

The Hardwood Industry's 2018 Successes & A Look Ahead

By Dana Lee Cole

The books have closed on 2018, and despite countless reports (some true, some exaggerated) of gridlock and partisan bickering, the Hardwood Federation realized some important victories on the federal level last year.

Federal Forest Management Reform:

After years of working the issue, we made significant progress on federal forest management reform in 2018.

In March, the President signed a spending bill that included a number of measures that provide the U.S. Forest Service (USFS) with additional management tools they so desperately need.

The most critical piece was the creation of a \$2 billion fund that the USFS can access if allocated fire suppression funds are depleted due to high fire activity levels.

This is important as it provides stability to funding for other important programs, including timber harvesting, forest restoration, maintenance of recreation

facilities and wildlife support. Funds were all too often diverted from these programs to fight the severe fires that have consumed the western lands over the last few years; recently fire-fighting efforts have consumed over 50 percent of the total USFS budget, leaving other programs underfunded and unable to meet established goals and objectives.

Additional measures were approved to streamline and improve management of the forestlands. These measures included the establishment of a new categorical exclusion from the National Environmental Policy Act (NEPA) for hazardous fuels reduction on areas up to 3,000 acres, significantly increasing the amount of land the Forest Service can treat at one time.

The deal also opens the way to more 20-year stewardship contracts in which USFS collaborates with states on forest management projects. These new contracts will give preference to contractors that promote innovative use of wood products,

including cross-laminated timber. Simplified and expanded processes for forest road maintenance, reconstruction, repair and restoration were also part of the final package.

These improvements build on various reform measures that have been implemented over the past several years, some big, some small. And the USFS is taking advantage of them. In 2018, the Service sold 3.2 billion board feet of lumber off federal lands, the highest output since 1997 and the first time selling over 3 BBF in 21 years. Although still short of the 3.4 BBF goal for the year, it is 10 percent above the previous year and shows continued improvements. And we plan to be there to encourage, support and, if needed, demand that the current trend continues.

The 2018 Farm Bill: The Hardwood Federation had another reason to cheer on December 21 when the President signed the reauthorization of the Farm Bill, a massive

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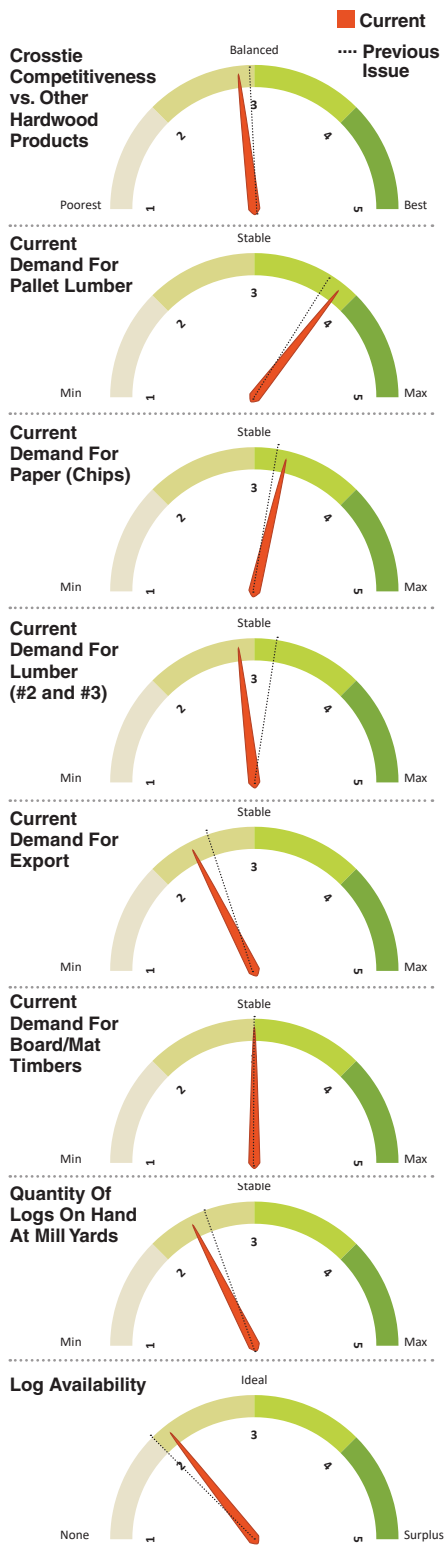


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Hardwood Procurement Trends Eastern Half U.S. – January 2019

The gauges below represent "snapshot in time" opinions of in-the-field wood tie buyers who procure untreated cross-ties from sawmills in their regions. RTA does not warrant nor accept responsibility for the accuracy of the data generated. See more on rtastats.org.



piece of legislation that is primarily focused on food and nutrition programs but also includes important support for the hardwood industry.

One of our top issues of the year was advocating for full funding of export promotion programs in the Farm Bill, including the Market Access Program (MAP) and the Foreign Markets Development Program (FMD), both administered by USDA. These programs provide essential resources to support the development of foreign markets for U.S. hardwood and hardwood products. The American Hardwood Export Council (AHEC) receives funding from both programs allowing them to provide vital services to the hardwood industry in the form of hardwood export promotion activities around the globe. Both programs are fully funded in the Farm Bill; MAP at \$200 million and FMD at \$34.5 level million.

The Farm Bill also included funding for the Timber Innovation Act (TIA), a program that promotes use of wood and cross-laminated timber (CLT) in buildings higher than six stories. The provisions in the measure include both the research and development components of TIA as well as innovation grants. Although this is primarily a softwood product at the moment, we are hopeful that additional research will develop ways for hardwoods to be appropriately incorporated into CLT.

Funding for the Community Wood Energy and Wood Innovation Program (CWEIP) grants for projects that install high efficiency wood heating systems in hospitals, schools, community centers and entire towns made the final Farm Bill cut as well. The 2018 bill authorizes \$125 million over the next five years to facilitate installations of heat and power systems that operate on sawmill residual-derived fuels. The scope of the program has been broadened as well; capital improvements to sawmills are now eligible for funding under CWEIP.

Last, but not least, the final legislation includes a few forest management provisions, including expanded Good Neighbor Authority to allow Indian tribes and counties to participate in the program and some landscape scale forest restoration provisions, including the establishment of a competitive grant program for financial and technical assistance to encourage collaborative,

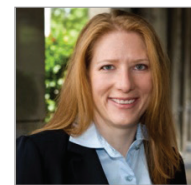
science-based restoration of priority forest landscapes.

Waters of the United States: One last bit of good news from 2018 was the U.S. Environmental Protection Agency's unveiling of proposed rules regarding the Waters of the U.S. (WOTUS) at the end of December. The revised rules are intended to replace the Obama Administration's WOTUS regulation that expanded the definition of waters covered by the Clean Water Act to include navigable waters, as well as those with direct and indirect connections, including potentially temporary flows, to navigable water bodies.

The original rule was of concern to the regulated community as almost any body of water, including temporary ones, could trigger Clean Water Act permitting obligations. This was a particularly big concern for the agriculture community in general, including forest landowners. Although there is some concern in the regulated community that the new WOTUS rule still leaves too much room for interpretation and overreach, the proposed rule does narrow the definition and excludes ephemeral streams which were of primary concern to forest land owners. We expect the rule to be finalized in 2019.

It is important to remember that although this is good forward momentum, it did not happen overnight. These are all issues we have been working on for several years, chipping away at Congress and two different Administrations. And we are still not done. We must continue to advocate for change *and* we must continue to defend the progress we have made.

And, of course, there are significant challenges that face us in 2019. Trade and how the industry navigates the current world economic instability being of primary importance. The Hardwood Federation team is ready for action and looking forward to taking on the challenges of the New Year. The successful conclusion of the previous year has provided us with the energy and the confidence to do so. ■



Dana Lee Cole, dana.cole@hardwoodfederation.com, is executive director of the Hardwood Federation, which serves as the voice of 28 associations dedicated to promoting and supporting the hardwood industry.