



HARDWOOD FEDERATION

Hardwood Federation May 2022 Newsletter

From the Executive Director:

On May 23, the Hardwood Federation and its member associations led a coalition of industry groups, including the American Forest and Paper Association, the National Wooden Pallet and Container Association and the Treated Wood Council, in a letter to the U.S. Fish and Wildlife Service (USFWS) on its proposed regulations for the Northern Long-Eared Bat (NLEB); thirty (30) member associations of the Hardwood Federation signed onto the letter. The comments mirrored those of many allied forestry groups including the National Alliance of Forest Owners, the Forest Resources Association, and the Federal Forest Resource Coalition. On March 23, the USFWS published a proposed rule to re-designate the NLEB as “endangered” under the “Endangered Species Act” (ESA), thereby triggering additional land-use restrictions within certain habitats that would hinder some timber harvesting operations.

As we noted in our April newsletter, White Nose Syndrome (WNS) is the primary factor for the significant decline of this and other bat species. Forestry related activities, including timber harvests are not the culprit and in fact in many ways support bat health. However, the fact that the NLEB population has continued to decline as WNS continues to run rampant through multiple bat species makes a continuation of the threatened designation doubtful.

Fortunately, the agency's preamble to their request for comment acknowledges the positive benefits of current forestry practices for maintenance of the bat's habitat. These benefits, however, are not as extensive as those acknowledged within the context of the "threatened" designation, which the agency proposes to upgrade. Click [HERE](#) to view the Hardwood Federation comments. Now that the comment period has ended, we anticipate that the Federation will join with our allies to meet with USFWS to assess additional action we can take to limit the negative impacts of re-designation. Stay tuned for updates from your HF team as industry navigates developments related to the latest regulatory actions impacting the industry.

Issues:

Administration, Congress Roll Up Their Sleeves on Chinese Tariffs

Since President Biden mentioned on May 10 the possibility of reviewing China tariffs to cool inflation, consumer price numbers released for the month of April show that increases in the cost of living remain above eight percent. This is adding more urgency to the question of how the Biden Administration will address the Chinese tariff issue. Although some in the Administration remain cautious about removing existing tariffs all at once, others argue that eliminating or reducing all or many tariffs could potentially stall increasing inflation numbers and reduce the cost of many goods for consumers and manufacturers. Removing tariffs is something that the President could accomplish with the stroke of a pen, but the Administration is not quite prepared to act just yet as the President's statements earlier this month have caused something of a backlash inside the Democratic party, especially among labor unions who generally oppose cheaper imports.

In addition to consideration of taking Presidential action to reduce tariffs, there are also other ongoing tariff related activities within the Administration and Congress...some required by existing law and regulations, others new proposals to tighten up current practices.

[U.S. Trade Representative \(USTR\) Kicks Off Agency Review](#)

On the agency front, the USTR announced on May 5 the start of the Section 301 review process, outlined under the “Federal Trade Act of 1974,” that requires that tariffs imposed under the federal rule be reviewed for impacts every four years. USTR outlines an extended timeframe that includes a comment period followed by hearings, most likely in July and August. The process specifically covers tariffs imposed on Chinese goods on July 6, 2018, and those imposed on additional Chinese imports on August 23, 2018. Wood products covered under this process include various types of flooring, plywood and mouldings. These are two separate processes with different timeframes for comment and hearing. According to Administration sources, the review process could take months to complete. For details on the USTR’s action, see the related notice published in the [Federal Register](#).

Congress Gets In On the Act

Not to be outdone, Congress is also weighing in on trade tariffs as they hammer out differences between the House and Senate versions of the massive “China bill.” The Senate version of the bill, known as the “U.S. Innovation and Competition Act” (USICA), would require USTR to administer a more robust exclusions process than is currently being implemented. This would include specific criteria that USTR must meet to exclude products, which probably includes specific criteria and goals. Some Hill sources predict that a final package will emerge from a conference committee by July 4, allowing time for floor votes on final text in each chamber before the August recess. The Federation will keep you posted on developments related to the China trade bill as it moves through its final stages of negotiation.

Build Back Better 2.0

TBD.

California Delegation Rallies for Tree Thinning, Effective Forest Management

In a move that the hardwood industry is monitoring as a positive first step toward broader forest management reform, House GOP Leader Kevin McCarthy (R-CA), Reps. Scott Peters (D-CA) and Jim Costa (D-CA) have stated that they are drafting a bill, referred to as the "Save Our Sequoias Act," that would promote tree thinning in the Sierra Nevada mountains to fend off wildfires that threaten the region's giant redwoods. Although specific language isn't available, Rep. McCarthy has said that he will look at streamlining regulations to promote best forest management practices as a major component of a final bill. HF will keep you posted on the bill's progress, and more importantly, subsequent legislative activity that will apply to all U.S. forests.

Congressional Calendar Closing in on Election Season

When Congress returns from a Memorial Day break the week of June 6, there will only be 61 working, legislative days remaining when at least one chamber is in session, leading up to election day on November 8. The agenda looks like yet another national bottleneck with 2024 budgets, Ukraine-related legislation, China tariffs, ocean shipping reform, gun control, and possibly "Build Back Better 2.0" competing for an increasingly narrow slice of House and Senate floor time. To get the latest developments on the congressional agenda, stay tuned for Thursday's "Cheat Sheet."

Ohio Forestry Association Joins the Hardwood Federation

The Hardwood Federation is pleased to welcome the Ohio Forestry Association to our growing list of member associations. OFA members include a wide variety of forestry-related companies and businesses. Their engagement and participation will increase our capacity to reach and educate members of the Ohio Congressional delegation. Thank you to the OFA Board of Directors and Executive Director Jenna Reese for supporting Federation membership. We look forward to working with you and your membership.

The Hardwood Industry Around the Hill

In recent weeks, HFPAC has met with a variety of industry champions, including Reps. Jerry Carl (R-AL), Jim Clyburn (D-SC), Jim Costa (D-CA), Garrett Graves (R-LA), Peter Stauber (R-MN), GT Thompson (R-PA), Tom Tiffany (R-WI), and Bruce Westerman (R-AR). On the Senate side, HFPAC has met with Sens. John Boozman (R-AR) and Joe Manchin (D-WV). These members all expressed support for industry positions on effective forest management, accounting for carbon stored in finished hardwood products, and solutions to the supply chain crisis.