

Farm Bill Heads To The Finish Line

By Dana Lee Cole

In July, the House of Representatives voted to proceed to conference negotiations with the Senate on H.R. 2, the Agriculture Improvement Act of 2018—known as the Farm Bill.

The Senate is expected to take similar action soon, which will set up a conference committee process between the two chambers to iron out the significant differences in the House and Senate-passed Farm Bill versions (H.R. 2 and S. 3042).

The current Farm Bill, last enacted in 2014, is slated to expire on Sept. 30.

Below is a snapshot of how the hardwood industry's policy priorities fare in the competing bills.

Trade

House Bill: Authorizes and fully funds both the Market Access (MAP) and Foreign Market Development (FMD) programs annually at \$200 million and \$34.5 million, respectively, over the next five years.

Both programs will operate under a new International Market Development Program with total funding of \$255 million. The \$255 million level is \$1.5 million more than that provided under the current Farm Bill for MAP, FMD, the Emerging Markets Program, and the Technical Assistance for Specialty Crops (TASC) Program. USDA will have the authority to decide where the extra annual \$1.5 million is used.

Senate Bill: Authorizes \$259.5 million annually over the next five years for Priority Trade Promotion, Development and Assistance. Under this framework, MAP is funded at no less than \$200 million annually, FMD at no less than \$34.5 million annually, Emerging Markets Program (EMP) at no more than \$10 million annually, and TASC at no less than \$9 million annually. In addition, \$6 million of the total \$259.5 million annually is authorized as a "Priority Trade Fund." USDA will have the authority to allocate money in this fund among the above four programs. Bottom line: S. 3042 provides \$4.5 million more annually in trade funding than H.R. 2.



Federal Forestry

House Bill: Creates new "categorical exclusions" from NEPA reviews that will facilitate needed project work on federal lands. These new CEs are designed to:

- Expedite salvage operations in response to catastrophic events;
- Meet forest plan goals for early successional forests;
- Manage "hazard trees;"
- Improve or restore National Forest System lands or reduce the risk of wildfire;
- Provide for forest restoration;
- Infrastructure-related forest management activities; and
- Manage insect and disease infestation.

Senate Bill: No meaningful federal forestry provisions.

Tall Wood Buildings

House Bill: Includes only the research portion of the Timber Innovation Act. H.R. 2 does not include Wood Innovation Grants or the Tall Wood Building Competition provisions.

Senate Bill: Includes both the research and Wood Innovation Grants provisions in the Timber Innovation Act. Like H.R. 2, it does not include the Tall Wood Building Competition provision.

Biomass Incentives

House Bill: Increases the monetary authorization for the Community Wood Energy Program five-fold (from \$5 million to \$25 million) to fund grants for deploying wood heating systems that run on mill residuals. In addition to funding wood heating installations, the bill would also provide grants to innovative wood products facilities, i.e., those manufacturing CLT or experimenting with lignin or bio-based nano materials.

Senate Bill: Simply reauthorizes CWEP at \$5 million annually.

You will recall that that H.R. 2 passed the full House earlier this spring by the narrowest of margins. The legislation did not receive a single Democrat vote, due largely to disagreements over the bill's approach to reauthorizing the food assistance programs and imposing work requirements. The Senate's process was completely different, with S. 3042 passing the upper chamber with broad bi-partisan support as Senate leaders opted not to make sweeping changes to the food assistance title. It is this area that will be most contentious moving forward in the conference process.

For the Hardwood Federation, we will be working aggressively in a few key areas during the coming weeks and potentially months, depending upon how long the conference process drags. For one, we will be communicating our strong support for the MAP and FMD programs. We feel good about our current position given that both bills fully fund these programs and let them operate freely going forward without any arbitrary budget restrictions. But the programs do have their detractors in Congress as we saw during the Senate's consideration and so we will be vigilant for any attempts to alter or reduce funding for these key programs that are critical to opening and sustaining markets overseas for our products.

We will also be focused on promoting the House position regarding federal forest management reforms. While the Forest Service reports that timber harvests are ➤



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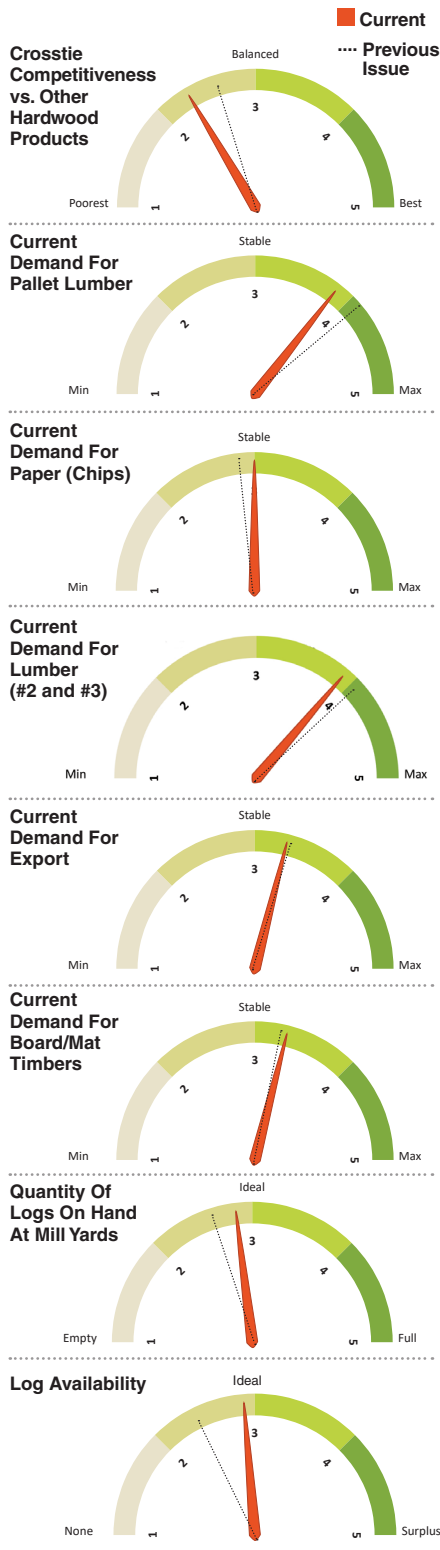
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Hardwood Procurement Trends Eastern Half U.S. – June 2018

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



up this year on federal forest lands, more work could be done, and we believe the provisions in the House bill will give the Forest Service some additional tools to deliver on that objective. We anticipate that Sen. Steve Daines (R-MT) will be appointed as a Senate conferee and expect that he will be pushing hard to incorporate federal forest management language in any final House-Senate conference agreement. We will be making frequent visits with staff for all of the conferees once they are appointed to make this case. Likewise, we will be advocating that the House position prevail regarding the Community Wood Energy Program. We believe that this program—authorized and funded at the level in H.R.

2—has potential to help our industry address the sawmill residuals issue by creating demand for this clean, carbon neutral biomass material.

The bottom line is we have some interesting weeks (and months) ahead but feel good about our progress with Farm Bill advocacy thus far and look forward to reporting on a positive outcome later this fall. ■



Dana Cole is executive director of the Hardwood Federation. The Federation serves as the united voice of the hardwood industry.

AF&PA Members Highlight Sustainability Efforts

WASHINGTON—The American Forest & Paper Association (AF&PA) has released its 2018 AF&PA Sustainability Report, which highlights members’ sustainability progress.

AF&PA President and CEO Donna Harman said, “Our members make essential products for everyday life from renewable and recyclable resources. In addition, they are committed to continuous sustainability improvement through our unique Better Practices, Better Planet 2020 sustainability goals initiative. The highlights presented include achieving the Better Practices goals on worker safety and energy efficiency ahead of schedule.”

The report highlights members’ sustainability goals as well as economic, environmental and social efforts and progress. The report contains references to where member activities align with the objectives of the United Nations Sustainable Development Goals regarding quality education, clean water and sanitation, affordable and clean energy, decent work and economic growth, sustainable cities and communities, responsible consumption and production, climate action and life on land.

For more information or to download a copy of the report, log onto afandpa.org. ■

U.S. Levies 25% Tariffs On Chinese Woodworking Machinery

WASHINGTON—According to *Woodworking Network*, tariffs of 25 percent were levied on Chinese manufactured woodworking machinery and panel processing equipment beginning July 6 as part of a trade battle being waged by the Trump Administration.

The U.S. began collecting the tariffs on planing, milling or molding machines for working wood; grinding, sanding or polishing machines; bending or assembly machines; and related machine tools for woodworking. Also included were presses for making particleboard or fiber building

board of wood or other ligneous materials and machinery for treating wood.

The list of products on which tariffs were levied appears to focus on products from industrial sectors that contribute to or benefit from the “Made in China 2025” industrial policy, which includes industries such as aerospace, information and communications technology, robotics, industrial machinery, new materials and automobiles.

China’s fiberboard and plywood exports to the United States have dropped in the first three months of 2018. ■