



Since 1928

The Standard

Monthly Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.

December 2008



Economic Recovery Is Focus Of '09 Meeting

PONTE VEDRA, FL - Credit insurance, availability of finances and the prospects of economic recovery in 2009 are the centerpiece of the 2009 Annual Meeting of Appalachian Hardwood Manufacturers, Inc. on Feb. 25-March 1.

The theme is "Will Economic Recovery Come in 2009?" and is based on the ever-changing forecast from economists and other financial leaders. The agenda includes presentations from a credit insurance specialist, financial services market specialist, an economist, and a hardwood certification expert.

"Economic issues are at the forefront of everyone's mind now and that will only continue into 2009," said Tom Inman, AHMI president. "We have developed an outstanding program that addresses these matters from the prospective of the hardwood sawmill and distribution yard."

Panelists (*see confirmed speaker list on page 3*) will discuss the availability of credit insurance for lumber companies, the availability of working capital and financing, an economic forecast for 2009 for the United States and internationally and an analysis of certification for the hardwood lumber industry.

Business sessions are planned for Friday, Feb. 27 and Saturday, Feb. 28 from 9 to 11:30 a.m. There will be two speakers each day, recognition of AHMI membership anniversaries, a report from the Chairman and explanation of the program of work for 2009.

There are sporting events and receptions planned each afternoon and evening. There is ample time built into the program for networking among attendees.

The Ponte Vedra Inn & Club has completed a major renovation since AHMI's last visit. There are renowned restaurants, championship golf, a world-



Ponte Vedra Inn & Club offers oceanfront accommodations on Florida's Atlantic Coast

class spa and a wide range of activities and amenities. The Inn & Club offers new dining options and completely redesigned and redecorated guest rooms.

"Ponte Vedra is a favorite destination for its outstanding facility and proximity to our members," said Inman. "We have an exceptional rate and registration materials have been mailed so I encourage members to sign up now for the best rooms and dining and spa reservations."

For more information about the resort, please visit www.pvresorts.com or contact the AHMI office at (336) 885-8315. Meeting registration is available online at www.appalachianwood.org/meetings.htm or you can complete the form on page 6 of this newsletter. There is also a link online to make resort reservations. The cutoff for the room block is Jan. 28 and meeting registration is Jan. 30.

AHMI, P.O. Box 427, High Point, NC 27261
phone: 336-885-8315 fax: 336-886-8865
e mail: info@appalachianwood.org
web: www.appalachianwood.org

APPALACHIAN Future Meetings

2009 Annual Meeting - Feb. 25 - March 1

Ponte Vedra Inn & Club, Ponte Vedra, FL

2009 Summer Conference - Aug. 1-4

The Homestead, Hot Springs, VA

The way I see it...

By Tom Inman, AHMI President

...I am an eternal optimist. I try to find the good in everything. Over the past few weeks as I talk with Appalachian hardwood lumber producers and distributors, it takes a lot more effort to find the good and too often it is found in something besides the lumber business right now.

I have been associated with AHMI on a part-time and now full-time basis for 15 years and I have never heard the talk of the past few weeks. Those with many more years of experience are saying it is more difficult today than they have ever seen it. The primary markets are down and the alternative markets are no better so orders are hard to find.

Thanksgiving has come and gone and Christmas is upon us and these are typical slow times. Several producers shut down for the week of Thanksgiving and more are planning at least a week at Christmas if not 10 days to extend past New Year's Day.

What is in store for 2009? Most forecasts are calling for more slow times as economies around the world decline. The U.S. may see some uptick from the new administration and money that will likely flow into the economy but that is only speculation.

It will take time for stimulus money to work its way to the hardwood lumber industry. The glut of available housing, warehouses full of furniture, cabinets, flooring and millwork and tightening of credit must all turn loose before lumber is ordered.

So where is the good news? Most companies have developed strategies to survive and prepare for the return of markets. The drop in production is closing the gap with demand and price stabilization will have to follow. The question is when and as an optimist, the sooner the better!



EXPORTS

AHMI Participates In AHEC PR Workshop

Appalachian Hardwood Manufacturers, Inc. will participate in the American Hardwood Export Council's European Public Relations Workshop in Madrid, Spain on Dec. 15-16.

The agenda will include updates on AHEC activities in Europe, current issues in U.S. markets affecting hardwood production, presentations by U.S. associations including AHMI, green procurement, the AHEC legality study and discussion of a public relations strategy in Europe.

Russia Delays Log Tax

The Russian government has delayed the final stage of its log export tax citing the current global economic downturn.

The current 25% log tax was implemented on April 1, 2008 and will stay in effect. The 9 to 12 month delay will allow importing countries more time to source alternative raw material supplies and/or to curtail operations over a longer time.

Russia's log export tax was set to increase from 25% to 80% on January 1, 2009, making Russian logs more expensive and creating a supply shortage for Russia's key customers in Finland, Japan, China, South Korea and the Baltic States. Reports indicate that China does not yet have any practical strategy and, consequently, will not have enough wood volume to replace Russian logs and to run all of its factories.

AHMI's 2009 Membership Renewals, Resource Guide

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. mailed its 2009 membership renewal information on Dec. 1. For the 17th consecutive year, AHMI dues have remained at the same level for all divisions.

Membership in the association assures the promotion of Appalachian hardwood lumber and products will continue around the world. AHMI signed up 22 new members in 2008 and grew to its largest membership on record.

Exciting plans are developing for 2009 that will further benefit member companies with sustainabil-

ity, certification and promotion, said AHMI President Tom Inman.

The association also mailed information for the 2009 Appalachian Hardwood Resource Guide. The directory is published annually and distributed to thousands of lumber buyers around the world. It lists each member of the association and details about the company and its offerings

For more information about membership or participation in the Resource Guide, please contact Inman at the AHMI office at (336) 885-8315. The deadline for each is Jan. 31, 2009.

2009 Annual Meeting Speakers

Confirmed Speakers for the 2009 Annual Meeting of Appalachian Hardwood Manufacturers, Inc.:

Antony Bahr, CoBank Senior Managing Director of Capital Markets, is responsible for structuring, pricing, and marketing large corporate and middle market transactions. He is a member of CoBank's Senior Leadership Team and edits CoBank's *Outlook*, a monthly newsletter on macroeconomic trends, interest rate forecasts, and risk management techniques. He will speak on credit availability in 2009.

Edward Arnold, M&T Insurance Director of Credit Insurance, has extensive experience in both international business and finance and represents multiple carriers of credit insurance including EulerHermes. M&T Insurance Agency, Inc. is a subsidiary of M&T Bank. Arnold has a doctorate in Economic Geography and masters in International Business and has worked in Germany, Poland and traveled to markets in 36 other countries on business. Credit insurance has changed dramatically in the past 12 months and the presentation will explain this change and a forecast for 2009.

Dr. David A. Denslow, Jr., is a Distinguished Service Professor and the Director of the Bureau of Economic and Business Research at the University of Florida's Warrington College of Business. A Yale University trained economist, he is a former chairman of the Governor's Council of Economic Advisors in Florida. He will speak on the U.S. and world economies in 2009.

Scott Berg is president of an international forestry consulting firm and has prepared 100 organizations for SFI®, FSC, Tree Farm & ISO 14001 certification. He has served as SFI Lead Auditor for internal and independent audits, accredited Tree Farm Lead Auditor and developed pre-packaged SFI, FSC, & PEFC Chain of Custody Programs. He lead certification workshops for AHMI in 2008 and will provide analysis of certification systems.

Judd Johnson, editor of the *Hardwood Market Report*, will speak to the Distributor's Division on *HMR's 2008 Year at a Glance* and hardwood lumber markets. HMR is the nation's oldest weekly report on hardwood lumber pricing.

2009 Annual Meeting Agenda

Wednesday, Feb. 25

6 p.m. Early Bird Reception

Dinner on your own

Thursday, Feb. 26

4-6 p.m. Registration

6-7 p.m. Welcoming Social

Hardwood Federation *Shoot For The Pin Contest*

Sponsored by Hardwood Market Report

Dinner on your own

Friday, Feb. 27

7:30 a.m. AHMI Board Breakfast Meeting

9 a.m. General Session

81st Annual Meeting - Chairman's Report, Member

Anniversaries - Rick Armstrong

Credit Insurance Crisis in 2009

Credit Availability in 2009

Lunch on your own

1 p.m. Golf Tournament *Ocean Course*

1 p.m. Sporting Clays *WW Sport. Clays*

6-7 p.m. Reception

Dinner on your own

Saturday, Feb. 28

8 a.m. Producers Meeting

8 a.m. Distributors Session

Chairman David Kay - presiding. Remarks

by Judd Johnson, *Hardwood Market Report*

9:15 a.m. General Session

Will Economic Recovery Begin In 2009 - Dr.

Dave Denslow, UF professor and economist

Forest Certification Analysis - Scott Berg,

president of R.S. Berg & Associates

AHMI Certification Plans - Tom Inman

Lunch on your own

1 p.m. Golf Tournament

2 p.m. Tennis Tournament

6-7 p.m. Reception *Great Lounge*

Dinner on your own

**Sunday, March 1 - NO FORMAL BUSINESS -
HAVE A SAFE TRIP HOME**

Exporting Seminar Offers Key Information

To survive or even thrive in today's depressed lumber markets, producers and distributors are in some way involved in export markets which can offer unique opportunities and challenges.

The U.S. Department of Commerce North Carolina office, the Small Business Administration, Appalachian Hardwood Manufacturers, Inc. and others are sponsoring a one day seminar on hardwood lumber exporting on Tuesday, Jan. 13 in Hickory, NC. The session is from 8 a.m. to 4 p.m. and includes lunch.

The agenda includes ways to:

- 1) identify growing large and niche markets for hardwood lumber,
- 2) learn international buyer expectations,
- 3) examine trends in current market,
- 4) review logistical issues with inland and ocean shipping,
- 5) update your understanding of international heat-treating requirements for wood products,
- 6) develop insurance and financing strategies that maximize working capital while controlling export payment risk.

The conference will be held in the Crown Plaza Hotel in Hickory, NC, at exit 125 off I-40. The program will precede the January meeting of the Appalachian

Lumbermen's Club and conference attendees are encouraged to stay for the club meeting (registration is required with www.lumberclub.org).

The cost is \$60 and includes lunch and bound seminar materials. To register, please visit www.buyusa.gov/northcarolina/LumberExporting.

Confirmed Presentations and Panelists.

- Financing: The Small Business Administration, SunTrust, BB&T, and a Tennessee Bank.
- Insurance: Global Business Solutions, NC; and Export Financial Services, Inc, SC.
- Logistics: Hipage, Kuehne+Nagel, Inc (forest product division), LoadMatch Logistics, Inc
- Buyer's Panel Presentation and Discussion: Phil Lowndes, Brooks Lumber, UK; Ebeu Olcay, U.S. Embassy, Istanbul, ASIAN MARKET – Presenter TBD
- Global Markets Forecast: Dan Meyer, Appalachian Editor, Hardwood Publishing
- Lunch Time Speaker: George Barrett, Publisher and Editor Hardwood Publishing

Marketing Partners are Hardwood Publishing; AHMI; Appalachian Lumberman's Club; Appalachian Regional Commission – ETAC – Appalachian lumber exporting group. More information is available from the AHMI office at (336) 885-8315.

Penn State Begins Forest Web Seminars

Penn State Natural Resources Extension has a new monthly on-line seminar series for forest landowners and natural resources professionals. The Pennsylvania Forests Web Seminar Center will offer one-hour online, live presentations by experts in a variety of fields related to the stewardship and issues of Pennsylvania's forest resources. The online seminars offer a chance for landowners, extension educators, and natural resources professionals to learn and gain resources to enhance their own practices.

Live seminars are scheduled for the second Tuesday of every month at noon and 7 p.m. Each session will be recorded and loaded onto the Web Seminar Center along with a copy of the presentation and any handouts. To participate in the live seminars you must register and have a "Friend of Penn State" userID. The "Register Now" page on the website will walk you through this process.

To view the upcoming seminars schedule and to register to take part in the live seminars, visit <http://nrnext.cas.psu.edu/PAForestWeb/> .

WERC Utilizes Training Tool

The U.S. Forest Service Wood Education and Resource Center has created a new training information exchange Web site called HONE!. People seeking training in the wood products industries can use this Web site to search the course catalog or be notified automatically by e-mail about courses that fit their personalized search criteria as new courses are added. The HONE! Web site address is www.honeonline.info.

Wood Education and Resource Center Director Steve Milauskas said, "Forest products industries operate in an increasingly competitive environment. While training is rapidly becoming a survival strategy for many, finding appropriate instruction can be a cumbersome and frustrating process. Our goal with HONE! is to make it convenient for those seeking out education opportunities anywhere in the United States to easily identify opportunities and for providers to readily get the word out about their programs."

For additional information, log on to the Web site or contact the HONE! Web site administrator by calling (563) 652-5104 or sending an e-mail to woodtraining@gmail.com.

Study Says Furniture "Can" Return To NC

HIGH POINT, NC - While large furniture plants employing thousands of people are past, a recent report says North Carolina remains a viable location for furniture manufacturing.

Combining Resources for Advancement of the Furniture Trade (CRAFT) recently reported that North Carolina's furniture makers, designers, dealers and marketers must join with local governments and the state to build a force that can compete internationally. The group has cataloged the industry's many assets, from strong furniture businesses to educational courses, that must be harnessed to boost the economy.

With an estimated \$9 billion regional impact, the industry is still strong, but undergoing wrenching change, according to the report, which was commissioned by the Triad Partnership, the region's economic development group.

If the Triad's leaders and communities take the right steps, however, the region's assets will flourish, according to the report. Those assets include:

- A furniture market that's recognized worldwide;
- Designers and design companies that are well known;
- A transport and logistics system - capped in 2009 by a new FedEx air hub - that can dominate the East Coast.

Some of the region's problems include:

- A furniture market spread through scores of High Point showrooms with well over 148 landlords;
- A market name - High Point Market - that is too narrowly focused and must include the word "international" to reflect its world impact;
- Price gouging at local hotels and restaurants.
- Tensions between local communities that interfere with economic development and cooperation.

A Partnership officials said this report underscores the opportunity in the region to be the furnishings capital of the world with many of the resources already here that are world class, whether it is the High Point Market, the design competency, trade publications and more. If the Triad's leaders and communities take the right steps, however, the region's assets will flourish, according to the report.

The group is expected to begin work on a regional business plan for the home furnishings industry that includes traditional and non-traditional companies. *(Article reprinted from the Greensboro New & Record)*



MARKETS

EJ Victor Inks Ralph Lauren

Furniture manufacturer E.J. Victor has signed an exclusive license agreement to produce case goods and upholstery under the Ralph Lauren Home brand. The company joined AHMI earlier this year.

Ralph Lauren Home - the high-end segment of the Lauren furniture lineup - is available in the Lauren company's Polo Ralph Lauren stores, in Bloomingdale's department store and at key furniture stores.

"The opportunity to work side by side with Ralph Lauren's world-class design team on new product is both challenging and exciting to us," said John Jokinen, CEO and co-founder of E.J. Victor. The line includes about 120 pieces of upholstery and 120 pieces of case goods. Most beds retail from \$5,000 to \$10,000, while cocktail tables retail from \$2,000 to \$4,000.

E.J. Victor showed some Ralph Lauren pieces in a private showing area during the October market, but won't begin shipping until the agreement takes effect on Jan. 1. The company is working on two new collections that will be shown at the April High Point Market.

Vaughan-Bassett Closes Plant

GALAX, Va. — Wood bedroom manufacturer Vaughan-Bassett plans to close its Elkin, NC plant in January, affecting some 400 workers. The 700,000-square-foot plant was opened in the 1970s.

The facility, along with Vaughan-Bassett's main plant in Galax, Va., has operated on a three-day work week since Labor Day. The company attributed the closing to the slow economy and tight credit conditions affecting the furniture industry.

Through its fiscal third quarter ended Aug. 30, sales were down 4.4% from the same period in 2007. But conditions deteriorated in the fourth quarter, and shipments for the full year ended Nov. 26 were down about 10% from the \$107.3 million recorded in fiscal 2007, the company said.

It has no plans to sell the Elkin plant or its equipment, in hopes of reopening it later. The Galax plant will resume a full work schedule to meet existing demand and officials said the company will continue to carry at least \$30 million in finished goods inventory at its Elkin, Galax and Boonville, N.C., warehouses, to maintain product availability and delivery.

Will Economic Recovery Begin In 2009?

APPALACHIAN Hardwood Manufacturers, Inc.

2009 Annual Meeting Feb. 25 - March 1 Ponte Vedra Inn & Club, Ponte Vedra, FL

To reserve your room at Ponte Vedra Inn & Club, call 1-800-234-7842
Deluxe Oceanfront Guest Rooms are \$290 and AHMI's block cutoff is Jan. 28, 2009

To plan functions and include all participants on the Registration List, please complete this form and return with your check to: AHMI, P.O. Box 427, High Point, NC 27261 or register online at www.appalachianwood.org/meetings.htm

Please Note: You will receive your meeting packets on site at the meeting

Full registration fee refunded on cancellations received by Jan. 30, 2009. Cancellations received after that time will be subject to 50% forfeiture.

Registration before Jan. 30, 2009:

AHMI MEMBER - \$330 per person

GUEST - \$430 per person

MEMBER SPOUSE - \$220

GUEST SPOUSE - \$220

Add \$50 to any registration fee after Jan. 30, 2009

PLEASE REGISTER THE FOLLOWING FOR AHMI'S 2009 ANNUAL MEETING

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Company: _____

Address: _____

City/State/Zip: _____

GOLF (Medal Play Friday 1 pm Ocean Course; **New** Two-Man Scramble Saturday 1 pm Lagoon Course)

Name: _____ Hdcp _____ FEE: _____
Please check: Friday (\$190) Saturday (\$160)

Name: _____ Hdcp _____ FEE: _____
Please check: Friday (\$190) Saturday (\$160)

SPORTING CLAYS at WW Sporting Clays (Friday 1 p.m.) (100-shots, ammunition, and gun rental included)

Name: _____ FEE: \$90

Name: _____ FEE: \$90

TENNIS (Saturday at 2 p.m. Ponte Vedra Club Courts)

Name: _____ FEE: \$30

Name: _____ FEE: \$30

TOTAL \$ _____

Check # _____ Received _____