



Since 1928

The Standard

Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.



August 2009

AHMI Expands Certification Offerings

Appalachian Hardwood Manufacturers, Inc. recently unveiled its latest offerings for members who are considering forest or chain-of-custody certification.

The association has developed a partnership with the WoodNet Market Council and Southern Forest Network to provide Forest Stewardship Council Group Certification to AHMI members. The two companies currently hold group certificates with participants across the eastern U.S.

"We are very excited to expand the resources available from AHMI to our members to now offer a group certification program," said AHMI President Tom Inman. "AHMI members can have forestland and operations certified much easier and at a lower cost than doing this on their own.

"That is our purpose: to pool resources and provide services to members that save them time and money while meeting needs in the marketplace," he said. "Members can choose from a buffet of offerings to determine what their customers are requiring and how they can provide the lumber and documentation to go with it."

AHMI has disseminated information on the various certification systems for years but became actively involved in its own program in 2006 and partnerships with other schemes in 2007. The Appalachian Hardwood Verified Sustainable program offers certificates and letters verifying the resource is from the sustainable Appalachian Hardwood forest.

AHMI began offering pre-audit services from a contractor in 2008 for members seeking Sustainable Forestry Initiative, Forest Stewardship Council or Program for Endorsement of Forest Certification approval. SFI discounted its fees for AHMI members.

The association also developed a relationship with NSF to provide certification for all of the schemes at

AHMI's Green Solutions

Appalachian Hardwood Verified Sustainable certificates

US Green Building Council LEED 5.1 & 5.2 requirement certificates

Pre-Audit Services for FSC, PEFC & SFI certification

FSC Group Certification for forestland and chain of custody

SFI forestland and chain of custody certification cost-savings plan

Audit Services for FSC, PEFC, SFI & American Tree Farm System

at a discounted rate for AHMI members.

"Group certification is really the only program we did not have in place and now we have made it easier and less expensive for those who meet the criteria," Inman said. "The program places limits on the number of employees or annual sales but there are options to work within those guidelines that many AHMI companies can meet."

The key to all of these offerings is choice.

"We are not promoting one scheme over another, just working out the fine details so every member has all of the information before them to make a wise decision," Inman said.

The program was announced at the 2009 AHMI Summer Conference. Specific details are available on page 3 of this newsletter.

The FSC Group Certification registration information is available online at www.appalachianhardwood.org and follow the link for Group Certification. For more information, contact Inman at the AHMI office.

AHMI
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Meetings

2009 Inter-Industry Meeting Oct. 27-28
Lexington, KY

2010 Annual Meeting - Feb. 24-28
Long Boat Key Club, Long Boat Key, FL

2010 Summer Conference - July 24-27
The Greenbrier, White Sulphur Springs, WV

The way I see it...

By Tom Inman, AHMI President

...Appalachian Hardwood Manufacturers, Inc. members who participated in the 2009 Summer Conference received valuable information on markets for hardwoods, business conditions, certification, and political action. All of this in one day!

Thanks to those who attended for contributing to another successful conference. While the crowd was down slightly, the mood in general was upbeat and business was transacted. That's right! Lumber buyers from major furniture, cabinet, pallet, flooring and distribution yards were completing business in the hallways and meeting spaces.

Networking and relationship are vital to the Appalachian hardwood lumber industry. Coming together to share ideas, define needs and develop strategies for the common good are the basis of any worthwhile trade association. That was evident at the AHMI Summer Conference.

And new people were in attendance including the new owner of Gilbert Lumber Co. and Gilco International and prospects from Shenandoah Lumber Co. and Paintsville Lumber Co. The lifeblood of our organization is our members and they remain engaged and active.

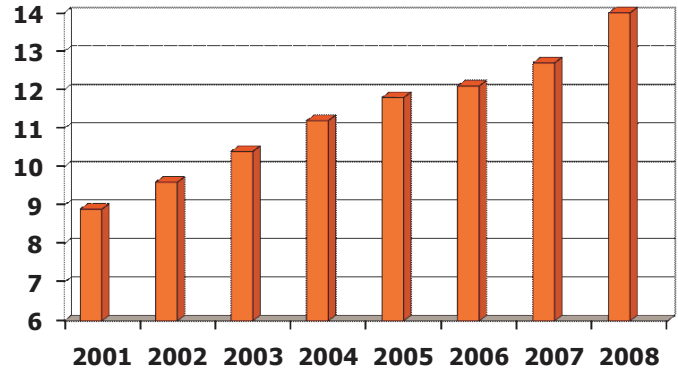
And the AHMI Board of Trustees approved new efforts you will see in the coming weeks to bolster the promotion of Appalachian Hardwoods. And get LEED credits for you lumber. Watch your email and mail for details.



25-Year Anniversary

AHMI Chairman Rick Armstrong (left) presents a 25-year membership plaque to Chris Ghiloni of American Woodmark. The cabinet maker joined AHMI in 1984.

Importance of US Hardwood Exports *as percentage of US production*



AHEC Director Details **'The Next China'**

Michael Snow, executive director of the American Hardwood Export Council, says small niche markets will be the "Next China" for US hardwood exports.

The remarks came at the 2009 Appalachian Hardwood Manufacturers, Inc. Summer Conference. He said emerging markets will not replace business with China.

"If we are looking for a new market that will go from \$0 to \$500 million in four years, I don't think there is another China," Snow said. "What we are going to be focused on in the future is finding more niche markets all over the world in non-traditional areas."

Historically, there has been solid significant growth for exports, he said. Valued added products continue to dominate export sales.

"We have seen continued decline of volume and value of our export markets over the past 18 months," Snow said. "Exports are still more and more important to us so we have to stay focused on them."

China is still a major market and there is a tremendous amount of pent up demand. "They have realized they cannot put all of their eggs in the export basket when within their own country they have a huge potential," Snow said. "This is where we have some real potential moving forward."

There are other markets where AHEC is working and watching very closely. These include Southeast Asia and Vietnam, the Middle East, Latin America, India and Europe.

"These regions are using more wood and looking for new sources of wood supply," Snow said. "We are targeting these areas with promotion."

For a DVD copy of Snow's remarks, please contact the AHMI office at 336-885-8315.

AHMI's FSC Group Certification Released

Forest Stewardship Council Group Certification is now available to Appalachian Hardwood Manufacturers, Inc. members.

AHMI announced the partnership at the 2009 Summer Conference at The Homestead. The association will work with the WoodNet Market Council and Southern Forest Network to offer forestland and chain of custody FSC certification.

The group strategy requires landowners and companies to meet the same FSC criteria but it decreases the paperwork, preparation time and expense. Companies seeking group certification will complete two forms and submit to the companies for auditing and then have an annual report and audit.



"The AHMI board believes this is a great way for smaller companies or subsidiaries of larger companies to become FSC certified if their markets demand it. The process moves much quicker than going through individual company audits."

President Tom Inman. "The process moves much quicker than going through individual company audits."



Southern Forests Network's Executive Director Tom Inman, speaking during the conference and said the group certification has distinct advantages by:

- facilitating access to certification,
- creating market linkages,
- developing economic benefits that surpass costs,
- allowing the development of certified supplies from local forests,
- increasing the efficiency of group certification.

Perry said the eligibility for group forestland certification is forest area or ownership no larger than 2,470 acres OR the average annual harvest is no



Emily Morgan (left) of WoodNet Market Council listens to Alyx Perry of Southern Forest Network at AHMI Conference

more than 20% of mean annual increment and no more than 2.2 MMBF or million board feet annually.

Perry said to be eligible for group chain of custody, companies must have no more than 15 employees (including part-time and seasonal staff), OR gross annual income from wood products of no more than \$1 million AND no more than 25 employees (including part-time and seasonal staff).

While that seems to be very limiting, she emphasized that businesses with more than one division need only apply this standard to the division that is seeking certification.

"We can work with any company to find ways to meet the group criteria," said Emily Morgan, auditor with WoodNet Market Council.

To learn more about the program, please visit the AHMI website at www.appalachianhardwood.org and click on the link for Group Certification. There are forms to print, complete and return to the AHMI office.

Approval for the group program could be completed in less than 30 days. If you have questions, please contact Inman at 336-885-8315.

Thanks To AHMI Summer Conference Sponsors

Special thanks to the following 2009 AHMI Summer Conference sponsors:

- Opening Reception** - U*C Coatings Corp.
- Business session speaker** - Pennsylvania Lumbermen's Mutual Insurance

- Business session coffee break** - BB&T Insurance Services
- Golf Refreshments** - SII Dry Kilns
- Golf Tournament Prizes** - LUA Insurance
- Sporting Clays Tournament** - Farm Credit of the Virginias



Expert Panel
AHMI members Steve Seivers of CK International; Chris Ghiloni of American Woodmark; Dean Alanko of Allegheny Wood Products; and Rick Armstrong of Homer Gregory Inc. offered insight on business conditions and forecasts

Panel Offers Mill To Market Observations

Appalachian Hardwood Manufacturers, Inc. invited a group of members to participate in a panel discussion on the state of the industry and markets at the 2009 Summer Conference.

Participants were: Rick Armstrong of Homer Gregory Inc., Morehead, KY, small to medium sawmills; Dean Alanko of Allegheny Wood Products, Petersburg, WV, large sawmills; Steve Seivers of CK International, Durham, NC, distribution to exports; Chris Ghiloni of American Woodmark, Winchester, VA, hardwood consumers. The following is a synopsis of their remarks.

Armstrong - Sawmills are facing significant capital deprivation with no money to run on. He asked where will sawmills get the money when things pick up? "That money will have to come from whomever needs the wood."

Another issue is the credit worthiness of customers. "Many good companies can go down and have dramatic effect on the small to medium sawmill."

He said sawmills have to develop relationships with loggers. Many depend on independent logger and it is very tenuous.

On the market side, grade lumber and industrial products have vastly different markets. Industrial materials are essential to the U.S. economy to move goods while grade hardwoods are not and have hundreds of substitutes.

Alanko - "In the past five years I have learned to never say it can't get any worse!" The comment relates to markets for hardwood lumber since the decline in red oak began in late 2004. Over the past five years approximately 50 percent of the eastern hardwood production has closed and prices have plummeted. Hard decisions have been made with people, facilities and production.

On the green side, production is meeting demand. There is more market activity today than months ago and AWP is beginning to look at regain-

ing profitability but it is going to continue to be difficult for months ahead. "The luxury items that come from the lumber we produce are going to be a secondary thought to people who aren't sure of their next check."

Seivers - "Bouncing along the bottom" was the quote from a recent *Hardwood Review* headline that accurately defines 2009. As an exporter, he has seen first hand the decline in export lumber volume shipments. Fortunately trucking rates are stable and forecast to remain there in the months ahead. The rail industry is relatively healthy so transportation should not be a factor. Shipping lines, however, are facing dramatic losses because of over supply so rates should reflect the lack of business.

"Everything I read says we have bottomed and things are only going to get better." However, the politics of today are downsizing and minimization which lessen demand for hardwoods. Markets for hardwoods will be smaller in the U.S.

Ghiloni - The cabinet industry is tied directly to housing, both new construction and remodeling. When activity is down in new construction, it affects renovations but economic models show the industry should be more than halfway through the downturn. Housing typically leads U.S. economic recovery.

Officials at American Woodmark reported this summer it is unlikely that housing market will improve in 2009. There are factors like population, construction trends and others that show recovery is coming.

The report says improvements should begin in mid-2010 with mortgage rates near all-time lows and stable home prices. Woodmark sees the green movement continuing to influence customers and have certified AW cabinets to the Kitchen Cabinet Manufacturers Association standard which recognizes all certified woods.

Woodmark's hardwood inventory is down 40 percent from its peak and the company remains concerned about future lumber supplies.



PAC Leader Asks AHMI Members To Participate

Hardwood Federation Political Action Committee Chairman Brad Thompson of Columbia Forest Products encourages AHMI members to participate.

The hardwood industry needs to be active in policy formation because bad policy hinders our efforts to grow our businesses, Thompson said at the AHMI Summer Conference. Maintaining an active voice in the political process promotes the industry's values, helps elect leaders who support our mission, strengthens the industry's voice, and gives us a seat at the table while policy is being developed.

Thompson said the PAC has goals for both fundraising and membership participation in 2009. The PAC has achieved 100 percent participation by its board of directors, is distributing prior authorization campaign with HF partner associations and increasing both participatio

A PAC is a respected tool in an industry's strategic plan to impact federal public policy. There are three ways to increase HFPAC funding: ask more people, have more of those asked give, and get more from those who already participate. Broad participation is the best way to increase funding because it demonstrates widespread commitment to the hardwood industry's grassroots and public affairs program, Thompson said.

The 2009 Hardwood Federation Fly In to Washington is Sept. 22-23 at The Madison, a Loews Hotel on 1177 15th St. NW, Washington, DC. Activities include:

- Lunch reception with Brendan Owens, USGBC HF and HFPAC Board of Directors Meeting

- Reception and dinner

- Meetings with Congress and lunch reception

Individuals attending the meeting are asked to make their own reservations by calling The Madison, 800-424-8577. Request the Hardwood Federation group rate of \$249 per night, single or double room.

Also, register with the Hardwood Federation. The form is available from the AHMI office at 336-885-8315.

Shaak Retires At Linwood

LEXINGTON, NC — Furniture industry veteran Bob Shaak, who came out of retirement in 2006 to help lead new case goods manufacturer Linwood Furniture, has retired from the company.

Linwood has promoted Bryan Starnes, who has been senior vice president of manufacturing operations, to president.

Shaak joined Linwood in late 2006 as chief operating officer and vice president of sales and marketing. In September 2007, he assumed the titles of president and CEO from Jimmy Kepley, who now is board chairman.

Kepley, along with artist and designer Bob Timberlake and NASCAR team owner Richard Childress, purchased a closed Lexington plant and opened Linwood in March 2006. Dan Timberlake also is a co-owner.

Linwood makes solid wood bedroom and dining room furniture at upper-medium price points, including furniture under the World of Bob Timberlake brand for Lexington Home Brands.

Kepley, who also is president and CEO of Kepley-Frank Hardwood Co., said Shaak was instrumental in developing product under the Linwood brand as well as creating the sales team. He credited Shaak with developing the company's residential and contract business.

\$15M Earmarked For Western NC Forest Projects

More than \$15 million in federal stimulus money will help the National Forests in North Carolina repair historic structures, improve recreation, restore native habitats and improve foresters' abilities to fight fires in Western North Carolina.

The projects will help to create at least nine temporary jobs with the U.S. Forest Service, while providing work to contractors, conservation groups and other partner agencies and organizations.

The money is part of the \$1.15 billion the Forest Service received as part of the American Recovery and Reinvestment Act of 2009, which includes \$500 million for wildland fire management and \$650 million for capital improvement and maintenance.

The agency has announced \$936 million in projects so far. The National Forests in North Carolina ha received \$15.2 million to date, including \$12.4 million for projects in the Nantahala and Pisgah National Forests in WNC.

2009 Inter-Industry Set

Appalachian Hardwood Manufacturers, Inc. will visit Lexington, KY, for the **2009 Inter-Industry Meeting on Oct. 27-28.**

The fall meeting is specifically designed to bring together lumber producers and buyers for networking opportunities and to discuss industry issues. The meeting was merged with a green markets conference in 2008.

"We will return to our traditional format this year with fall golf tournament in the afternoon, reception, dinner and program and then a tour the next day," said Tom Inman, AHMI president. "This is a very popular event and we are trying to move it around in the region to benefit as many members as possible."

The program and location will be announced soon and distributed to AHMI members. Mark your calendar for the dates.

Lacey Act Answers

The American Hardwood Export Council offers advice to assure a customer that their product is Lacey Act compliant. In 2008, The Lacey Act was updated to include timber and wood products and when a product is imported into the U.S., a declaration form must accompany the goods to list the species used and their country of origin. Importers are required to use due diligence in examining this form to ensure that the products were not illegally sourced. That means an importer should take extra precautions if the product includes species or countries known for violations or if pricing is too good to be true.

For more information on the Lacey Act, visit www.hardwoodfederation.com. Updates on the Lacey Act and forms are all available in the document library.

AHMI Precedes PGA Event At The Greenbrier

The 2010 Appalachian Hardwood Manufacturers, Inc. Summer Conference will wrap up as the newest event on the PGA Tour begins at The Greenbrier.

The PGA TOUR and The Greenbrier jointly announced recently they have entered a six-year agreement, through 2015, whereby the historic West Virginia resort will sponsor and host The Greenbrier Classic as part of the FedExCup, beginning the week of July 26 - August 1, 2010. The 2010 AHMI Summer Conference is July 24-27.

The new tournament will be held on The Old White Course, The Greenbrier's original of four golf courses, dating back to 1914. The Greenbrier will form a separate non-profit charitable organization to serve as the tournament operator.

The announcement was made at The Greenbrier during an afternoon press conference that included resort owner James Justice, West Virginia Governor Joe Manchin, World Golf Hall of Fame member and Greenbrier Golf Professional Emeritus Tom Watson and PGA TOUR Commissioner Tim Finchem.

"We are absolutely delighted that The Greenbrier, recognized as one of the truly great resorts and golf destinations in the world, will become part of the PGA TOUR in 2010 with The Greenbrier Classic," Finchem said. "From our ongoing discussions with Jim Justice, I can tell you how totally committed he is to creating an exceptional tournament that is befitting of such an historic resort."

A West Virginian who was born and raised near



The Greenbrier, Justice said he has had his sights on bringing a PGA TOUR tournament to The Greenbrier from the time he purchased the resort and The Greenbrier Sporting Club, a private equity, residential community, in early May.

"Players and fans alike will be stepping into the American story and experiencing a true national treasure," said Justice. "The genuine warmth of West Virginia will resonate among all that join us."

"West Virginia has an incredibly rich golf heritage and The Greenbrier is a legendary golf destination, so it makes all the sense in the world for the PGA TOUR to choose this resort and our state for this prestigious tournament event," said Gov. Manchin. "I believe the excitement of the TOUR and the national exposure will bring even more people to our state to discover our great golf and hospitality."

Measuring nearly 7,000 yards and playing to par 70, The Old White Course will undergo minimal modifications.

Please make your plans today to attend the AHMI Summer Conference and remain for The Greenbrier Classic event.