



May 2015

South Atlantic Regional in Raleigh/Rocky Mount

If you're still reeling from the excitement of Nashville, get your wits about you please, because HMA is headed to North Carolina, June 2-3, for its South Atlantic Regional Meeting. We'll be covering a lot of ground, in a very short time. Here's where we're going.

Tuesday, June 2

First stop of the day will be the Alberta, Virginia facility of **Meherrin River Forest Products**. Located in Virginia's Appalachian foothills and known as a company built around good people, owner Don Bright tells us that special orders, custom cuts and select pulls are what they do best.

HMA member **Virginia-Carolina Forest Products, Inc.**, in Lawrenceville, Virginia is tour stop number two. Family owned and operated since 1991 and currently employing 95 dedicated employees, President Owen Strickler feels that Virginia-Carolina, and its affiliates, have successfully adapted to the changing lumber market by creating a diversified product line. (And wife Marcia is arranging a luncheon that will include tasty treats unique to their part of the country!)

Then before heading to Rocky Mount, and an evening of networking and more good food, we'll visit **High & High, Inc.** in Macon, North Carolina. That's where good neighbor and industry associate Robby High will be opening the doors of his sawmill facility. When he learned that HMA was coming to the vicinity, he said, "come on over."

Wednesday, June 3

Have your bags packed and loaded onto the bus, bright and early. Two HMA member companies will be anticipating our arrival, so it's all aboard. First stop is **Josey Lumber Company, Inc.**, in Scotland Neck. This family run business has been in operation since the early 80's, and Joey, Debbie, Tripp and Logan Josey are looking forward to showing off their life's work.

Then on the way to the Raleigh-Durham International Airport, we'll spend time at **Jerry G. Williams & Sons, Inc.**, in Smithfield. About 27 miles southeast of Raleigh, and situated on 40 acres, owner Mark Williams tells us that these days, production is 65 percent hardwood, and 35 percent yellow pine and cypress. And we're looking forward to checking it all out.

Like we said, we'll be covering a lot of ground. And remember, this time around, everyone gets a seat on the BUS! So make plans to join us. Visit www.HMAMembers.org for all of the meeting details. Register to attend, today.

May 15 Hotel deadline fast approaching

If you're planning on attending HMA's South Atlantic Regional, but have yet to secure your room **reservations**, do so today. The deadline is **May 15**, and because of the locations of the tour sites, hotel reservations need to be made in **two hotels**.

- For Monday, June 1, ONLY, make a reservation at the **DoubleTree by Hilton Hotel Raleigh-Durham Airport at Research Triangle Park**, 4810 Page Creek Lane, Durham, NC 27703, by calling **919.941.6000**. A Complimentary Airport shuttle to the hotel is available by calling the same number. Room Rate is \$139.
- For Tuesday, June 2, ONLY, make a reservation at the **DoubleTree by Hilton Hotel Rocky Mount**, 651 N. Winstead Avenue, Rocky Mount, NC 27804 by calling **252.937.6888**. Be sure to mention the Hardwood Manufacturers Association (HMA) to secure the discounted room rate of \$113.

Please call the HMA office, 412.244.0440, with questions.

Member-to-Member information from Pike Lumber Company

In at least 22 states, North American Ash (*Fraxinus*) species are being threatened with extinction by an exotic, wood-boring beetle known as the emerald ash borer (EAB). The invasive adult beetles feed on tree foliage and bore holes into the bark. But the most damage is the result of the larvae feeding on the phloem tissue, forming galleries under the bark, which disrupt the flow of nutrients, and cause eventual death of the tree.

There is no known innate resistance in native species, nor is there any means to completely eradicate the beetle. However, HMA member, **Pike Lumber Company**, Akron, Indiana, has provided the following information regarding an exciting research project being conducted by Dr. Paula M. Pijut, PhD, USDA Forest Service, Northern Research Station, Hardwood Tree Improvement and Regeneration Center, **Purdue University**, Department of Forestry and Natural Sciences.

At the Hardwood Tree Improvement and Regeneration Center (HTIRC), Dr. Pijut and her graduate students are developing ash species with resistance to EAB.

- They have developed methods to clonally propagate ash to conserve existing germplasm.
- The lab team has also developed methods to genetically transform black, green, pumpkin and white ash, and grow healthy plants in the greenhouse.
- They are currently using gene insertion techniques to modify all of these ash species with a subspecies of *Bacillus thuringiensis* (Bt) that has been shown to have toxicity against EAB. (Bt is a naturally occurring bacterium that produces spores and inclusion bodies composed of toxins that express insecticidal activity.)

Development of native ash species exhibiting resistance to EAB will have great economic benefits to the forest products industry. However, to continue this valuable research, the Pijut-HTIRC lab is in need of **funding** to further their research.

Pike Lumber Company endorses and pledges financial support for this research, and encourages other HMA members to help. Contact Brian Schilling, bschilling@pikelumber.com, with questions and/or comments. Contact Dr. Pijut, (ppijut@purdue.edu) regarding contributions.

Notification of new schedule for *TrendTracker* distribution

Please note that *TrendTracker*, HMA's quarterly report on economic developments and market sector trends, prepared by industry consultant, Art Raymond, will be distributed via HMA's Mid-Month Update, beginning **May 15**. Watch your email, please.

One last reminder regarding NatCon Presentations

Wishing for a second look at several of the presentations from HMA's recent National Conference and Expo? Wish no more. The presentations have been posted to the **Members Only** section of www.HMAmembers.org and are available to **all** HMA members and to the industry suppliers who participated in the National Conference in Nashville.

If you cannot remember your login, click on **Members Only Sign-up** and provide the required information to secure login credentials. (Industry suppliers should call the HMA office, 412.244.0440, and we'll provide you a temporary login.)

And, if **you** would like to participate in a conference call regarding **topic selection** for the 2016 National Conference and Expo, please contact the HMA office. Let us know what information would help you manage your businesses more efficiently. Your input matters.

More than just Talk

By Linda Jovanovich
HMA Executive Vice President

HMA's 2015 National Conference has been filed under "Another Successful Event" and we're in count down mode for the June 2-3 **South Atlantic Regional Meeting** in Raleigh/Rocky Mount. I hope you'll be there, so I can provide you with greater detail about the following American Hardwood promotion projects.

Spring has finally sprung and so has "**American Hardwoods and Their Role in Carbon Neutral Design**" Continuing Education Unit (CEU) season. I'm pleased to report that several members have scheduled events with architects and designers in their regions of the country, and HMA has begun working on logistics for several large events in Boston and Dallas. We never tire of sharing our "American Hardwoods and Their Role in Carbon Neutral Design" message and it continues to be a sought-after presentation. Remember, if you are interested in reaching out to the build community in your area, we can help you get started.

Another project is the redesign of the **American Hardwoods Sustainable Solutions Wood Sample Kit**. Since its inception in 2004, this extremely useful resource has been distributed to nearly 10,000 design professionals, and the current inventory is almost depleted. And while the **Mobile App** is available as a substitute, there is nothing like the real deal. As we work to refresh the kit's current look, we hope to acquire species donations from our members. Once the kit is completed, we'll upgrade the mobile tool to mirror the sample kit's redesigned look.

What's new at **HardwoodInfo.com**? Next time you're surfing the web, drop by and take a look. Wood 'did you know' tidbits are added to the Homepage, weekly. New postings from our **Design** and **Pro** experts appear each month. And throughout the pages of the site, we continue to feature trends and tips about all things Hardwood. Check it out.

And lastly, "follow us" on **Twitter**, "like us" on **Facebook** and "pin" us on **Pinterest** as we continue to grow our audience and keep them up-to-date on what's new with American Hardwoods. We love spreading the good news about American Hardwoods on social media. So share your recent projects/milestones with us, and we'll share with our friends and followers too!

Have we oversupplied the market again?

HMA's National Conference and Expo included a presentation, "**Hardwood Market Trends and Global Consumption**," by industry analyst and *Hardwood Publishing* editor **Dan Meyer**. When asked to provide a "bottom line" recap of his valuable and timely information, Dan graciously submitted the following.

"The outlook for hardwood lumber markets has changed since mid-2014, when production finally overtook demand for most species. By the second half of 2014, the housing market looked like it was finally beginning to resume its recovery and exports were setting records every month. Though prices for most lumber items had peaked and begun to retreat, mills continued to expand production to meet what they believed would be even stronger demand heading into 2015. Instead, hardwood lumber **demand has flattened**.

China bought heavily in the fall and has yet to show much recovery since its New Year. U.S. housing markets, employment and the general economy lost momentum in Q1, as well. Low-grade markets have become saturated with material, and even railroad ties—whose demand remains unmet—are falling in price, due to excessive supplies in other sectors.

In 2015, we expect export growth to slow, as Europe's economy remains near the brink and Chinese housing and economic growth slows. U.S. demand for lumber will grow more slowly than in 2014, closely tracking the economy. Oversupply will dictate softer lumber prices through the third quarter. Chinese purchasing should pick up in Q3, which will help prices stabilize and begin to rebound by Q4.

- The **bad news** is that oversupply has forced lumber prices to retreat since August of 2014.
- The **good news** is that current, inflation-adjusted prices for all grades of KD 4/4 White Oak, Ash, Poplar, Walnut and Hickory are still at or close to ten-year highs.
- And, despite short-term ups and downs, the **long-term trend in lumber demand and pricing is still very positive.**"

Visit www.HMAmembers.org for the entire PowerPoint presentation.

Industry Confab – always a NatCon favorite

The ever popular **Industry Confab** was the 'wrap up' learning session for Day One of HMA's National Conference and Expo. The ballroom was a buzzing hub of information as three roundtable discussions, led by industry suppliers, provided a forum for Q&A on industry hot topics.

- **Managing Your Property & Casualty Insurance** was discussed by John Smith of Pennsylvania/Indiana Lumbermens Mutual Insurance Company, jsmith@plmins.com.
- **Solid Wood Processing Solutions** was led by Kurt Quade, Weinig USA, kurt.quade@weinigusa.com.
- **EU Reg Changes to Biocidal Products and Treated Articles** was addressed by Troy Corporation's Adrian Krygsman, KrygsmanA@troycorp.com, and Geoff Webb, WebbG@troycorp.com.

Thank you discussion leaders and roundtable participants! Your feedback tells us this was a win-win for all involved.

Expanding the Talent pipeline

"**The Skilled Labor Crisis in the U.S.**," the opening learning session at HMA's National Conference and Expo, was presented by economist, author and former president of the

National Association of Manufacturers and the Manufacturing Institute, **Jerry Jasinowski**. Regarding the skills shortage being felt by the manufacturing sector, Jasinowski said,

“The causes of the manufacturing skill gap range from the negative perception of manufacturing to the retirement of the baby boomers, to the lack of basic skills among many new workers entering the labor force, to the need for more advanced skills associated with STEM: science, technology, engineering and mathematics. To expand the talent pipeline, we have to:

- Strengthen our efforts to back basic **K-12 and post K-12 education reform** - improving the quality of teachers, more professional school management, using charter schools to spur innovative change, **a greater focus on curriculum embracing technology and innovation**, more workplace skill training for K-12 and post K-12 young people.
- Look at how new technologies - mobile learning, tablet utilization, games, 3D printing, online and workplace curriculum - can become a platform for new learning. Check out **EverFi**, a company with a high tech platform that provides needed curriculum to classrooms on issues that include financial literacy and STEM skills. EverFi has a national infrastructure of over 6,000 K-12 schools and 1,000 corporate and non-profit partners.
- Close the skills gap by working with community colleges and technical schools to provide two year certifications in a whole range of skills, including a full range of advanced manufacturing skills. The Manufacturing Institute has a wonderful program called **Dream It, Do It**, which is now operating **worker training partnership programs in 35 states**. They work with local schools, community colleges, businesses and community groups to **train candidates to work in industries specific to their communities**.
- Bring the workplace to the classroom and give students a look at future jobs through internships, mentorships, and apprenticeships. Many corporations have apprenticeship programs to train workers and specific skills including STEM related skills. Companies are now certifying workers in particular skills programs like that established by the Manufacturing Institute where almost 300,000 workers have been certified in specific skills.
- Do a better job of highlighting the exciting and ‘good jobs’ that can be found in manufacturing - digital communications, 3D manufacturing, and robotics. This applies to the Hardwood Manufacturing industry, which has new technology and sustainable green products.
- Consult Eric Chester’s Book, ***Reviving Work Ethic: A Leader’s Guide to Ending Entitlement and Restoring Pride in the Emerging Workforce***, to find ways to better understand your workers and ways to recharge their motivation and work ethic. Be sure your employees know how important their job is to satisfying customers and achieving success. And that means you have to also explain how your product is good for society and the economy. This is particularly true for the millennials who want to do good work, as well as make money in their jobs.”

Bottom line: “Today’s manufacturing company requires a high performance workforce to achieve both basic and advanced manufacturing production and distribution. **Education** is key in expanding the talent pipeline.”

Visit www.HMAMembers.org for the entire presentation.

“Inspiring next-generation workers”

“Only 35 percent of parents say they would encourage their children to pursue careers in manufacturing, despite the advanced skills and high pay that are characteristic of work in today’s advanced manufacturing industry. This is due to a perception of manufacturing that existed a generation ago, but does not represent the current reality of the industry.

To put an end to this misperception, The **Manufacturing Institute** launched its **Dream It. Do It** program. The initiative promotes manufacturing to three distinct target markets: student, parents and educators, and offers local manufacturers, schools, community-based organizations and other stakeholders the opportunity to partner with a respected national platform to promote manufacturing as a top tier career choice in the United States.” Check it out.

Information source: www.themanufacturinginstitute.org

Northern Long Eared Bat Battle Continues

By Dana Lee Cole
Hardwood Federation Executive Director

I have a lot of important information to share with you this month, and I hope you will invest the next several minutes to peruse this update on the Northern Long Eared Bat (NLEB).

As you know, the U.S. Fish and Wildlife Service’s (FWS) announcement regarding the NLEB was released in early April. And as with most news from the federal government, the final determination on the NLEB’s status under the Endangered Species Act is a mixed bag. On the **plus** side:

- FWS declared the NLEB be listed as “**threatened**,” rather than “endangered.” While the difference in definition may seem small, in terms of application under the Endangered Species Act, it is significant. The threatened designation allows for some flexibility in protective measures and restrictions. (An endangered listing would have triggered a number of extremely stringent protective actions, limiting virtually any activity that is deemed disruptive to the bat’s habitat, regardless of how those activities actually impact the bat.)
- FWS does recognize that forestry related activities do not have significant impact on the NLEB and they freely acknowledge that the White Nose Syndrome (WNS), a fungal disease spread during winter months in caves and hibernation sites, is the main cause of the bat’s population decline.
- FWS 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 the WNS. (This rule will be refined during the balance of 2015, with a final rule anticipated by year end.)

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

What the 4(d) rule means to You

FWS has designated “buffer zones” that are defined as areas within 150 miles of U.S. and Canadian districts where WNS 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. **For areas outside the buffer zones, the 4(d) rule essentially does not apply and business may proceed as usual.**

For areas **within** the buffer zones, the 4(d) rule **exempts** forest management practices, limited tree removal projects - provided these activities protect known maternity roosts and hibernacula, removal of hazardous trees, maintenance and limited expansion of transportation and utility rights-of-way and prairie habitat management from the guidance.

However, these activities must be conducted under the following restraints:

- Activity occurs more than .25 miles from known, occupied hibernacula (caves or bat hibernation sites). This applies for all months of the year.
- 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, although clear cuts would be prohibited.
- Activity avoids clear cuts (and similar harvest methods, e.g. seed tree, shelterwood and coppice) within 0.25 mile (0.4 km) of known, occupied roost trees between June 1 and July 31 (pup season).
- During months other than June and July, forest management activities - including timber harvests - may proceed as normal **unless** they are within the .25 mile radius of known hibernacula under the interim rule.

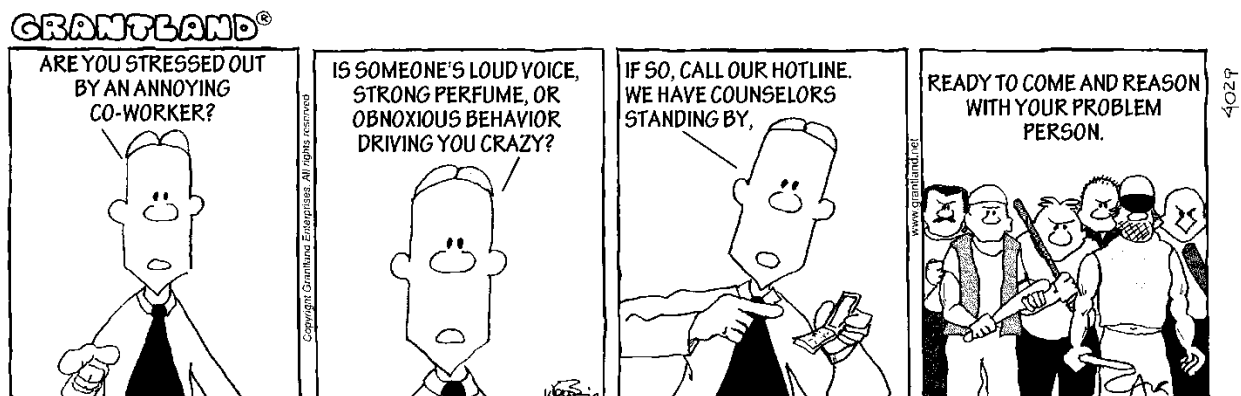
The Reality is ...

This interim rule does **not** take into account the extensive comments provided by the Hardwood Federation and our colleagues in the wood products industry, and is virtually unchanged from the draft rule published for comment in January 2015. But because of the vast number of comments received by the FWS, they are taking more time to consider a final rule, and will continue to take comments until July 1, 2015.

Bottom Line

More work is clearly needed! This interim guidance may be providing some flexibility, but the June-July timber harvesting restriction occurs in the middle of prime harvest season for many locations, leaving operators to struggle during months of more questionable weather. And the guidance does nothing to solve the primary issue of the NLEB population decline: The White Nose Syndrome.

This issue remains a 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.





HMA Link is published each month exclusively for members of the Hardwood Manufacturers Association. Views expressed are not necessarily those of the HMA. *HMA Link* welcomes comments and questions.

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