WISCONSIN WOOD

MARKETING BULLETIN

WISCONSIN DEPT. OF NATURAL RESOURCES

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WOOD MARKETING BULLETIN

The Wisconsin DNR publishes the "Wisconsin Wood" marketing bulletin every three months. It serves the timber producing and wood using industries of Wisconsin by listing items: For sale - forest products, equipment and services, wanted - forest products, equipment and services; employment opportunities. There is no charge for the Bulletin or inserting items in it. Only items deemed appropriate to the timber producing and wood processing industries will be listed. Also the Bulletin will feature forest products utilization and marketing news, safety notes, coming events, new literature, tips to the industry, and listing or employment wanted or positions that are available.

If you know of someone who would like to be on the Bulletin mailing list, please ask them to send their name, address and zip code to the return address on the back page. Also, if you have items to list, send in the form or write a letter to the return address on the back page. Repeat listing of items requires a written request each time the item is to be repeated.

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THE GREAT LAKES KILN DRYING ASSOCIATION SPRING MEETING will be held at the Holiday Inn Express in Antigo, Wisconsin March 29-30, 2012. Please contact Scott Anderson at Great Lumber for further details. (651) 400 2128

Save the Date!

The **Kiln Drying Short Course** is back. August 6th through 9th, 2012 in Antigo, WI Watch for a full announcement to follow later this spring.

WOOD IS GREENEST BUILDING MATERIAL, SAYS FOREST SERVICE By Rich Christianson

Washington – Wood should be given preference where applicable for green building projects, according to the findings of a new U.S. Forest Service study.

In addition, the study concluded that more emphasis should be placed on updating and revising the environmental impacts across the lifecycle of wood and alternative construction materials. The study noted that these updated lifecycle assessments should be incorporated into green building codes and standards.

The authors of Science Supporting the Economic and Environmental Benefits of Using Wood and Wood Products in Green Building Construction reviewed the scientific literature and found that using wood in building products yields fewer greenhouse gases than using other common materials.

"This study confirms what many environmental scientists have been saying for years," said Agriculture Secretary Tom Vilasack. "Wood should be a major component of American building and energy design. The use of wood provides substantial environmental benefits, provides incentives for private landowners to maintain forest land, and provides a critical source of jobs in rural America."

"The argument that somehow non-wood construction materials are ultimately better for carbon emissions than wood products is not supported by our research," said David Cleaves, the U.S. Forest Service Climate Change Advisor. "Trees removed in an environmentally responsible way allow forests to continue to sequester carbon through new forest growth. Wood products continue to benefit the environment by storing carbon long after the building has been constructed."

The use of forest products in the United States currently supports more than 1 million direct jobs, particularly in rural areas, and contributes more than $100 billion to the country's gross domestic product.

The U.S. Forest Service report identifies several areas where peer-reviewed science can contribute to sustainable green building design and decisions.

Source: *Wood News/Research Woodworking Industry Trends*, November 2011

SITE DEBUTS FOR AMERICAN HARDWOOD INFORMATION

Pittsburgh, PA – The American Hardwood Information Center, formerly the Hardwood Council, has redesigned its website HardwoodInfo.com to be an in-depth resource for architects, designers and builders interested in sustainable design.

This site includes technical information, plus a wood species guide, design inspiration and project support. "The website now encompasses a vast amount of industry knowledge for both professionals and consumers seeking information about American hardwoods," said Linda Jovanovich, executive vice president for the Hardwood Manufacturers Association. "From specifying tools and tips to case studies and photo galleries, the site is both informational and inspirational – and we plan to add even more functionality in the coming months." Source: *Wood News/Research Woodworking Industry Trends*, November 2011

CABLE LOGGING SYSTEM: CHALLENGES EXISTING LOGGING TECHNOLOGY

By Don Peterson

Over a three-week period, 100+ attended three demonstrations of the Teleforest "Telecarrier" cable logging system conducted on the Ed Pomeroy property in Marinette County, Wisconsin. These three demonstrations were conducted to show the potential for using a cable system that currently challenges existing logging technology in the Great Lakes Region.

The Teleforest "Telecarrier" system uses two 40-ton excavators with attached 48-foot towers to suspend a 500-yard cable. The trolley/carriage (propelled by a diesel engine) rides the cable and has up to 300' of skidding cable with chokers to skid the trees from the woods to either of the

excavators or to a landing between the excavators. The trolley is controlled by two remote controls that are also part of a radio system. The choker setter "at the stump" has one remote while the other is with the person at the landing who releases the chokers. Either operator can use / stop the trolley / winching with their remote.

The sites where this system might be able to increase operability are those with:

. Steep slopes (a total of 760,000+ forested acres in MI, MN, and WI have 40% or greater slopes)

. Swamps / wet soils types (these ground) soil conditions exist on over 10 million acres in MI, MN, WI)

. River islands (the Menominee, Mississippi, and Wisconsin rivers all have numerous islands that have not been managed due to lack of access).

If only 1/10 of 1% of the sites with 40%+ slopes (760 acres) were harvested by a cable system annually, it would provide enough acreage to keep this system operational for the year.

The "Telecarrier" system is rated at a 6,000 pound capacity. In the clearcut operation at the Pomeroy demonstration site, a cord per turn was a good load; however, a turn was often less than a cord due to tree placement and was often times more efficient to take out less trees with a faster turnaround time than it was to maximize load capacity on each turn. Turn size variability was largely due to choker setting time and log placement variability, with tree size affecting the weight in specific turns as well. At the demonstration, production averaged 7 cords / hour, with a production cost of $20 to $25 per cord to get tree length skids to the landing using a five-person crew.

As this is a whole tree removal system, it inherently allows for biomass removal. Most often, the breakage of the tops and branches that occurs in the skidding process will meet the requirements of state biomass harvesting guidelines.

Other advantages to this system are minimal ground compaction, no rutting, and soil disturbance that can be very beneficial for seedbed preparation for natural regeneration of certain tree species. Additionally, if dry ground can be accessed alongside swamp / lowland timber types, it opens up the potential to log these areas in other than frozen conditions with the excavators on the dry / high ground.

Though traditionally used with chainsaw crews, using this system with a mechanized harvester has potential in many situations. The possibilities for use in this region can potentially be numerous, limited only by the creativity of the operators.

As of the date this article was written, there were several parties interested in purchasing this system, but no one has yet purchased the demo model. For more information on this system, please contact Don Peterson at (877) 284-3882 or rrsllc@sbcglobal.net or Marc Poirier at teleforest@gmail.com.

Source: *Great Lakes Timber Professionals Association,* October 2011

PENNSYLVANIA BANS WALNUT LUMBER TRANSPORTATION

Harrisburg, PA – Pennsylvania says it has quarantined the movement of walnut lumber into and within the state after detecting Thousand Cankers Disease for the first time in a tree in Plumbstead Township. The quarantine also restricts the movement of walnut from states where the trees are known to have the Thousand Cankers Disease – Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Tennessee, Utah, Virginia and Washington. Several other states recently enacted similar quarantines, including Kansas, Michigan, Nebraska, Oklahoma, Indiana, Minnesota, North Carolina and Wisconsin.

The disease is caused when Walnut Twig Beetles, which carry a fungus, tunnel beneath the bark of walnut trees, causing small cankers to form. As more beetles attack the tree, the number of cankers increases, slowly starving the tree and killing it within 10 years of initial infestation. There is no known cure.

Source: *Wood & Wood Products,* September 2011

SUPER YEAST TURNS PINE TO CAR FUEL By Bill Esler

Athens, Georgia – Researchers at the University of Georgia have developed a "super strain" of yeast that can efficiently ferment ethanol from pretreated pine – one of the most common tree species. Their research could help biofuels replace gasoline as a transportation fuel. "Woody biomass such as pine .. is a notoriously difficult material for fermentations," said Joy Doran-Peterson, associate profession of microbiology in the university's Franklin College of Arts and Sciences.

"The big plus for softwoods, including pine, is that they have a lot of sugar that yeast can use," she said. Yeast is already used in ethanol production from corn and sugarcane. "Our process increases the amount of ethanol that can be obtained from pine," says Doran-Peterson. A video outlining the pine to ethanol research is posted online.

Before the pinewood is fermented it is pre-treated with heat and chemicals, opening the wood so enzymes break the cellulose into sugars. Sugars are easily converted by the yeast to ethanol. The university's breakthrough compounds produced during pretreatment tend to kill even the hardiest industrial strains of yeast, making ethanol production difficult.

Production-ready technologies for conversion of wood biomass to transportation fuel are in development on multiple fronts. Funded by federal and state grants, some are nearing market introduction, including a bioengineered lobiolly pin project at the University of Florida. Both Ontario Province and the State of Washington have sponsored wood to jet fuel projects. And Mississippi has funded the development of a wood to transportation fuel project with tech firm KiOR.

Source: *Wood News/Research Woodworking Industry Trends*, November 2011

IS A RECOVERED PAPER PRICE DIVE COMING?

By Hannah Zhao, Economist, Recovered Paper, hzhao@risi.com

It's well known that the global recovered paper market is highly correlated with the global economy, mainly through the packaging paper and board sector. So the increased worries about a slowdown in the global economy caused by the possible recession in the US and Europe's debt crisis have calmed down the global recovered paper market in August.

I have received many phone calls and e-mails from recovered paper suppliers and brokers all over the world recently. I can smell the fear everywhere. To get a better idea on how the market is really going, I recently visited Fuyang city in Zhejiang province, China. There are more than 300 paper mills located in Fuyang, mostly packaging paper and board mills based on recovered paper. Recovered paper prices in this region have been stagnant for a while and not much improvement will be seen in the near future. Not surprisingly, the question I was asked most frequently during my trip was: Will recovered paper prices dive like in 2008? Most of time, they added: "We are 'feeling' it."

Not as big a drop

My answer to that question is that recovered paper prices may drop somewhat, but are not very likely to dive like in 2008. I will try to explain why this is the most likely answer, as seen from an economist's point of view.

Yes, there are a few indicators suggesting rising risk of a recession all over the world. But some of them are not about real economics, but about people's feelings. RISI's view on this is that we do not believe that we will see another recession unless there are some exogenous shocks. According to the preliminary Market Eurozone Purchasing Manager's Index released recently, manufacturing activity in the 17-nation eurozone contracted in August, but the overall private sector posted another month of modest growth. Meanwhile, the latest HSBC Flash China Manufacturing Purchasing Managers' Index is pointing to a marginal rebound in Chinese economic growth. After sliding for four months, the preliminary PMI was reported to be 49.8, compared with 49.3 in July, although is still less than the break point, 50. Tighter monetary policy is not very likely through the end of this year. So in mid-to late August, we have seen recovered paper prices remain mostly stagnant on a worldwide basis and OCC prices even show a slight gain in the US market.

World demand to grow

Look ahead into the near future, we are expecting demand to grow a little on a worldwide basis. Demand for recovered paper has been sluggish in both Asia and Europe, but is relatively healthy in the North American market. The US containerboard market is holding up reasonably well even through the economic gloom. We believe Asian demand may pick up slightly in the near future as packaging paper and board mills start to make packaging materials for the finished product exporters. In Europe and North America, as people return from the summer holiday season, we will probably see the expansion of both demand and supply for recovered paper in the fall. In the long run, the global recovered paper market will remain tight as more recycled based paper and board capacity comes online as planned, as long as there is no big sharp drop in the global economy.

Overall, we will probably see some downward corrections on recovered paper prices in the near future along with the slower global economy, but sharp price drops are not very likely unless the global economy was shocked dramatically by some uncertain factors. Although the downward risk to my view could be substantial, it's not bad to be skeptical.

Source: *Paper & Paper International (PPI)*, October 2011

NEW PAGE FILES FOR CREDITOR PROTECTION

NewPage Corporation on September 7 announced that its corporate parent, NewPage Group Inc., and certain of its U.S. subsidiaries filed voluntary cases under Chapter 11 of the United States Bankruptcy Code. The company's Consolidated Water Power Company subsidiary is not part of the filing.

Separately, the company's Canadian subsidiary, NewPage Port Hawkesbury Corporation, has brought proceedings before the Supreme Court of Nova Scotia under the Companies' Creditors Arrangement Act of Canada (CCAA).

NewPage said that it expects to work closely with its creditors and other stakeholders in the U.S. to formulate a Chapter 11 plan that details how it intends to satisfy its liabilities and restructure its balance sheet to emerge as a financially stronger company. The company expects to continue operating its U.S. businesses as usual throughout this process with an undiminished focus on providing customers with high-quality paper and employees with a stable and safe working environment.

To help ensure it has adequate liquidity to achieve these objectives and continue to operate and compete successfully throughout the restructuring, NewPage has obtained a commitment led by J.P. Morgan for up to $600 million in Debtor in Possession (DIP) financing.

"We strongly believe that the court-supervised restructuring we began today the most effective means strengthening our financial position and enhancing our standing as the leading producer of printing and specialty paper in North America," said George F. Martin, president and CEO for NewPage.

"We expect to continue to run safe and efficient operations, be candid with all of our stakeholders and act as a responsible community member both during and after our financial restructuring," Martin added.

In addition, NewPage Port Hawkesbury Corporation is in discussions with potential buyers and hopes to complete a successful sale of the mill while under the anticipated court protection.

In August, NewPage announced its plans to shutdown both of the mill's paper machines indefinitely – PMI on September 10 (newsprint) and PM2 on September 16 (supercalendered).
Source: *PaperAge*, September/October 2011

WOOD MANUFACTURING RETURNING TO U.S.: BOSTON CONSULTING GROUP By Bill Esler

Chicago – Furniture production is among seven sectors that could create 2 to 3 million jobs as a result of manufacturing returning to the U.S. – an emerging trend that is expected to accelerate starting in the next five years, says The Boston Consulting Group. Among U.S. wood products firms experiencing the upside of insourcing are Crawford Furniture, which has reopened a manufacturing plant in Jamestown, New York; Lincolnton Furniture, Lincolnton, North Carolina.

Bruce Cochrane, Lincolnton Furniture president, says China's advantage on wages over U.S. workers has declined from 50 percent to 10 to 15 percent. Cochrane says Lincolnton is adding automated saws, routers and finishing systems to produce 200 different pieces of furniture using Appalachian hardwoods, beginning this December in the 380,000 square foot plant that once housed his former Cochrane Furniture. That firm's lines were previously sold to Chromcraft-Revington.

Boston Consulting says U.S. firms, including furniture manufacturing, transportation goods, electrical equipment/appliances, plastics and rubber products, machinery, fabricated metal products, and computers/electronics, will see a "tipping point" by around 2015 – when China's shrinking cost advantage will prompt companies to rethink where they produce certain goods meant for sale in North America. In many cases, companies will shift production back from China to choose to locate new investments in the U.S.

St. Martin Cabinetry America, a unit of Shanghai-based St. Martin Cabinetry, has already made an initial move in that direction. Last month the company opened a 60,000 square foot plant in Cressona, PA for production of melamine plywood frameless cabinets from inventory components imported from China. It features a showroom and areas for assembling and clamping the dowel-constructed wood cabinets.

The U.S. is also expected to become a more competitive export base in these sectors for Europe and Canada. Wood products firm Fortune Brands Home & Security (FBHS), which just began trading in October on the New York Stock Exchange, say it will pursue external markets.

Chris Klein, CEO of the $3.2 billion cabinetry, door and window firm says while export accounts for 5 percent of sales, China, India and Latin America are big prospects for his firm's MasterBrand Cabinets, Simonton Windows and Tru-Temp Doors. Klein told the Wall Street Journal the FBHS moved jobs back to the U.S. from China, and plans to keep manufacturing here. "Labor's getting tighter in China," Klein said.

The insourcing trend will also impact suppliers to the wood industries. Global Finishing Solutions, Osseo, Wisconsin manufacturer of spray coating and finishing systems announced a $10 million expansion in its Wisconsin plant. The closed its Monterrey, Mexico plant in July.

"It's a very positive move for us," says Rick Binder, President of GFS. "This investment allows us to consolidate manufacturing operations resulting in a significantly higher level of production efficiency, quality, and improve our ability to provide exceptional service to all of our customers.

Source: *Wood News/Research Woodworking Industry Trends-Technology-Wood manufacturing* October 2011.

WHERE WILL FUTURE DEMAND FOR NORTH AMERICAN NEWSPRINT COME FROM? By Derek Mahiburg, Economist, North American Graphic Paper. dmahlburg@risi.com

Over the past five years, the share of North American shipments destined for export markets has greatly increased, and their role in balancing supply and demand has become critical. After hovering just under 20% for most of the decade, the share of offshore exports shot up to account for almost one-third of total North American shipments in 2010. Continued sharp declines in domestic demand and stagnant prices have encouraged producers their pursuit of export markets in 2011, so this share is expected to continue rising.

Although exports have indeed become increasingly important relative to domestic shipments, this is mostly a reflection of flat export performance compared to the downward spiral of domestic demand. Print newspapers, which have already been buffeted by the Great Recession and competition from the Internet, now must face the looming threat of media tablets such as the iPad and Kindle. It is obvious that North American demand will continue to suffer declines, forcing North American producers to shutter more capacity or find more opportunities in export markets.

Good news for a change

The good news is that world newsprint demand is expected to return to growth, led by Asia, where demand growth is expected to outpace capacity expansions. In 2010, Asia (excluding Japan) overtook Latin America to become the largest consumer of North American newsprint exports with 991,000 tonnes. Compared with 2011 Asian demand is expected to grow by 800,000 tonnes over the next two years, while capacity will rise by only

312,000 tonnes, leaving substantial room for new shipments. Much of this demand will be met by already existing machines that have so far run below designed capacity, so net imports are expected to rise by only 68,000 tonnes, allowing North American producers to continue finding steady, if not growing, orders. One advantage for North American producers shipping to Asia can be found in fiber availability. While recycled mills sprung up quickly in China, old newsprint has become quite pricey due to increased Chinese demand and the decline of the printed newspaper in primarily virgin markets like North America, which will limit the ability of the Asian market to become self-sufficient.

The Latin American newsprint market is much smaller than that of Asia, but its importance to North American producers is nearly as high, with imports of 975,000 tonnes in 2010. Capital in Latin America has traditionally gone to higher margin market pulp projects, so there is a little domestic newsprint capacity. As a result, imports from North America currently provide more than 50% of the region's newsprint demand. Latin American demand is expected to grow by 130,000 tonnes over the new two years; however, in 2013, the Venezuelan state-owned Pulpaca mill is slated to come online, adding 250,000 tonnes of domestic capacity to the Latin American market.

Offshore markets to be more important

The importance of offshore markets is expected to increase even further in the coming years. We already expect the export share of total North American shipments to surpass 37% in 2015, and most of the risks to this forecast are on the upside. High recycled fiber prices could dampen capacity utilization in Asia, the Venezuelan Pulpaca project could fizzle or North American demand could fall at an even steeper rate. Further, the US dollar is expected to depreciate relative to Latin American and Asian currencies, making North American producers more competitive in the global market. In 10 years' time, the amount of newsprint destined for export markets could easily approach half of the tonnage produced in North America. However, expected domestic demand losses are large enough to outweigh offshore export gains in even the rosiest scenario, forcing North American producers to be just as vigilant in matching supply to demand as they are aggressive in pursuing exports. Source: *Pulp & Paper International (PPI)*, November 2011

SAPPI LIMITED ANNOUNCES MAJOR INVESTMENT IN NORTH AMERICAN OPERATIONS

Sappi Fine Paper North America to Convert Cloquet Kraft Pulp Mill to Chemical Cellulose and to Upgrade Coated Paper Capability at Somerset, Maine

BOSTON AND JOHANNESBURG

By Amy Olson

Sappi Limited announced November 10, 2011 the approval of a US $170 million capital project to convert the kraft pulp mill in Cloquet, Minnesota to chemical cellulose used in textile and consumer goods markets. The planned conversion is slated to come online in 2013 and once complete will allow the production of 330,000 metric tons of chemical cellulose per year. Approved capital plans also call for a US $13 million project to upgrade coated paper manufacturing at the Sappi Somerset Mill in Skowhegan, Maine. These investments reflect Sappi Limited's confidence that the North American region can play a significant role in the global chemical market, complementing already strong market positions in release and fine papers.

"The chemical cellulose conversion project at the Cloquet Mill is consistent with our announced strategy to diversify further into this fast growing segment," said Ralph Boettger, Chief Executive Officer Sappi Limited. "The global low cost position of Sappi's Cloquet pulp mill will provide an attractive platform for growth with our current chemical cellulose customers as well as open up new markets to us."

Sappi is currently the world's largest manufacturer of chemical cellulose out of its Saiccor Mill in KwaZulu-Natal, South Africa. The Cloquet project, together with the earlier announced expansion at the Sappi Ngodwana Mill in South Africa will bring Sappi's total chemical cellulose capacity to over 1.3 million metric tons per year.

"We are excited about the new growth opportunities this investment in chemical cellulose brings to Sappi Fine Paper North America, all of our employees and the Cloquet community," said Mark Gardner, President and Chief Executive Officer Sappi Fine Paper North America. "Our planned conversion will allow the continued production of kraft pulp for maximum flexibility to react to changes in global pulp markets. This project, together with the coated paper investment at Somerset Mill, ensures that we can grow profitably in both cellulose and fine paper markets for years to come."

The Cloquet conversion project will not affect the company's coated paper business at that site. Dry fiber handling systems and improvements to paper machine capabilities approved as part of this project ensure that product quality across all grades will be unaffected.

Currently, the Cloquet pulp mill produces hardwood kraft (NBHK) pulp for market sales. Sappi will work closely with its pulp customers to ensure an orderly transition, including, where appropriate, making supplies available from its Somerset Mill in Skowhegan, Maine.

The US $13 million capital project at the Somerset Mill includes upgrades to the existing gap former on PM3, improving its cost structure and allowing the production of a broader range of products on the machine. The PM3 rebuild project is slated for completion in the fall of 2012.

Source: *Sappi Limited Paper*, November 2011

GOOD INTENTIONS GONE WRONG? LACEY ACT LESSONS FROM THE GIBSON GUITAR RAID By Dan Meyer

Since late August the media and the Internet have been abuzz with stories and comments about the raid on Gibson Guitar Company facilities in Nashville and Memphis by Homeland Security and Fish and Wildlife Service (FWS) agents. The August 24th raid – the second in less than two years on Gibson – was probably in response to suspected violations of the Lacey Act, though many have read into it ulterior motives and even political undertones.

The Lacey Act is a 100-year old law designed to prevent trafficking in "illegal" species. It was amended in 2008 to ban importation into the U.S. of illegal timber, wood and wood products. While championed as a solution to the price-dampening effects of illegal logging, the Lacey Act has in these past few weeks come to symbolize big government overreach, job-killing regulation, and misplaced priorities. These criticisms have only been amplified by the fact that the current allegations against Gibson have nothing directly to do with illegal logging or endangered species protection.

Be clear that we are not asserting that the Lacey Act is a bad law; only that its overzealous enforcement could sweep up well-intentioned, well-respected companies along with the bad.

To be certain, there are many unknowns about this case. Gibson hasn't been charged with anything. In fact, charges have yet to be filed as a result of the first raid on Gibson, though the government still refuses to return the confiscated materials – which Gibson says include $1 million work of imported Madagascar ebony and rosewood.

More details will come out over time and will reveal whether Gibson acted 1) willfully in violation of the Lacey Act; 2) unknowingly in violation of the Act; or 3) without violating the Act at all. Even without all the facts, however, there are concrete and alarming lessons that every forest products importer, manufacturer and distributor need to learn from these events.

Lesson #1: Green "partnerships", may be only skin deep

By most accounts, Gibson Guitar Company is an outstanding corporate and environmental citizen and a recognized leader in the certified wood community. In the wake of the latest raid, however, many of Gibson's environmental partners have gone eerily silent.

Gibson's philanthropic division has sponsored Natural Resources Defense Council events for years, and Gibson even produced a custom guitar to raise funds for the NRDC's campaign to end strip mining. As of this writing, NRDC has not issued a statement in "defense" of Gibson since the raid.

Gibson joined forces with Greenpeace and other guitar manufacturers to launch the Music Wood Campaign, an effort to increase the supply of FSC-certified tonewoods. Greenpeace was apparently still smitten with Gibson's environmental performance in June 21, 2011 – two months before the latest raid – when it posted online a video documentary about the efforts of Gibson and other manufacturers to protect Alaska's Sitka Spruce forest. Yet, in response to the raid, a Wall Street Journal article said a Greenpeace official in New York would only say "We have no idea" whether Gibson did everything possible to avoid buying wood from dubious sources.

Immediately after the latest raid, the Forest Stewardship Council (FSC) stated, "While Gibson has shown important sector leadership by stimulating demand for FSC-certified wood. The federal investigation addresses the wood they use that is not FSC certified. Unless 100% of the wood used is FSC certified, other mechanisms (of due care) are required. In this instance, it is the non-certified wood that is being questioned." We studied the entire 31-page search warrant affidavit, however, and there is no reference in it to FSC or non-certified wood. Further, Gibson says the seized wood is from an FSC-certified supplier and was FSC Controlled (which, by FSC's definition, means it must be legally harvested and sourced). Ironically, only 8 years ago, the FSC-US Board of Directors toured Gibson's Nashville factory and proudly declared that "Gibson USA is in tune with FSC."

Gibson still has at least one environmental friend in the Rainforest Alliance. Gibson CEO Henry Juszkiewicz sat on the board of Rainforest Alliance, helped start its SmartWood program, and has manufactured a "SmartWood" guitar since 1996. While the Rainforest Alliance issued a statement after the raid re-confirming its strong support for the Lacey Act, it also explained in detail those efforts Gibson has taken in recent years to source wood responsibly, many in partnership with the Rainforest Alliance and FSC.

Lesson #2: Things are not always as they seem

In May of 2010, the Environmental Investigation Agency (EIA) launched the Forest Legality Alliance in partnership with the World Resources Institute and USAID – and with the backing of the American Forest & Paper Association and others – for the purpose of "reducing illegal logging through supporting the supply of legal forest products." Collectively, alliance members targeted passage of the U.S. Lacey Act amendment and the parallel EU Timber Regulation.

Fast forward several months and we now find the EIA defending the Gibson raid as an important step in the fight against illegal logging, even though there have been no allegations that Gibson's imported Indian rosewood and ebony were illegally harvested. "Nobody (at EIA) wants this law to founder on unintended consequences," said Andrea Johnson,

director of forest programs for EIA, on a National Public Radio interview, "because everybody understands the intent here is to reduce illegal logging and send a signal to the markets. This is the new normal."

Lesson #3: Lacey is not about endangered species

The Lacey Act, while officially concerned with all facets of "illegal" trade, has most often been utilized to stop trade in endangered species. The latest Gibson raid underscores that upholding endangered species laws is but one concern of the "new" Lacey Act.

The Indian rosewood (Dalbergia latifolia) and Indian ebony (Diospyros ebenum) seized in the August raid are not listed by CITES as protected species, nor did the FWS present any evidence that the Indian government considers these species threatened or endangered. CITES – the Convention on International Trade in Endangered Species of Wild Fauna and Flora – lists 28,000 species of plants it says are threatened with extinction by international trade. In fact, Gibson switches its ebony and rosewood sourcing to India in response to concerns about the legality of Madagascar supplies.

Lesson #4: Green certifications don't satisfy Lacey

FSC, PEFC and SFI are voluntary, private, third-party certifications of sustainable forest management and/or chain-of-custody transmission of sustainably harvested wood products to the marketplace. Compliance with the federal Lacey Act is mandatory, and is only concerned with the legality of the harvest and distribution of products. As Gibson is now fully aware, becoming FSC-certified and sourcing from FSC supply chains does not satisfy Lacey Act requirements for legality verification from the stump to the stevedore. Which begs the question: What does it take to satisfy the Lacey Act's requirement?

Lesson #5: "Due care" under Lacey is in the eye of the 'E Holder'

The Lacey Act requires importers and manufacturers to take due care to insure the wood they buy and use meets all international laws. What constitutes "due care," however, is highly subjective and ultimately up to the interpretation of the U.S. Attorney General Eric Holder. The EIA website quotes Senate Report 97-123, which says due care means "that degree of care which a reasonably prudent person would exercise under the same or similar circumstances. As a result, it is applied differently to different categories of persons with varying knowledge and responsibility."

The EIA goes on to say, "Given the lack of certainty around how a court might view due care, it would be prudent for companies to avail themselves of the wide array of tools, technologies and resources available for assessing and eliminating illegal wood…including bar-code or other tracing systems; legality verifications; and certification under third-party schemes." Seems Gibson did at least some of those things.

Nor does taking due care exempt a company from penalty. Companies that unknowingly engage in prohibited conduct under the Lacey Act, even if the government grants that they practiced due care to avoid doing so, are still subject to civil fines and forfeiture of goods. Any way you slice it, importing wood is now very risky business.

Lesson #6: HS codes matter…a lot

The FWS claims in its search warrant affidavit that Gibson 1) improperly filed Custom declarations, and 2) imported Indian rosewood guitar backs and ebony fretboard under the wrong Harmonized Tariff Schedule (HS) codes. These shipments allegedly left India as "finished parts for musical instruments" (HS 9902) and arrived in the U.S. classified as "veneer" (HS 4408), but should have been classified as "lumber" (HS 4407) all along. Indian law allows the exportation of HS 9902 items of rosewood and ebony, but not lumber (HS 4407) of the same species, unless sawn from imported logs.

Under the Lacey Act, the burden falls on the importer of record to ensure that everyone in the supply chain classifies the products correctly. In this case, Gibson is on the hook for misclassifications by the shipper, the broker, and the receiving company – whether or not Gibson had any role in or knowledge of those misclassifications. Not knowing is no excuse.

With the Lacey Act amendment in place, a "knowingly" misclassified shipment could result in jail time and fines of up to $250,000. "Unknowing" misclassifications carry less significant penalties, but what importer or manufacturer can afford to defend a position of ignorance of proper codes? As such, proper HS classification ought to be of primary concern to everyone in the trade from this day forward. Improper codes may be the "broken taillight" that gives officials probable cause to pull companies over and search for more serious violations.

Lesson #7: You must uphold other countries' laws, even if they don't

We were able to verify that India has banned exports of some lumber species since at least 2009, including Indian ebony and rosewood. However, there is anecdotal and possibly some tangible evidence that India doesn't enforce these bans very strictly, if at all. Over the last three years, U.S. International Trade Commission trade data show, for example, after correcting for errors, that India shipped to the U.S. an average of 10 containers of "hardwood lumber" every month. Further, India's Department of Commerce actually reports in its own trade data export volumes of HS 4407 items that it officially bans from export!

Neither of these facts are irrefutable evidence that India knowingly allowed export of banned items, but they leave us with just two possibilities: 1) all of this lumber was produced from imported logs, and was thus exempt from the ban, or 2) Indian officials

have allowed (and recorded) at least some shipments of contraband lumber.

If Gibson can demonstrate that Indian officials are lax in their enforcement or routinely ignore their own law, and the U.S. Department of Justice still decides to prosecute the case, it will be mandating that U.S. firms uphold foreign laws that foreign countries themselves don't uphold.

Lesson #8: You could be next!

Why Gibson? The fact that a single, iconic American manufacturer and a recognized environmental leader has been singled out for possible prosecution under the Lacey Act is worrisome. The EIA is correct that the Lacey Act raids on Gibson have sent a signal to the industry. The problem is that nobody seems to know how to interpret the signal. If Gibson can get caught up in Lacey Act violations, who will be next? To be certain, other guitar manufacturers who purchase the same woods from the same supply chain are nervous. As should be any firm that utilizes or distributes imported wood and wood products. The question to ask is not "Why Gibson?", but "What can I do to ensure it isn't me next?" Source: *Hardwood Review Weekly*, November 2011, (www.hardwoodreview.com), (704) 543-4408.

WOOD PALLET VENTURE TO 'TORREFY' BIOFUEL

By Bill Esler

Washington, DC – Oil giant ConocoPhillips and Enviva, a processor of wood and other biomass fuels, formed a joint venture to operate a new company, Eco Biomass Technologies, which will bring torrefied wood fuels to market.

The torrefraction process involves superheating wood in a controlled process, to create a uniform, water-repellant, dense fuel akin to coal. But sourced from wood it is considered to have a superior environmental profile compared with fossil fuels.

Torrefied fuel is said to burn cleanly, and be mixed and stoired with coal for power generation, diluting negative environmental imacts of the coal.

This allows utilities seeking to extend the life of existing coal burning facilities and infrastructure without significant capital investment, says Enviva.

Eco Biomass, jointly owned by Enviva and ConocoPhillips, will use a combination of proprietary and licensed technologies to manufacture and sell renewable, torrefied wood pellets. The company's initial facility, scheduled to be operational in 2013, will produce wood pellets that will be sold under agreements with major utilities.

Source: *Wood News*, December 2011.

DON'T BECOME A WOOD COMDUST STATISTIC

By Rich Christianson

In April the fatal explosion at a Chinese factory that makes Apple's iPad2 thrust combustible dust onto the international stage of workplace safety concerns.

Officials of FoxConn Technologies, which operates the facility, believe that an accumulation of aluminum dust in the polishing department ignited the blast. Three workers were killed and 15 others were injured. There were reports that the polishing room's windows were kept shut and that workers could actually see dust particles floating in the air.

While this tragedy took place half-a-way, in a country with far less stringent workplace safety rules than here in the United States, it nonetheless dramatizes the deadly potential of combustible dust that is allowed to accumulate in a factory setting.

The deadliest combustible dust incident in recent U.S. history took place in February 2008 at the Imperial Sugar mill in Port Wentworth, Georgia. A massive explosion killed 14 workers and injured more than 30 others. Other ComDust tragedies we have reported on include the April 2010 coal dust explosion at Massey Energy's coal mine in Upper Big Branch, West Virginia, that killed 29 miners, and a January 2011 metal dust blast that killed an employee of Hoeganaes Corporations plan in Gallatin, Tennessee.

Through our WoodworkingNetwork.com website, we have posted several stories of suspected wood dust explosions. Fortunately, none of them resulted in deaths or serious injuries.

ComDust Rule in the Works

One after the Imperial Sugar tragedy, the Occupational Safety and Health Administration, pressed by members of Congress, reissued its Combustible Dust National Emphasis Program. Since then, OSHA has staged a series of public meetings and webcasts to collect information and comments from stakeholders that will be considered in crafting a national combustible dust standard.

In the interim, we have noticed that OSHA inspectors are paying much closer attention to combustible dust issues in their site visits. We have reported on dozens of wood and wood-related companies that have been cited and fined by OSHA for combustible dust hazards.

In April Huntsville Cabinets of Huntsville, Alabama, was cited by OSHA for "failing to keep walls, floors and equipment clean and free from the accumulation of combustible dust" among 21 total safety and health violations. In April, RY Timber Inc., a manufacturer of 2x4 studs, was cited for five repeat and four serious violations, including exposing workers to combustible dust hazards.

Keep a Clean Shop

Sawdust is a natural byproduct of machining and sanding wood. It is critical to abate for a variety of reasons – first and foremost for the comfort, health and safety of the workforce. It is also critical to capture dust to prevent it from contaminating finishes and other wood processes.

So don't wait for OSHA to roll out its new dust standard or to be caught off guard by a surprise OSHA inspection. Don't become a combustible dust statistic.

Make sure your dust collection system is adequate for your operation and is being maintained to operate at peak efficiency. In addition, wood plant mangers have to be mindful of scheduling regular and thorough plant maintenance that includes cleaning rafters and other horizontal surfaces that can be a hiding place for fugitive dust accumulations. And be sure the vacuum used to suck up fugitive dust is industrial grade.

When it comes to combustible dust, a clean plant is a safe plant.
Source: *Custom Woodworking Network,*
May 2011

SPRING POLE RELEASE REQUIRES TECHNIQUES

By Lee Schauman

This month's article will be short and to the point, but it is a very important safety issue that most of us to not take seriously until it's too late. Releasing spring poles or branches under pressure is a very dangerous process that requires a specific technique in order to protect you from getting seriously injured.

The safety way to release a spring pole is to shave a sufficient amount of wood from the underside of the spring pole to allow the wood fiber on the top side to release slowly. This usually starts to happen when about 25% of the wood is shaved away from the underside of the spring pole. Be careful not to shave too much too quickly as this can create a premature release which can be dangerous.

To decide the optimum point of the spring pole release, determine a straight vertical line from stump to where it meets a straight horizontal line from the highest point of the bend. From where these two imaginary lines meet, come down to the spring pole at a 45 degree angle. Start your shaving process under or inside the spring pole, remembering to take only one bar thickness of wood off at a time, so that your bar will not get pinched in the process. Remember also to do this process slowly, and watch for any reaction that might be occurring as you shave the wood away. After you have shaved approximately 25% of the wood from the under side of the spring pole, the pressure should start to release. If you want the pressure to release more quickly, continue shaving, being sure NOT to cut the spring pole completely off until the tension or pressure is totally released. Then cut the spring pole off. This process can also be used for branches under tension, but since it would be very difficult to determine the exact point to cut, shaving the inside of the end of the branch will still allow the pressure to release slowly. Remember, releasing the spring pole slowly and in the right spot will allow you to take care of them with a minimum of danger.
Source: *Great Lakes Timber Professionals Association,* November 2011

Coming Events

1) Fundamentals of Hardwood Lumber Grading and Hardwood Sawlog Scaling & Grading for the Small Mill Operator
This course will give the student a basic understanding of the requirements of the hardwood lumber grades, and how to grade hardwood lumber. The course will also give the students a basic understanding of board foot log rules, and how they relate to cubic and cord scaling, how the various board foot log rules compare to each other, the basic steps in the scaling and defecting of hardwood logs and the grading of hardwood sawlogs (Note: This course is designed for the small mill operator who has not had formal classroom exposure to the basics of log course is also not designed to be a training session for the production employees of larger mills.) Tentatively scheduled for July 17, 2012 at UW Stevens Point Wood lab.

2) Fundamentals of Quality Control and Quality Improvement for the Small Mill Operator
This course will give the student a basic understanding of quality control and quality improvement for the small mill operator. Topics will include sawing variation and its effect on quality and profits, how to determine sawing variation for your mill, how to calculate appropriate green target sizing of lumber, how problems with lumber sizing should be addressed with appropriate basic mill troubleshooting and alignment. (Note: This course is designed for the small mill operator who has not had formal classroom exposure to these topics. The course is also not designed to be a training session for the production employees of larger mills.) August 8, 2012 at UW Stevens Point Wood lab.

3) Fundamentals of Lumber Drying and Hardwood Lumber Marketing for the Small Mill Operator
This course will give the student a basic understanding of wood structure, the proper techniques of lumber drying, including both air and kiln drying and proper lumber handling and storage. This course is designed for the small sawmill operator or small woodworking shop that is interested in beginning to dry lumber or that has just started lumber drying. (Note: This course is designed for the small mill operator who has not had formal classroom exposure to these topics. The course is also not designed to be a training session for the dry kiln operators or the production employees of larger mills.) September 20, 2012 at UW Stevens Point Wood lab.

4) Basic Business Planning for the Small Mill Operator
This course is designed for the small mill operator who is at the point of making the step beyond simply custom sawing. A key focus of this course will include how to do a basic financial feasibility analysis of a small sawmill and/or lumber drying business and how to go about developing a business plan. Other topics will include understanding inventory and how that affects financial requirements, basic measures of business performance, development of basic pro-forms income statements for sawmill and/or drying operations. A student in this course needs to have a fundamental background in use of personal computer spreadsheets or they will need to bring someone who will be assisting them in that regard. Further direct technical assistance will be available individually to all students who might wish to follow-through with making this a reality. September 27, 2012 at UW Stevens Point Wood lab.

FOR SALE

Timber and Forest Products

Equipment

Machinery for sale: Mattison straight line rip saw ; Weinig (5) head moulder – 22N; Gang rip saw 12" arbor; Holt-her-line boring machine – 19

springles; Parks 20" (4) knife planer; Whitney 30" carbide knife planer; 12" Northfield jointer; auto pattern shaper – semi-automatic; rotary table shaper – dual tables; 1993 GMC – flatbed/dump truck cat.engine – low mileage; Cat bulldozer – D3C – 6 way blade; Haucher/notching machine; 42" (2) heads – wide belt sander; Schiavi – unimaster – N700/6 moulder (6) heads – 5" x 7" capacity – outboard bearings – feed thru- moulding heads and knife. Contact Fred Janik, 6881 Minnick Road, Lockport, New York 14094 (716) 433-4224.

Right hand mill – HMC 2 HB mill – includes HMC chain log turner, vertical edger, track, frame, husk, hydraulic drive, off bearer belt and 150 H.P. motor. *cab, wiring and controls burned* *Call for pricing*. 3' unscrambler 2 H.P. drive $2,000; 1 – reciprocating air compressor 20 H.P. $1,500; 1 – Neuman 2 saw trimmer – complete $2,500; 1 – 60 degree chain turn, complete with drive and motor $5,000; 1 – H..M.C. 2 saw automatic trimmer complete $6,000; 55C automatic hanchett circle saw grinder $500. All equipment removed and loaded on your truck. Contact Pine River Hardwoods, LLC, 100 Mill Street, P.O. Box 316, Laona, Wisconsin 54541 (715) 674-6411 FAX (715) 674-6901.

Schaefer Enterprises of Wolf Lake, Inc. – Rely on our experience, established in 1967. Used parts shipped daily for log skidders, crawlers, loader backhoes, excavators, wheel loaders and skid steers. We have many reconditioned engines and transmissions that are Dyno-tested. Rebuilt winches, final drives and used tires. If we do not have a part – we can locate it for you on one of our three nationwide parts locators. Contact a parts professional at (618) 833-5498 or (800) 626-6046. We are located at 4545 State Route 3 North, Wolf Lake, Illinois 62998. Check out our inventory at www.sewlparts.com or you may send e-mail requests to parts@sewlparts.com.

Slightly used fas trac model #307 left hand band blade sharpener. For immediate shipment. Sharpens 2 ½ " to 7" wide bands – for blades 20 ft. lengths and under. Contact Harry R. Schell, Inc., 601 West Park Street, Blue River, Wisconsin 53518; Phone 1-800-462-5807; e-mail hrschell@mwt.net. Also visit our new website at www.schellsaws.com and check out our monthly sale items.

Services for Sale

Announcing our new narrow bandsaw blade sharpening service, besides our experienced circular, wide band and carbide sawblade repair! Contact Harry R. Schell, Inc., 601 West Park Street, Blue River, Wisconsin 53518, phone 1-800-462-5807; e-mail hrschell@mwt.net . Also visit our new website at www.schellsaws.com.

WANTED TO BUY

Timber and Forest Products

Veneer logs – hard maple, red maple, black and white ash, white and yellow birch, red oak, white oak, basswood, butternut and walnut. Contact Ted Fischer, Ike International Corporation, 500 Maple East Street, Stanley, Wisconsin 54768, Phone (715) 644-5777; Cell (715) 577-7975; FAX (715) 644-5786; e-mail ted.fischer@ikeinternational.com.

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If you want to list items, fill in the form below:

FOR SALE WANTED TO BUY SERVICES EMPLOYMENT

FOREST PRODUCTS ☐ FOREST PRODUCTS ☐ FOR SALE ☐ AVAILABLE ☐ REMOVE FROM

EQUIPMENT ☐ EQUIPMENT ☐ WANTED ☐ WANTED ☐ MAILING LIST ☐

NAME ---------- DATE ----------

ADDRESS----------COUNTY ----------

CITY ---------- ZIP CODE ----------PHONE AC (-----) ----------

WISCONSIN LOCAL-USE DIMENSION LUMBER GRADING

A procedure is in place under which Wisconsin sawmills are able to produce dimension lumber that may be sold without a grade-stamp issued under the authority of a lumber grading bureau, and that lumber may be used in residential construction when directly sold to the person who will inhabit the dwelling (or to a person acting on his or her behalf) and for whom a building permit has been issued. To do this someone from the mill must attend one of the **Wisconsin Local-Use Dimension Lumber Grading Short-Courses** that are offered for Wisconsin sawmill operators. These one day special short-course training sessions are offered several times a year, at no charge, and are advertised in the WI-DNR's Wisconsin Woods Marketing Bulletin. **Successful completion of this course and successfully passing an associated test is required for anyone that wishes to produce and sell local-use dimension lumber in Wisconsin that will be used in residential construction. This means someone in your company needs to attend the course if you wish to produce Wisconsin Local-Use Dimension Lumber. (Note: Local-use dimension lumber is lumber that is not grade-stamped under the authority of a grading association.)**

If you wish to produce and directly sell Wisconsin Local-Use Dimension Lumber that may be used in residential construction, you will need to get someone from your mill to a course so they be certified (as a representative of your mill). Also if you do custom sawing for anyone who wishes to use the lumber in their dwelling (such as if you have a portable mill and are custom sawing logs for forest landowners who want to use that lumber in building their home), this would apply to you and you also should get the training and get certified.

The next one-day Wisconsin Local-Use Dimension Lumber Grading Short-Course that you can register for will be offered on April 3, 2012 at the University of Wisconsin-Stevens Point Wood Lab in Stevens Point WI.

The short-course is one day in length, beginning at 9:00 AM and ending at around 4:30 PM (at the latest).

There will be no fee for attending - HOWEVER - pre-registration is required – there will be NO WALK-IN REGISTRATION - (space is limited to 20 persons maximum for each course to allow for more interactive discussion). Pre-registration for the course must be received before for March 15, 2012 to permit time to confirm registrations, and for mailing all students a grading manual for advance study, and travel directions and other materials.

To register for any of the short-course, you may email, FAX or phone in your registration. Your registration will be confirmed (also by email, FAX, mail or phone) OR you will be informed the course is full.

TO REGISTER:

Email the following information to: RGOVETT@UWSP.EDU (email registration is preferred if possible)

Provide the following information when registering:
1) The full name (or names) of the person (or persons) being registered
2) The company name (if different from the person's name)
3) A complete mailing address (including zip code)
4) Phone number (with area code)

OR if you do not use email you can FAX to: Bob Govett 715-346-4821

OR you can simply phone Bob Govett (715-346-4212) – if you phone in your registration – please be sure to spell out the name and address

WISCONSIN WOOD
MARKETING BULLETIN

Department of Natural Resources
Forest Products Specialist
3911 Fish Hatchery Road, Route 4
Madison, WI 53711

ADDRESS SERVICE REQUESTED

The Wisconsin Department of Natural Resources reserves the right to edit all items included and accepts no responsibility for the accuracy of description or for the commercial integrity of the persons or firms making offers in this Bulletin.

If you wish to use the facilities of the Bulletin, forward a letter, post card or form on page 11 with detailed description of your "wanted" or "for sale" items. All forest products (stumpage, logs, pulpwood, posts, poles, trees and lumber, etc.) and services (custom sawing, custom kiln drying and tree planting, etc.) may be listed. Please be sure your full name, address (including zip code), telephone number accompany your listing, there is no cost for listing any items. If you want items repeated in the next issue, send in a written request. If you have comments about the Bulletin or have suggestions on its content, write to: Forest Products Specialist, 3911 Fish Hatchery Road, Fitchburg, WI 53711, phone (608) 231-9333 FAX (608) 275-3338.

DEADLINE FOR ITEMS TO BE LISTED IS THE 20TH OF: MARCH, JUNE, SEPTEMBER and DECEMBER.

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