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The Standard

Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.



November 2009

Inter-Industry Discusses Biodiesel, Millwork

LEXINGTON, KY - The 2009 Appalachian Hardwood Manufacturers, Inc. Inter-Industry Meeting and Tour recently attracted dozens of lumber producers and buyers from the central Appalachian region.

The meeting was held at the Marriott Griffin Gate in Lexington, KY, and included a reception, a business program on wood fiber biomass for energy, a tour of Moulding & Millwork of Jeffersonville, KY, fall golf tournament and an afternoon of horse racing at Keeneland.

Keynote speaker Dr. Bruce Pratt, chairman of the Eastern Kentucky University College of Agriculture, explained the university's work to develop a biomass energy production facility in Clark County, KY. He said the prospect for wood fiber conversion into energy in Kentucky and the Appalachian region is very strong.

The chemical process of creating biodiesel builds on decades of research on the production of cellulosic ethanol, Pratt said. It can begin with a wide range of raw materials or biomass: forest and woody wastes like saw dust, tree thinnings, or pulp-mill residue, switchgrass or sorghum.



Moulding & Millwork Plant Manager Brian Lambert shows equipment during tour

The basic process begins when biomass is digested by commercially available cellulase enzymes, producing sugars. The sugars are then fed to a strain of algae called heterotrophic, meaning that they are not reliant on the sun as the source of nutrients through photosynthesis. These heterotrophic algae begin to produce oils which can be processed into biodiesel.

While biodiesel is the end product, even the by-product holds potential: once oil is extracted from the algae, the algae residue is a potential livestock feed, says Pratt, and lignan, a component of plant cell walls from the biomass, is high in phenyls, a component in the production of jet fuel from biodiesel.

Officials hope the project could produce as much as 50 million gallons of biodiesel annually.

The U.S. Department of Agriculture is writing regu-
(See Meeting on page 3)



Eastern Kentucky University Agriculture Department Chairman Dr. Bruce Pratt discusses future of biodiesel production

AHMI

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Meetings

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

2011 Annual Meeting - March 3-6, 2011

Ponte Vedra Inn & Club, Ponte Vedra, FL

The way I see it...

By Tom Inman, AHMI President

...a popular word for many folks to describe market conditions in the hardwood lumber industry is steady.

That is a comforting word. Webster's defines it as "not subject to change or variation especially in behavior; not liable to fluctuate or especially to fall; securely in position." I feel better.

While many are calling current production and sales "steady," all agree it is not where we *want* to be. We *want* sales and production to be rising.

There have been a few good days or weeks for many in the past three months. One distributor said this week that August and September were their best months of the year.

Others are just hanging in there. Credit remains very tight. Timber availability is declining and log supplies remain low going into winter.

There is good news! Lumber buyers are returning calls and even making calls to suppliers. Demand for certain grades of Appalachian Poplar and a few other species is up and bookings are being placed for shipments to Asia and Europe before year's end.

From where we have been, steady is tolerable and should prepare the industry for the uptick in 2010.

...make your plans today for the 2010 Appalachian Hardwood Manufacturers, Inc. Annual Meeting in Long Boat Key, FL, on Feb. 25-28. I am completing the lineup of speakers and registration materials will be in your mail or email in the next few days.

We will be discussing business issues including the continuing focus on certification. Other topics will help you prepare for the challenges of 2010.

Long Boat Key is adjacent to Sarasota, FL, and provided a great destination for AHMI members in 2007. The Club offers oceanfront rooms, on-site golf and tennis, a relaxing spa and is just minutes away from more than 100 shops, restaurants and entertainment at Armond Circle.

If you register early this year, you will have the opportunity to win a free round of golf, free spa visit or a \$100 American Express card for shopping or dining.

Reserve the dates on your calendar now, Feb. 25-28, and book your flights to Sarasota which is only 15 minutes from the resort. Come a day early and join us for an evening at the ballpark as we go to Major League Baseball's Spring Training with the Baltimore Orioles vs. the New York Mets.



HIGH POINT - Appalachian Hardwood Manufacturers, Inc. welcomes the following new members to the association:

Distributors

John Lee and Lin Zhu
ACE Exchange Timber / Jiu Sheng Wood Co.
301 Judith Circle
Yorktown, VA 23693

Brenda Sandusky
C-Wood Lumber Co.
PO Box 216
Collinwood, TN 38450

Inman Teaches College Designers, Foresters

HIGH POINT, NC - Appalachian Hardwood Manufacturers, Inc. President Tom Inman recently spoke at two programs at North Carolina universities.

Inman spoke to the Furniture Design Club at High Point University in October sharing information about the sustainability, beauty and design characteristics of Appalachian Hardwoods. The group consists of undergraduate students majoring in furniture and interior design.

"It is very important for the hardwood industry to reach these designers of tomorrow with our message about Appalachian Hardwoods," Inman said. "The students were surprised to learn about the volume of resources available and the opportunities to use hardwoods in residential and commercial settings."

Inman distributed materials from AHMI and from the Hardwood Council.

Inman spoke in November to the graduate level Hardwood Silviculture class at North Carolina State University. He shared information on the resource as well as hardwood production and markets.

"These students are very interested in forest products careers and know much of the science but less about the industry," Inman said. "I give them the facts and figures about today's production and marketplace for hardwoods."

AHMI staff participates in dozens of educational opportunities annually and has materials available to assist members in presentations.

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lations on the Biomass Crop Assistance Program (BCAP) with a final rule expected by early 2010.

The BCAP program, authorized as part of the 2008 Farm Bill, includes a dollar for dollar matching payment to “eligible material owners” of renewable biomass that is delivered to a “biomass conversion facility” or BCF—a facility that converts biomass into heat, power, bio-based products or a combination of any or all of the above.

Forest biomass as well as sawdust and other mill residuals are eligible under the program. Currently about 50 BCFs have qualified under the program with about another 75-100 applications pending. Roughly 30 percent of the applicants are wood pellet facilities and the remainder biomass-to-electric facilities with about 4 pulp and paper mills.

A report from the U.S. Departments of Agriculture and Energy estimates a total of 8 billion dry tons of forest biomass nationwide is available for energy. Of that, 11.6 million dry tons a year - enough to make about 40 million barrels of bio-oil could come from U.S. national forest thinning. That is equivalent to eight days of U.S. oil production. U.S. production of ethanol in 2008 was 220 million barrels.

The AHMI meeting also included a tour of Moulding & Millwork in Jeffersonville, KY, a poplar moulding manufacturer. The facility is part of the hardwood division of Sauder Industries Ltd., one of the largest suppliers of wood mouldings in North America, including oak, poplar, hemlock, mahogany, maple, ce-

AHMI Verified Sustainable Materials Available

AHMI members are reminded that 2010 Appalachian Hardwood Verified Sustainable materials are available from the AHMI office. These include certificates, letters from AHMI and from the U.S. Forest Service explaining the program and decals for use on packaging or invoices.

These materials can be delivered to your company within a few days of placing your order. Please contact the AHMI office at (336) 885-8315.



Having fun at Keeneland Raceway were Chris Keziah of Oak Ridge Hardwood; Kathy and Rick Armstrong of Homer Gregory Co.; and Dr. Bob Smith of Virginia Tech

dar, pine and MDF mouldings with nine manufacturing facilities and 37 sales and warehouse facilities.

Tour participants viewed the lumber yard, dry kilns, moulding operations and warehouses.

Sporting events for the fall meeting included the annual golf tournament. Winners based on a Peoria scoring system were Brandon Egan, first; Steve Arnold, second; and Jack Corley, third. Kathy Armstrong won the closest to the pin contest.

Attendees also visited Keeneland for an afternoon of horse racing. The next meeting of Appalachian Hardwood Manufacturers, Inc. will be Feb. 25-28, 2010 at the Long Boat Key Club, Long Boat Key, FL.

Furniture Exports Decline

From Furniture Today

HIGH POINT — U.S. furniture exports fell 21% in the first six months of 2009, signaling a drop in demand for the products in some of the top industrialized countries. The numbers are based on information Furniture/Today's market research staff compiles from the U.S. Customs Service, Census Bureau and International Trade Commission.

The first-half decline was a reversal from 2008, when U.S. furniture exports grew 15%. This year, shipments from January through June came to \$1.05 billion, down from \$1.3 billion in the comparable period a year earlier.

Canada remained the top market for U.S. furniture, but shipments fell 21%, from \$729.2 million to \$579 million. Other top markets in order include: Mexico (down 24%); the United Kingdom (down 31%); Saudi Arabia (up 33%); Japan (down 2%)

Wooden Furniture Increases At High Point

HIGH POINT, NC — Furniture manufacturers increased the mix of wood furniture on display at the High Point Market in October and were rewarded for their efforts.

Prior to market, manufacturers were tweaking existing lines and adding a small number of new pieces to their wood furniture collections in hopes of luring retailers to restock stores. The report from the Oct. 17-22 market was positive for many cased goods producers who wrote business.

Bassett Furniture's Jeb Bassett said the company offered new programs for casual dining and entertainment units. The dining tables are constructed in Martinsville, VA, from domestic tabletops and imported legs and have hundreds of combinations.

Retailers liked the concept and the design of the custom program. Traffic was good for the middle days of market.

The crowd was equally strong at Kincaid Furniture where Steve Kincaid reported positive response to a new offering in Appalachian Cherry. The bedroom and dining room collection was well-received and ordered by retailers.

Overall reports from the market stated there was order writing and demand among retailers to replenish inventories and add fresh, distinctive items to their floors. Many retail inventories are low for bedroom



and dining groups.

Magnussen Home also has large bedroom launch with 17 new groups of imported goods including contemporary and traditional designs.

Other large whole-home collections that did well were Stanley Furniture's European Costa del Sol and Modern Craftsman groups. Traffic was increasing each of the first four days of market and new retailers were walking into the showroom.

Hooker Furniture opened its 70-piece Sanctuary, a casual traditional collection with five key finishes, officials said. The company also sold its Abbott Place collection of bedroom, dining room, occasional and home entertainment in two finishes.

"In a lot of ways, the independent retailer has become king again," added Market Authority Chairman Kevin O'Connor. He said market attendance was flat but one bright spot appeared to be a significant increase in Canadian retailers.

Market Authority President Brian Casey pledged to continue to develop marketing efforts to attract retailers to future markets.

The next dates for the High Point Market are April 17-22, 2010.

AHMI Sponsors Pinnacle Furniture Design

The American Society of Furniture Designers (ASFD) celebrated its 14th Annual Pinnacle Design Achievement Awards during the High Point Market

More than 200 guests were welcomed by ASFD President Steve Hodges, who thanked the 2009 sponsors for their outstanding support. The sponsors included Appalachian Hardwood Manufacturers, Inc.

High Point Market Authority President Brian Casey honored the furniture design community in celebration of High Point's 2009 centennial birthday. Emcee Ray Allegrezza, editor-in-chief of Furniture/Today introduced each of the 12 Pinnacle judges and described the judging criteria for which all of the entrants were measured and the finalists chosen.

The Pinnacle presentations were kicked off by opening remarks from special guest Angelo Surmelis, designer, angelo:HOME and TV host (HGTV/TLC), who expressed his personal appreciation and admiration for the designers and manufacturers being honored.



AHMI has sponsored the award for 10 years to recognize the work of American furniture designers. The association is the only hardwood group participating in the event.

Ames True Temper Is Verified Sustainable

CAMP HILL, PA - Ames True Temper recently joined Appalachian Hardwood Manufacturers, Inc. and plans to promote Appalachian Hardwood Verified Sustainable on their millions of tool and wheelbarrow handles annually.

The Pennsylvania company is a leading North American manufacturer and marketer of non-powered lawn and garden products including tools and decorative accessories. Its products are sold primarily in the U.S. and Canada through retail centers, including home centers and mass merchandisers, wholesale chains, including hardware stores and garden centers, and industrial distributors.

The company makes the majority of its tool handles from Appalachian Hardwoods and were seeking a way to promote the sustainability of the resources to consumers. Ames True Temper will label these products with the AHVS seal.

"This is a win-win for AHMI and Ames as we work together to educate hardwood consumers about the green resource we have in the Appalachian forest," said AHMI President Tom Inman.

Ames True Temper brands are among the most recognized and include Ames, True Temper, and Ames True Temper, as well as contractor-oriented brands including Union Tools, Razor-Back, and Jackson Professional Tools.

Ames True Temper was formed in 1999 when Ames and its then parent, USI, acquired True Temper from the Huffy Corporation, combining two non-powered lawn and garden tool and accessory com-



AHMI President Tom Inman visits with Ames True Temper's buyer Doug Wolford and marketing representative Joe Saffron at Camp Hill, PA showroom. Ames True Temper will soon promote AHMI's Verified Sustainable

panies with market leadership positions in long handle tools and wheelbarrows. Ames, founded in 1774, only manufactured shovels for much of its history. However, over the last three decades, Ames acquired several companies to expand its product lines and geographical reach.

Founded in 1809 in Vermont, True Temper started as a manufacturer of agricultural products, particularly shovels and other digging tools. Like Ames, True Temper also expanded its product lines through acquisitions.

AHMI Meets With Furniture Managers Group

STANLEYTOWN, VA — Appalachian Hardwood Manufacturers, Inc. President Tom Inman recently attended the Annual Conference of the Society of Furniture Engineers and Managers.

The conference was titled "Bringing Furniture Manufacturing Home to America" and focused on Stanley Furniture's announcement earlier this year to streamline U.S. operations. Keynote speaker was Steve Bullock, Stanley executive vice president of operations.

The company began a new concept earlier this year to offer custom products for consumers. Stanley has more than 27 collections with an average of 50-90 pieces in each collection.

Bullock said customization is a tremendous challenge with products sourced from Asia or other parts

of the world. Stanley opted to move production back to the U.S. and maintain an inventory of whitewood products that can be painted or stained as orders are received.

"We believe this will allow us to provide variety to consumers with quick service," he said. "Our goal is delivery in 10 days and to do this we had to engage our people."

Stanley Furniture President Glenn Prillaman announced in September a new generation of products backed by a four-tiered commitment: choice, safety, green and quality.

The meeting included a tour of Stanley manufacturing facilities in Stanleytown and meetings with plant managers and engineers from dozens of companies in Virginia, North Carolina and Tennessee.

2010 AHMI Annual Meeting Visits Long Boat Key

LONG BOAT KEY, FL - Appalachian Hardwood Manufacturers, Inc. is finalizing plans for the 2010 Annual Meeting set for Feb. 25-28 at the Long Boat Key Club in Long Boat Key, FL.

AHMI last visited Long Boat Key in 2007 and enjoyed the area's renowned restaurants, championship golf, a world-class spa and a wide range of activities and amenities.

The Club is an exclusive AAA Four-Diamond Florida resort that is located on a barrier island in the Gulf of Mexico, just off the coast of Sarasota. It offers:

- Private white-sand beach
- 218 newly renovated rooms and suites with private balconies
- Concierge service and attentive professional staff
- 9,000 sq. ft. Island House Spa
- Championship golf
- Five restaurants and in-room dining
- Nationally recognized tennis center
- Newly renovated Fitness Center



Long Boat Key Club will be the site of the 2010 AHMI Annual Meeting near Sarasota, FL

- Mind & Motion Studio
- Heated Gulf-front pool and Jacuzzi

Watch for meeting registration materials in the mail or email in the next few days. For more information, contact the AHMI office at (336) 885-8315.

Federation Signals Win With Homeowner Credit

The Hardwood Federation recently reported that industry members have successfully raised awareness with Members of Congress on the importance of stimulating the housing market in order to have a healthy hardwood industry.

Hardwood business leaders told their stories on Capitol Hill during HF Fly-In of the financial crisis facing small business operations in the hardwood industry. These efforts, along with letters and phone calls to Congress, have all played an important role in passage of two key provisions.

The items included in the Worker, Homeownership and Business Act of 2009 are:

- **Housing Credit Extension**

The \$8,000 tax credit is available to first-time homebuyers and buyers who have not owned a home in the past 3 years. A \$6,500 tax credit is available for "move-up" buyers- those moving from a previous residence, having owned it for at least 5 years.

Individuals earning annual incomes over \$125,000 and couples earning over \$250,000 do not qualify for the tax credits. The maximum purchase price to qualify is \$800,000. Contracts must be signed by April 30, 2010 and close by June, 30 to qualify.

- **Net Operating Loss Carryback for Businesses included in Housing Bill**

A net operating loss carryback for small businesses losing money in 2008 and 2009. The Act expands the earlier American Recovery and Reinvestment Act of 2009 so that small businesses can recoup an estimated \$5 billion in net operating losses.

"This provision is a fiscally responsible economic kick-start, putting \$33 billion of tax cuts in the hands of small businesses this year when they need it most," states the White House.

- **Grassroots Alert: Section 45 Tax Credit**

There are currently two pieces of legislation in the House (H.R. 622) and Senate (S. 870) that aim to provide Section 45 tax credits for businesses that produce on-site energy to meet their production needs. HR. 622 and S. 870 would expand the credits by taking out the "must sell to a third party" clause. Passage of these bills is also a necessary step towards future strategy to include a thermal energy credit that would recognize the hardwood industry's excellent practices of using biomass to operate their facilities, and a history of helping to protect the environment and reduce greenhouse gas emissions. HF continues to urge Congress to support these bills.