



US Hardwood Lumber Industry Coalition

PRESS RELEASE

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Research Study: 83 Percent of Industry Questioned Will Vote “No” on Hardwood Check Off

US Hardwood Manufacturers See Flaws in Proposed Promotion Program

Washington, DC - The US Hardwood Lumber Industry Coalition today released the results of an industry research project designed to gauge the support for the USDA’s proposed Hardwood Lumber and Hardwood Plywood Promotion, Research and Information Order, otherwise known as the Hardwood Check Off program. The research data were collected by Conquest Communications of Richmond, Virginia.

Check-off programs are designed to support marketing and research activities for various commodities through USDA’s collection of mandatory assessments on the commodity’s producers and processors. Those assessments are in turn used to fund programs targeted at increasing the sales of those commodities.

Some of the better known check-off promotions include the “Got Milk?”, “Beef, It’s What’s for Dinner” and “Pork, The Other White Meat” campaigns. Check off programs are administered by the USDA’s Agricultural Marketing Service. There are currently more than 20 such programs in place, covering commodities ranging from popcorn to watermelons. In the past few years, check off programs covering forest products such as softwood lumber and Christmas trees have been developed.

Conquest Communications questioned hardwood lumber manufacturers on the proposed check off with 257 companies participating. That group represents 18 percent of the total 1,434 companies eligible to vote on USDA’s proposed check-off, which is a statistically representative sample of all hardwood lumber manufacturers. The telephone research was completed in May 2014 and based on the US Forest Service and industry association lists of affected hardwood manufacturers.

According to the research results, five percent of the respondents support the check off program. An additional 12 percent indicate their openness to consider supporting an industry check-off program given modifications to the proposal put forth by USDA. More than 19 percent of respondents were unsure of their opinion of the proposed check off program, despite USDA and other reported industry efforts to publicize the potential upcoming industry referendum on the proposal.

USDA published the proposed check off program in the Federal Register on November 13, 2013, with a 60 day comment period. On January 16, 2014, USDA extended the comment period another 30 days until February 18, 2014. In total, 956 comments were filed by industry participants and other stakeholders, including the US Hardwood Lumber Industry Coalition.

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In its comments, the Coalition expressed a number of concerns, including the grouping of both hardwood lumber and hardwood plywood under the same check off program, the exclusion of imports under the program, and the small business exclusion that would prevent hardwood lumber manufacturers with annual revenues of \$2 million or less from voting in check off referendum or participating in promotional activities. When asked about these issues, the responses were:

- 70 percent of respondents opposed including hardwood lumber and hardwood plywood in the same check off, with 14 percent in favor;
- 74 percent of respondents opposed excluding imported hardwood lumber from the check off assessment, with 12 percent in favor;
- 85 percent of respondents opposed excluding hardwood lumber manufacturers with less than \$2 million in annual revenues from the referendum and check off activities, with eight percent in favor.

When presented with the question, “as the USDA check off proposal is written, do you plan to vote for it or against it?” a total of 83 percent of respondents indicated they would vote against the check off program. Only 5 percent responded that they would vote for the proposed check off, with 10 percent unsure.

The check off program was submitted to USDA by a group of 14 hardwood and hardwood plywood companies collectively known as the Blue Ribbon Committee. In their comments to the USDA, the Blue Ribbon Committee proposed to exempt utility grade lumber from the program; more than 60 percent of hardwood lumber production is utility grade. When asked if exempting utility grade lumber from the check off would change their vote, 77 percent of respondents answered that it would not.

Notable in the research was that 67 percent of respondents indicated they were currently members of industry trade associations and that 72 percent of respondents indicated that the hardwood lumber industry benefits from its system of voluntary funding of research and promotion through various trade associations. However, 63 percent of those respondents indicated that if assessments for the check off program were put in place, it would affect their willingness to continue to pay trade association dues.

“This research confirms the message that the US Hardwood Industry Coalition has communicated to the USDA and others in the industry,” said Jeff Edwards of Edwards Wood Products Inc., in Marshville, North Carolina, co-chairman of the Coalition. “USDA’s proposed check off is irreparably flawed, and our current system of voluntary funding of research and promotion serves our industry well,” Edwards concluded.

“Commodity check off programs are popular and effective in the agricultural sector,” says Jeff Hanks, of Bill Hanks Lumber in Danbury, North Carolina, co-chairman of the US Hardwood Industry Coalition, “but the check-off model does not fit the hardwood industry.” Hanks continued, “hardwood lumber is not a fungible commodity typical of the highly regarded agricultural check offs for milk, cotton, or other commodities.”