform and green building were not specifically addressed in the President's late January State of the Union speech, his agenda for 2018 did reference a number of issues that have tremendous impact on the industry.

First, and foremost, was the section dedicated to infrastructure reform - an issue widely believed to have potential for bipartisan interest and agreement. Although details at the time of the address were more aspirational than specific, there are key concepts that are potentially beneficial to the hardwood sector.

- The highlight of the infrastructure discussion was a requested \$1.5 trillion in infrastructure investment to improve roads, bridges, railways, airports and other transportation. While the general concept is something everyone agrees upon, the challenge will be to identify how to fund such a massive undertaking.
- Following up on regulatory reform measures taken in 2017, the White House is also calling for a streamlining of the permitting process for infrastructure programs, including NEPA, Endangered Species Act review requirements, and conformity to the most recent National Ambient Air Quality standards to reduce legal challenges. All of this would be overseen by one lead agency with decision making powers, to condense the permitting timeline.

Challenges abound, however. Infrastructure funding avenues have yet to be agreed upon. And while everyone seems to want permit streamlining, agreeing about how the process can be quicker, without risking established safety and conservation standards, will take work.

### Trade

Renegotiations of the North American Free Trade Agreement (**NAFTA**) and the South Korean Free Trade Agreement (**KORUS**) continue to raise concerns among the business community, fearful of losing currently low or negligible tariff rates on many goods and services. In his State of the Union remarks, the President reinforced his commitment to "fair and reciprocal" trade deals, but did not go into detail about ongoing negotiations.

Albeit slow, negotiations are proceeding and both the public and private sector continue to engage with the White House.

- A group of 36 GOP Senators wrote the President to ask that in order to advance the U.S. economy, "*we keep NAFTA in place, but modernize it to better reflect our 21<sup>st</sup> century economy.*"
- Major trade associations are also heavily involved, including Trade for America, a new coalition working on preserving and improving U.S. participation in NAFTA.
- Bilateral discussion on KORUS began in early January.

## **The Farm Bill**

Certainly important to the Hardwood industry, and a priority for the U.S. Department of Agriculture, the House and Senate Agriculture Committees are putting pen to paper on the next **Farm Bill**, which expires this year. The goal in both chambers is to finish drafting by early spring, and go quickly to debate on the full floor.

Key issues in the Farm Bill for the Hardwood industry include funding for export promotion programs, passage of the Timber Innovation Act which would promote using wood to construct tall buildings, and the Community Wood Energy Program which would provide grants for installing advanced wood heating systems across the country.

## **Challenges**

Although the above issues barely scratch the surface of the Administration's "to-do" list, it will still be a challenge to complete more than a few items. Fierce partisanship in Washington continues to limit either side's ability to compromise. And the election calendar is not the friend of moving legislation. (The November mid-term elections will limit actual D.C. work days after late spring.)

Nonetheless, the Hardwood Federation staff remains optimistic that items on **our** to-do list will be dealt with before the end of the year. The Farm Bill is the best chance for bipartisan cooperation, and seems to be moving forward on schedule...or at least as on schedule as things can be in our Nation's Capital! And if we can fold some of our federal forest management priorities into the Farm Bill, we will consider it a victory. Infrastructure and trade are harder to predict, although trade seems more likely to maintain positive momentum.

As always, the Hardwood Federation will be on top of the issues, working on behalf of the industry and available to you all.