Forest Products Marketplace *By Roy A nderson*

Got Softwood Lumber? Industry Considers New Marketing Program

Got Milk?
Beef: It's What's for Dinner. Cotton: The Fabric of Our Lives. Pork: The Other White Meat.

You've heard these slogans, but have you ever wondered who is behind them and how they're funded? The answer, the so-called check-off programs designed to promote these and several other agricultural products. These congressionally authorized programs originated decades ago when various agricultural commodity producers could check a box on a form indicating whether they wanted to contribute funds to programs aimed at promoting their products. This was not so different from the "check-off' portion of many state income-tax forms, where taxpayers can opt to make a contribution to a state or charitable program.

The early check-off programs were voluntary, but today check-off participation is mandatory in many industries to make it fair for all and minimize the number of free riders. Beef producers must pay $1 per head of cattle sold, for example, and dairy industry producers must pay 20 cents for every hundred pounds of milk sold. The funds collected go to programs that promote the use of beef and dairy products.

This spring, members of the softwood lumber industry will hold a referendum to decide whether there will be a mandatory softwood lumber check-off program.

After 18 months of study, the developers of the program have recommended a strategy aimed at establishing wood as the product that is the most practical, affordable, and sustainable choice for use in all markets. The vision is to implement this strategy as a B2B (business to business, not business to consumer) program aimed at architects, builders, and others who specify lumber products in residential, nonresidential, commercial, and outdoor living applications.

According to a proposal filed by the US Department of Agriculture's (USDA) Agricultural Marketing Service on October 1, 2010, in the *Federal Register,* soft** wood lumber manufacturers would be assessed a fee of 35 cents for every thousand board feet of lumber shipped within or imported to the United States. A provision in the proposal would allow for raising the assessment to as much as 50 cents per thousand board feet shipped if needed and when market conditions improve. Entities that domestically ship or import less than 15 million board feet annually would be exempt from the assessment, and no entity that domestically ships or imports lumber would pay the assessment on the first 15 million board feet shipped in any fiscal year.

Softwood lumber is defined as all lumber and lumber products as described in the Softwood Lumber Act of 2008. This includes products such as lumber, siding, and flooring. Certain types of softwood lumber products such as trusses, I-joist beams, and assembled box springs would be exempt Any lumber exported from the United States would also be exempt from the assessment

A Softwood Lumber Board consisting of 18 or 19 industry members would administer the program. The presence of the 19th member would depend on whether other regions of the world, such as Europe . or South America, become significant players in the US market The Secretary of Agriculture would appoint board members to seats apportioned based on production in each region. Twelve board members would be domestic manufacturers, and the remaining six or seven members would be importers. Among the domestic manufacturers, six would be from the South, five from the West, and one from the Northeast or Lake states.

The softwood lumber check-off program would generate an estimated $14—$21 million annually, depending on the demand for lumber in any given year. Those funds would be used to carry out promotion, information, and research programs aimed at market growth—in short, enlarging the market pie.

To grow softwood lumber markets, the program objectives are to stop market-share erosion in residential markets, increase market share in multifamily residential construction, significantly increase wood use in nonresidential markets, and to rebuild market share in the outdoor living market. The USDA's Forest Products Lab estimates that these objectives represent as much as eight billion board feet, potentially worth $3 billion annually.

Check-Off Backstory

The softwood lumber check-off program is the brainchild of the US Endowment for Forestry and Communities, a nonprofit organization established as part of the 2006 Softwood Lumber Agreement between the United States and Canada that is charged with supporting the North American forest products industry. One of the endowment's first activities was commissioning a softwood lumber check-off feasibility study.

"We got the effort started by asking what could be done to enhance markets," said Carlton Owen, president and chief executive officer of the endowment "After we identified check-offs as an opportunity, the question became, can what has been done in agriculture be applied to forestry?"

The endowment's efforts, along with funding and leadership from the Bi-national Softwood Lumber Council, led to the formation of a blue-ribbon commission comprised of 21 industry executives from the United States and Canada. The commission included representatives of both large and small companies. In February 2010, the commission submitted its proposal to the USDA.

A public comment period for the proposed program ended on November 30. More than 50 comments were received, most of which supported of the program. For example, Bob Boeh, vice president of resources at Idaho Forest Group (formerly Riley Creek Lumber), commented that "as an employee of the softwood lumber industry, I support the check-off program for the following reasons: 1) Need to grow markets and increase the size of the pie for the successful future of the softwood lumber industry, 2) Recapture market share lost 3) Clarify misinformation from competing products (e.g., steel and cement), and 4) Validate pro-wood environmental marketing (i.e., carbon neutrality/footprint)."

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Similarly, Andrew Miller, chief executive officer of Stimson Lumber Co., wrote, "There is a compelling case for a softwood lumber check-off. Since the 1990s, competing products have undertaken aggressive marketing campaigns that increased their market share at the expense of wood. Wood building products and systems lost opportunities by not pursing a vigorous, coordinated, North American marketing strategy to maintain share. This situation remains unchanged. Regardless of the state of the housing market, trade relations, or the economy, the steel and concrete industries will not go away, and they have a deliberate and targeted agenda to take our markets."

Other commenters indicated support for the program but also encouraged patience in implementing the program. Jim Walsh, chief executive officer of Roseboro, wrote the USDA should delay the collection of assessments until January 2012 "to give the market more time to recover and to alleviate anxieties that might dampen support for the check-off."

Another concept expressed in the comments was that the promotional efforts should also target international markets.

"Beginning in the mid-1990s, the softwood lumber industry's appetite for international markets dwindled to the point that today very few companies have much knowledge of overseas markets," wrote John Heissenbuttel, president of Heissenbuttel Natural Resources Consulting and a former SAF president. "This absence from overseas markets, which has continued until recently, hurt the industry badly during the current economic downturn, because when domestic markets dried up, the industry had nowhere to turn. While domestic markets will likely remain depressed for another four to five years and may never fully recover, export markets, especially Asia, offer new and growing markets. I would like to recommend that the [USDA] Agricultural Marketing Service ensure that the proposed rules for a softwood lumber research and promotion program allow industry, if it wishes, to pursue international markets with check-off funds."

However, not all comments were in support of the program. "We produce nothing that sells in the commodity market and nothing that has steel or composite substitutes," wrote Loren Rose, controller at Pyramid Mountain Lumber. "Most of our product line is 'niche' and we would not benefit from the proposed regulations"

Chuck Roady, vice president and general manager of F.H. Stoltze Land and Lumber Co., wrote, "There is no indication that there will be an immediate or speedy recovery to the housing market. As such, no amount of advertising will increase the use of softwood lumber!"

Mike Stevens, sales manager at Neiman Enterprises, which operates three sawmills in the Black Hills region in South Dakota and Wyoming and produces about 200 million board feet of ponderosa pine boards, paneling, and shop grade lumber annually, explained that his company is not in competition with other building-product materials.

"We compete with imported softwood, primarily from Europe and South America," wrote Stevens. "This mandated assessment on NON-commodity softwood production is unreasonable. You cannot forcibly impose charges on the entire North American softwood industry for a marketing campaign that will only benefit a portion of the producers. Unlike milk and beef, not all softwood lumber producers are manufacturing the same products or competing in the same markets...we simply cannot be forced to sponsor efforts in other markets and expect to survive in ours "

Regarding the Canadian perspective, Al Thorlakson, chair of Tolko Industries wrote, "It is critical that the softwood lumber industry undertake a promotion program like one described in the proposed rules to unite our industry and regrow market share for our products. Tolko Industries Ltd. supports these efforts to increase the volume of softwood lumber sold and expand softwood's market share and returns in our key markets. The inclusion of Canadian manufacturers in the design, execution, and plan of the program offers an encouraging step in the development of the bi-national relationship in the North American softwood lumber industry. "

There are valid points on both sides of

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and is likely to vary by site.

Contract costs are difficult to estimate due to the variability in number and type of treatments. The initial treatment will be the most expensive. In a southwest Oregon field trial, initial clearings (site preparations) took from 165 to 400 hours per acre, depending on conditions and crew capabilities. Release work (cutting the regrowth) took 40 to 100 hours per acre. Tractor mowing, if feasible, is much cheaper ($100 to $150 per acre).

Ineffective Treatments

Prescribed fire. Burn either untreated thickets or mowed or cut areas that have re-grown. During spring and summer, blackberry plant moisture content is high. It is lower in late fall and winter and may be easier to burn then.

By itself, burning is not effective for long-term control. It might help remove aboveground parts of the plant, either to prepare for subsequent treatments or after a broadcast herbicide treatment has killed the plants. However, untreated Himalayan blackberry will resprbut rapidly from root crowns after a fire.

No information is available about the cost of burning blackberry.

Browsing by goats. Goats are used for Himalayan blackberry control in Australia and New Zealand and have been tried in a few cases in the Pacific Northwest. Goats may be pastured in areas with untreated Himalayan blackberry thickets or areas that have regrown after cutting, mowing, or fire. Browsing may be intensive and short term, with a large number of animals that are moved on and off the site within a few days or weeks, or may be all season long with a smaller number of animals.

Browsing is largely ineffective for managing Himalayan blackberry in riparian zones. Goats will eat the succulent leaves and canes (new growth) of Himalayan blackberry but not the older growth. Also, plants regrow rapidly once the goats are removed from the site unless the duration and intensity of browsing is enough to deplete the plant's energy reserves—which is impractical in most riparian management situations. Goats are nonselective browsers, so they will eat virtually any woody vegetation available. Overall, goats probably are best suited for Himalayan blackberry control in upland areas when:

► There is an initial mechanical treatment so the goats can browse the resprouting canes and leaves

► The goats are allowed to browse over the entire growing season

► This process is continued for two or more growing seasons

► Browsing of desirable woody vegetation in the area can be controlled adequately or is not an issue

► Fencing, access to water, predation, and other management issues can be addressed

The cost of browsing is highly variable and depends on needs for fencing and the cost to buy and care for goats.

Mowing, cutting, or slashing. The area to be planted is cut back once or twice before planting. This is not effective. The Himalayan blackberry plants grow back rapidly, and the treatment may increase suckering from lateral roots and branching. Cost for this treatment is the same as noted above for the repeated mowing, cutting, or slashing treatment.

Maintenance and Release

Regardless of the treatment used, maintenance is essential to successful Himalayan blackberry control and restoration of desired vegetation. Initial treatments, even if intensive, seldom are successful in killing all roots and root crowns or removing them from the site. Some re-sprouting probably will occur. Also, new Himalayan blackberry plants may germinate from seed. Though these seedlings are less vigorous initially than Himalayan blackberry plants with established root systems, seedlings may be extremely numerous.

Even when Himalayan blackberry has been controlled effectively, the site often will be invaded from surrounding Himalayan blackberry patches. In addition, when Himalayan blackberry control is successful* other weeds may come to dominate the site. All weeds compete with planted vegetation for limited supplies of soil moisture, sunlight, and nutrients.

Spot spraying. In all cases, take extreme care not to damage desirable plants. When using directed sprays, protect trees with stovepipes or plastic shields. Periodically wiping the protector helps minimize the potential for spray drip to contact desirable vegetation. Trees' susceptibility to herbicides varies by the chemical used and the tree species. To control Himalayan blackberry resprouts, triclopyr (midsummer through fall) and glyphosate (fall) are effective.

The seeds in Himalaya blackberry fruit, black when ripe, are often spread by birds and mammals.

Hoeing and grubbing new resprouts. Young seedlings can be hoed easily when their roots systems are not well established.

Mulch mats. Mulch mats can reduce herbaceous weed competition. They temporarily will inhibit—but will not prevent—Himalayan blackberry resprouting. In a southwest Oregon field trial, Himalayan blackberry was cut to the ground, trees were planted, and mats 36 inches square were installed. During the growing season, sprouting canes pressed against the mats* undersides, and a few canes emerged and grew up from the' side. After one year, the mats began to deteriorate, and some sprouts grew through holes in the matting.

Release cuttings. Cut all Himalayan blackberry sprouts within a six-foot radius around each planted tree. In addition, cut canes projecting aboveground into the circle. Adjacent untreated Himalayan blackberry thickets also may need to be cut back.

Shade. Shading out Himalayan blackberry plants is a long-term maintenance strategy. Himalayan blackberry is considered shade intolerant. In an experiment near Corvallis, Oregon, artificial shade (shade cloth) appeared to reduce Himalayan blackberry biomass accumulation and stem diameter after an initial mowing, but there was wide variation among the plots, and the results were not statistically significant. Artificial shade appeared to interact with other treatments (mowing plus tilling, mowing plus herbicides) to increase the level of Himalayan blackberry control.

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the argument, so it will be interesting to see how the softwood industry votes in the up-coming referendum. A majority vote is required for implementation of the program. The USDA hds defined "majority" in terms of both number of producers and volume of lumber shipped. In other words, the votes will be tallied in two ways: 1) number of producers for or against, and 2) volume of lumber production for or against Both must be a majority in favor of the check-off for the program to become a reality.

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