

# The Link

Newsletter | June 2022



## More Than Just Talk

by Linda Jovanovich  
Executive Vice President, HMA



Hello warmer weather! Isn't it great to finally open the windows, wear those funky flip flops, and lounge on the patio with a favorite beverage? Such wonderful treats, and it isn't even summer, yet!

And speaking of treats, HMA's Spring Regional Meeting in North Carolina was just what we'd all hoped it would be, and more. Good weather! Great Tours! Exceptional People! Simply wonderful being together again.

- Thank you to Tour Hosts: **Gilkey Lumber Company; Granite Hardwoods, Inc.; High Country Lumber & Mulch, LLC; and McDowell Lumber & Pallet Company.** Your facilities were awesome. A reflection of you all.
- Thank you to Meeting Sponsors: **High Country Lumber & Mulch, LLC; New River Hardwoods, Inc.; and SII Dry Kilns.** Your 'extra' support added to the success of this long over-due gathering.

To our HMA members who were unable to participate, you were missed! And I hope you will make every effort to be with us 'next time.' Yes, plans are in the works for HMA's Fall Regional Meeting. We're heading to our country's heartland—Missouri. And it's been quite a while since we've enjoyed that gorgeous part of the U.S.

Details will soon be heading your way, and I ask you to plan to meet up with fellow members and industry colleagues, then. And don't come alone. Mill managers, line supervisors, and other key personnel will find the tours extremely beneficial. Until then...here's to a safe and fun-filled summer. And Happy Father's Day to all the dads out there!

*Linda Jovanovich*



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- Happy Dad's Day!

## Dates to Remember

- **June 29** | Planning Call for 2023 National Conference & Expo
- **October 19-20** | Fall Regional Meeting in St. Louis, Missouri
- **March 22-24** | 2023 National Conference & Expo, JW Marriott Nashville

## Join the HMA Conversation

HMA's 2023 National Conference & Expo is set for **March 22-24** at the JW Marriott Nashville, and we're asking for your participation in a Conference Planning Call to provide input regarding potential learning session topics and possible event themes.

- The call, slated for **Wednesday, June 29**, 10 am EDT, will be a one-hour time investment.
- Email Linda at [ljovanovich@hardwood.org](mailto:ljovanovich@hardwood.org) if you are interested in participating.
- When finalized, call details will be emailed to you.

This is your opportunity to tell us what information would assist you in managing your businesses. Join the conversation. Your input matters!



## NatCon Presentation "Briefs"

Visit "Members Only" at [HMAmembers.org](https://HMAmembers.org) to revisit all the presentations from our 2022 National Conference and Expo in their entirety.

Investing  
in the Future



## "Promoting American Hardwoods" in a Changed World

In his 60-minute presentation at NatCon 2022, AHEC Executive Director Mike Snow provided a comprehensive update on current global market conditions. (Amazing facts and figures!) He also detailed AHEC's 4-pronged approach to "growing the future for American Hardwoods." The components of that 4-pronged approach?

- 1. New Markets for Underused Species** | The Emerging Markets—the Middle East, South Africa and India—are growing, but under-served. (Demand continues in China, Vietnam, Mexico, Europe, etc.)
- 2. New Applications** | Thermally modified hardwood and cross-laminated timber = opportunities.
- 3. Capitalize on GREEN Credentials** | And using scientific data that supports our incredible hardwood credentials.
- 4. Industry Networking** | Using trade shows, design competitions, and social media to influence the influencers!

**Bottom Line:** Global demand is there. Our job? Showing why hardwood, over other materials.



## "Hardwood Market Update & Outlook"

In this domestic hardwood market update, industry analyst and Hardwood Publishing Company editor Dan Meyer confidently stated, "We are 18 months into the fastest run-up in hardwood lumber prices in at least 36 years, and the first market runup in decades, that has not ended in an equally dramatic collapse."

But going forward, how will production/distribution constraints, inflation, and worldwide economic and political uncertainties impact the market? Meyer offered two scenarios:

- **IF** better log and labor availability push production higher, without major improvements in transportation, inventories could quickly build and prices suffer.

***BUT***

- **IF** production increases are tempered, and track with gradual transportation improvements, there should be sufficient domestic and global lumber demand to absorb quite a bit of additional production, without major price impacts in 2022.



## "Plan and Prosper"

Bringing NatCon 2022 to a close was ITR Economics™ senior forecaster, Connor Lokar. The good news from ITR? No recession in their forecasting. Lokar's thorough and detailed presentation did, however, give new meaning to the idiom, "timing is everything."

### For the "Short-Term"

- Leading Indicators support a continuation to the economic slow-down. Inflation is here to stay. Labor shortages will not end anytime soon. The stock market will be rocky for the next several quarters. Nonetheless ...
- Solid balance sheets suggest a 2022-2023 "soft landing" for the economy. So, invest in automation now, and initiate marketing and sales campaigns that tout your competitive advantages, and provide for strong relationships and market share gains.

### Looking Ahead

ITR is still forecasting Depression by 2030. Lokar's advice to those able to retire by 2028, "Do it. Sell your businesses and protect your nest eggs." His words of wisdom for all others, "Before the collapse, be debt-free and be liquid."





## An Industry with a Story to Tell

by Ian Faight

Marketing, Communications, and Digital Content Director, HMA

Wood is one of our oldest building materials, and for those of us in the hardwood industry, it's top of mind in our day-to-day lives—and for some, it's a family legacy. We can outline the differences between hardwoods and softwoods; we can define forest management practices; we know the journey from the forest to a finished product; we understand the durability of a hardwood floor; we value the appearance of hardwood cabinetry; we respect the craftsmanship put into hardwood furniture; and we appreciate the intricacy of hardwood moulding and millwork. We know these stories all too well.

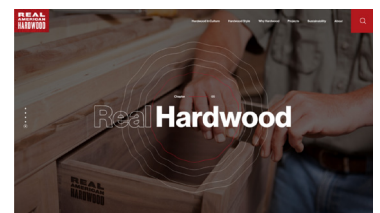
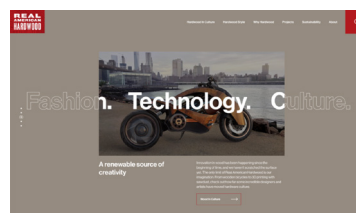
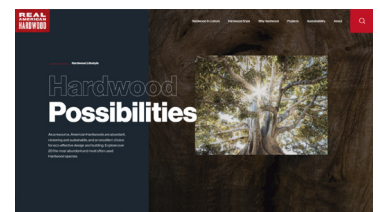
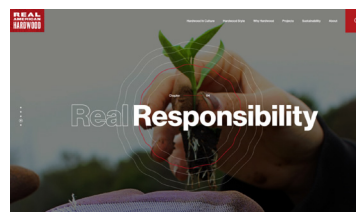
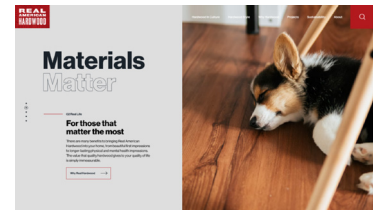
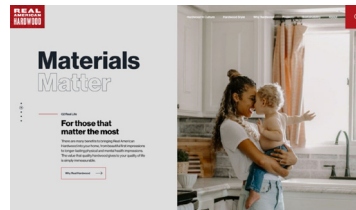
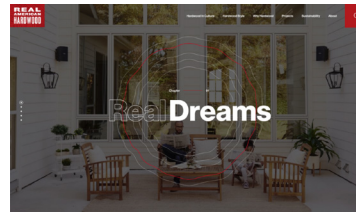
But for general consumers, hardwood may only be a topic of discussion if they're purchasing a new house or planning a home improvement project. Consumers do their research at the big box stores, where alternative products are front and center, and online, where misinformation runs rampant. And the reality is, wood is wood to consumers—even if it's a different product that simply looks the part. There is little to no emotion connecting consumers to hardwood.

Shifting the narrative, making connections, and ultimately recapturing market share are uphill battles that can be won by working together as an industry. And the time is now.

Through the Real American Hardwood Coalition (RAHC), the industry is inspiring a stylish and healthy environment by educating consumers on the many benefits of Real American Hardwood™ products. The first major component of this work is the development of [RealAmericanHardwood.com](https://RealAmericanHardwood.com).

On schedule to launch the week of June 20, the new website will serve as the face of the industry and deliver an interactive experience that takes consumers on a journey to establish an emotional connection with Real American Hardwood products, while learning about the rational attributes and functional benefits of this Naturally Authentic™ resource. The site will encourage consumers to imagine their dream home and how hardwood can bring it to life, discover why hardwood is a healthier choice than alternatives and a wise investment, explore how hardwood is influencing our everyday culture, and delve into the facts surrounding nature's only renewable and sustainable building product.

Ours is an industry with a story to tell. And thanks to the work of the RAHC, as well as all the associations, companies, and individuals who support the initiative, Real American Hardwood flooring, cabinetry, furniture, and millwork are primed to be "best sellers."



## RAHC NatCon Session Recap

Attendees at the HMA's 2022 National Conference and Expo had a front row seat to hear the latest updates from the Real American Hardwood Coalition, learn about the methodology behind the Real American Hardwood™ consumer promotion strategy, and see a sneak peak of the initiative's consumer-facing website at [RealAmericanHardwood.com](https://RealAmericanHardwood.com). Leading the presentation were representatives from CANVAS United—the digital agency and creative minds who are developing the website.

If you missed the presentation or would like to revisit it, log on to the Member Services section at [HMAmembers.org](https://HMAmembers.org).

## NTC's Hardwood Manufacturers Certificate Program Set for August

HMA's partner in education, the Northcentral Technical College (NTC), Antigo, Wisconsin, is again offering its Hardwood Manufacturers Certificate Program. Set for August 29–November 18, the 12-week program is geared to shape the next generation of leaders in the hardwood industry and is open to all hardwood industry stakeholders.



All classes are taught in person at the College's 27,000-square-foot, state-of-the-art Wood Technology Center of Excellence, and training topics include: hardwood species identification, uses and markets; hardwood veneer and plywood production; physical and mechanical properties of wood; and reducing machining defects in wood products, and steps to reduce product failure from wood movement. The application deadline is August 12.

So, for all who are looking for employee training opportunities specific to the hardwood industry, **click here** to learn more about the program details (curriculum, cost, and housing) and the application process.

## Does Anyone Attend the NTC Workshops?

Indeed they do! Take a look at these post-workshop specs provided by NTC's School of Engineering and Advanced Manufacturing Instructor, Travis Allen.

### Applied Wood Science Workshop: Increasing Product Quality & Yield

- Eleven participants, coming from five states—Wisconsin, Michigan, Iowa, Minnesota, and Nebraska—and a diverse mix of wood-based industries—sawmilling, concentration yards, wood windows & doors, cabinetry, and wood component manufacturing—participated in this January 10–12 interactive workshop.
- Through a scientific approach, participants learned about the physical and mechanical properties of wood, and how to design around these attributes to minimize dimensional change, machining related defects, and drying defects in wood products.
- Also, participants were asked to bring to the workshop for discussion, specific examples of product performance related claims/failures. Then, using the materials and resources covered in the workshop, the Wood Technology Center staff determined the root causes of the problems and made recommendations to remedy the issues.

### Moulder Set-up & Knife Grinding Workshops

Conducted January 13–15 & March 21–23 and designed for all that deal with the machining quality of wood products, participants coming from nine different wood manufacturing facilities—Wisconsin, Minnesota, Ohio, and Pennsylvania—and representing the hardwood flooring, custom millwork, and wood components industries, learned the step-by-step procedures for accurately setting up production moulders and properly grinding profile knives to increase yield and product quality.

### Hardwood Log Scaling & Grading Workshop

In this hands-on workshop conducted March 18–19, sixteen participants, foresters, landowners, and sawmill personnel from Wisconsin, Minnesota, Michigan, and Iowa, learned to identify log species, scale, grade, and value hardwood logs, as well as how to apply conversion factors for bolt wood, cordwood, and ton forest products.



For questions about future workshops, contact Travis Allen at **715.348.7723** or [allen@ntc.edu](mailto:allen@ntc.edu).

## The Power of the “Purse”

by Dana Lee Cole  
Executive Director, Hardwood Federation



**Appropriations**—the process of funding the federal government—is the one major responsibility the Constitution delegates to Congress. And it begins in a relatively straight-forward manner.

- In late January/early February, the President releases a proposed, annual budget.
- In March, through the powerful appropriations committees, Congress typically begins to draft 12 different appropriations bills to fund all federal agencies for the upcoming fiscal year.
- Over the next few months, any member of Congress can submit funding requests, important to their constituents, to the appropriations committees.

*In mid-May, for example, the Hardwood Federation joined more than 120 industry groups in a letter to House and Senate leaders, urging Congress to spend at least \$234.5 million next year on promotion of agriculture exports, a 5% increase over 2022 spending. The coalition argues that the U.S. Ag runs the risk of losing market share overseas, in the wake of the pandemic and ongoing tariffs from trade disputes.*



- If the process gets bogged down, chaos often ensues as the federal government’s fiscal year-end date, September 30, approaches.
- To avoid a “shut down,” Congress inevitably passes a “continuing resolution,” buying more time to hammer out a final spending package for the upcoming fiscal year.

Throughout this process, the Federation meets with leadership and appropriations committee members to advocate for hardwood industry priorities like:

- Securing reauthorization of existing law that promotes federal recognition of the carbon neutral nature of forest-based biomass energy used in our mills
- Funding for the Forest Inventory and Analysis (FIA) program, a tool used by the U.S. Forest Service to maintain an accurate picture of our country’s private and federal forest lands, and critical to informing policy about the health of our nation’s forests and their potential as a climate solution
- Lacey Act implementation and APHIS enforcement banning illegally harvested wood into the U.S.
- Funding for the Market Access and Foreign Market Development programs which form the backbone of our industry’s market promotion efforts overseas
- Promoting/Defending against policy riders—environmental policy, the ever-controversial Waters of the U.S. rule, various Endangered Species Act listings—that impact our sector

No matter the year or the appropriations cycle, the need to stay close to the action in the appropriations committees is critical, as much of federal public policy development is made within the confines of these panels.



## American Hardwood is a “Climate Smart” Commodity

During his first week in office, President Biden issued **Executive Order 14008**, titled “Tackling the Climate Crisis at Home and Abroad,” a sweeping directive placing the climate issue “at the center” of all executive branch actions. Not surprisingly, USDA wasted no time to initiate two actions impacting the hardwood industry:

- In March 2021, a request for comments on a proposed strategy for a “Climate Smart Agriculture and Forestry (CSAF)” program
- In September 2021, a “Request for Information” soliciting feedback on possible characteristics of a CSAF program that would promote new markets for “climate smart” commodities

In response, the Hardwood Federation (HF) submitted comments to USDA on both proposals, underscoring how increased use of hardwood products could help meet the goals outlined in the Administration’s executive order and subsequent actions.

**Now**, as the Biden Administration approaches its two-year mark, the federal government has undertaken many initiatives to place climate mitigation front and center on policies ranging from agriculture to forest management. And anticipating potential legislation in the coming months, HF has been and continues to regularly remind policy makers that they should recognize, leverage, and include the long-term carbon storage benefits of hardwood products in carbon reduction policies and legislation to reach their environmental policy goals. **[Click here for more.](#)**



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

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