

GREEN EXPECTATIONS



March 2009

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FSC For Free

Panel Source International Inc. is happy to announce the successful implementation of the first ever 'FSC for Free' promotion, offered to Lumbermens Merchandising Corporation (LMC) dealers at LMC's annual tradeshow, held March 4th through 6th in Houston, Texas.

In effort to promote the FSC brand and promote FSC products in the market place, Panel Source ran a random draw – the prize: Panel Source International will pay for the winner's FSC chain-of-custody certification costs. Out of nearly a hundred entries, 30 LMC dealers were chosen to participate, and are now working with Scientific Certification Systems.

Panel Source International offers North America's largest and most diverse selection of FSC certified wood products (FSC chain-of-custody SCS-COC-00569). Lumbermens Merchandising Corporation is the largest Forest Products and Building Materials Buying Group in the USA with over 1200 member locations across 48 states plus the Bahamas.

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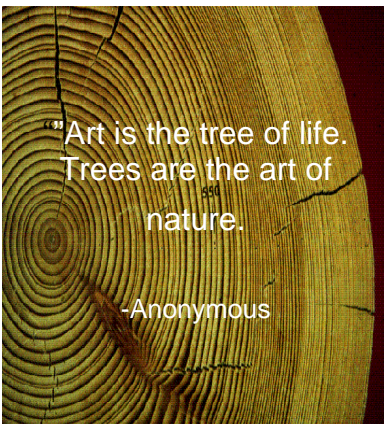
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The following companies were selected for the FSC for free program:

Dakota Craft, Inc - Rapid City, SD • Kuiken Brothers Co. - Fair Lawn, NJ
HJ Opdyke Lumber - Frenchtown, NJ • Dykes Lumber Co – Tallman, NY
Baker Miller Lumber Inc – Groton, NY • Shepley Wood Products – Hyannis, MA
Howe Lumber - East Brookfield, MA • H.E.P Sales – Waterloo, NY
Alliance Lumber – Phoenix, AZ • Mortimer Lumber - Port Huron, MI
Hammond Lumber Co. – Belgrade, ME • Economy Lumber – Campbell, CA
Home Lumber – Whitewater, WI • Construction Supply – Farmington, NM
Morristown Lumber – Morristown, NJ • Withers Lumber - Woodburn, OR
J.P Hart Lumber - San Antonio, TX • The Pineland Lumber Co. – Lewiston, ME
J.C. Snavely – Landisville, PA • Plywood Supply – Kenmore, WA
Building Concepts Inc. – Edgerton, OH • Brand Vaughan Lumber – Tucker, GA
Lexington Building Supply – Lexington, KY
Jay-K Independent Lumber Corp - New Hartford, NY
Marson and Marson Lumber, Inc – Leavenworth, WA
Friday Lumber Co. - Tuscaloosa, AL
Standard Supply and Lumber - Grand Rapids, MI
Zuern Building Products – Cedarburg, WI
LaValley Building Supply Inc - W. Lebanon, NH
Montgomery Truss and Panel - Grove City, PA

Congratulations to all the winners!!!



"Art is the tree of life.
Trees are the art of
nature.

-Anonymous



Forest Products Market Update

March 2009

I was asked by a young salesman the other day how one should go about becoming the owner of a small sawmill. Simple-I replied-just buy a big mill and wait! So it is in the forest products industry. Mills that were big are getting smaller by the day, while others have vanished completely. Naturally, small operators are suffering, daily, and "holding on by the skin of their teeth". Unfortunately, unless something approaching a miracle happens soon, the casualty list is going to grow dramatically over the next six months. While the stimulus bill being approved in Washington may be of some help (and the jury is still out on this issue, and will be for some time), it's unlikely that any real, or significant, benefits will arrive in time to stop what amounts to the full scale destruction of a major domestic industry. While banks, airlines, and auto companies continue to get all the press, (and banks seem to get all the money!), this major industry that employs hundreds of thousands of hard working, dedicated people is being left to "wither on the vine".

To me, it is incomprehensible that trillions of dollars of future tax revenue are basically being handed free of charge to Wall Street, with no requirements for record keeping, reporting, or requirements to open up

credit markets for credit worthy borrowers. No sooner were the checks deposited than Wall Street firms jumped into an "orgy of bonuses" for senior personnel. Wall Street firms defended these bonuses as necessary to "retain the most talented managers for the bank". Well, as these are the same managers that overdosed on writing loans to borrowers that had no cash or cash flow, loans that caused banks to default, lay off thousands, lose billions, and send corporate net worth into the toilet, then I suggest these same banks should consider hiring the "least talented managers". They may not do any better than the "most talented", but they couldn't do worse- and they'll work a lot cheaper than the current superstars!

For those of us who believe in sustainable construction, wood products are a good news story. Wood is the only true "renewable" building material we have, and if that isn't important enough, production of wood products generates by far the lowest volume of greenhouse gases per ton of material, consumes the lowest amount of water, and requires the smallest energy inputs of all major building materials. Even better is the reality that the "renewing" of forests locks away enormous volumes of carbon, another green claim that

steel and aluminum produces would have you forget. Claims of being "green" from steel and aluminum producers would be laughable if they weren't so dangerous. It was once suggested that people will more easily believe the "big lies" than the small ones, and this appears to be the strategy of these same metal maniacs.

A quick summary of market conditions for the various wood products groups:

Softwood Lumber: After a brief "rally", Western and Eastern SPF prices are again falling into chaos. Douglas Fir and Western Hemlock never had the benefit of a rally, they remain on the "critical" list, while Southern Yellow Pine remains more active, but still far from profitable.

Softwood Plywood and OSB: Markets for western plywood are non-existent-while SYP plywood continues to sink to levels not believed possible just a few years ago. Meanwhile, America's "wonder panel", OSB, is now so cheap that one wonders why any of the OSB mills are still open.

What they really mean

LEED®, like any new system, has generated a wealth of abbreviations, code words, and similar language that can leave many of us on "the outside looking in". To help you get up to speed, we are pleased to present the Panel Source Interpretative Dictionary of Common Terms Used in the Wood Industry When Speaking to Architects and Designers:

What They Say & What They Mean:

"Green is just another flavor of the week that will be forgotten in two years". —> "At least, I hope so because I'm totally unprepared to deal with this new "flavor". Please, can't things just stay the same?"

"We believe it's important to maintain a healthy forest" —> "And what could be healthier for a forest than cutting out all those big old trees, so the sun can shine on the ground, and the deer won't hurt themselves at night by running into a tree."

All forest certification schemes are pretty much the same". —> "Much the same way that all countries are the same, or all automobiles are the same. That's why I know I'll be happy when I move to Zimbabwe and pick up my new Lada at the dealer".

Clenching Defeat From the Jaws of Victory?

The founders of the United States Green Building Council established a number of mandates (dare we say visions) of what the USGBC would become, and what it would accomplish. Listed in these mandates was “market transformation”, and over the last fifteen years, the USGBC can take justifiable pride in the enormous changes that have occurred in many products, services, and processes.

Now the USGBC finds itself in danger of becoming a “victim of its own success”. Early in the development of LEED, the decision was made to make a LEED credit available for builders who use a certain percentage of “certified” wood. Naturally, the question arose as to how one would define “certified”, and to answer this question, the council made another decision: certified, for the purposes of using the LEED system, would mean the Forest Stewardship Council Certification program. Thus, FSC wood-used in sufficient volumes-could earn a LEED credit for the builder/owner, but no such credit was available for wood certified under different certification schemes.

Initially this decision had little impact in the market place, as other certification systems doubted that LEED would achieve any real success, so their exclusion from the system was of little concern. In time, though, it started to become obvious that LEED was achieving some real “breakthrough” success, and concerns began to arise within these other certification circles. While there are numerous different certification schemes, most of the “noise” started to come from the SFI, originally an industry sponsored program administered by the American Paper and Forest Association. The SFI response was massive and expensive, and continues to this day. At the time, wood markets were still relatively profitable, so there was lots of industry cash available to fight the USGBC on two fronts. The first front was to launch a full attack on the USGBC, and attempt to discredit its personnel and its programs-with the hope of defeating LEED before it became too deeply entrenched. At the same time, SFI hedged their bet-in case the attack failed, they remembered the old adage “if you can’t beat them-join them”. As a result, they began the lobbying efforts to push LEED into accepting SFI as equal to FSC. This objective was promoted under a banner that “all certification schemes are good-and are just about all the same-who we really need to worry about are uncertified mills-especially foreign mills”. Of course, as we pointed out on page 2 this theory is true as long as one accepts the idea that a Mercedes and a Lada are “just about the same.”

The USGBC is approaching the day of decision, as later this year the USGBC must seek membership approval to change the certified wood credit. For USGBC management, the ideal solution is that SFI and other certification schemes get equal recognition in LEED, and that there is no negative backlash from the USGBC Membership.

Had the economy remained strong, the USGBC just might have been successful arguing that industry “self regulation” of timber harvesting is just as good as independent third party certification. However, with the constant media stories about one financial firm after another operating unethically, unfairly, and in just about every case, illegally, “self regulation” is going to be a tough sale for the USGBC to “get past” the membership.

Still, “BS baffles brains”, so the Council just might be able to Clench Defeat From the Jaws of Victory. If so, while the timber companies celebrate, USGBC members face the unpleasant task of wondering “just who can we trust, now?”. Especially given the USGBC’s mandate of ‘market transformation’, which could be tossed out the window, this is sure to be a contentious issue through 2009.





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Your One Source When Building With LEED®!

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Panel Source International is North America's leading manufacturer and distributor of forest products designed for use in LEED® construction projects. We focus exclusively on the manufacturing and distribution of environmental forest products, including products that are FSC Certified, urea formaldehyde free, and manufactured with rapidly renewable or recycled fiber contents. These products include lumber, softwood and hardwood plywood, particleboard, MDF, OSB, timbers, IPE decking, door core, melamine panels, pressure treated and fire retardant products.



The People of Panel Source:

Meet Lu Wang

Lu Wang is the order and logistics coordinator in Panel Source International, Inc. In this capacity he is responsible for order coordinating, production line schedule, shipping and receiving, as well as inventory management.

Lu Wang was born on March 26th, 1983 in Qingdao, Shandong province, China. He spent his first eighteen years there until he graduated from high school, then spending two years in Jinan, Shandong province for his first two years of university education. His native language is Mandarin.

Thanks to his father, a tea business owner, he got support to get further education in Canada. Lu came into Canada on December 26, 2003 and completed his Bachelor's Degree in Mathematics and Finance in University of Alberta in the summer of 2006. During his school days, he spent significant time volunteering at the Students International Center and Exchange Program. He received job offers from the Nanyang Technological University, Singapore and Panel Source International, and, in the end he decided to join the Panel Source team.

During a Christmas holiday in 2007, Lu met his wife on a return trip to his hometown. She is a manager for the personal online banking department in Bank of China, the world's third largest bank. They were married in their hometown in December 2008. Michelle is joining Lu in Canada in March 2009.

Lu's biggest hobbies are traveling and sports, such as running and swimming, He competed in the 125 km Canadian Death Race in 2007.

