

Hardwood Plywood -

Preparing for the CARB rule



What is Hardwood Plywood?

- Panel product with a hardwood or (sometimes) a decorative soft wood face and back.
- A variety of core types – Veneer, PB, MDF, combination core etc.



North American Hardwood Plywood Market Overview

- 2005 total N A production = 1,177,438,932 sq. ft.
- Core type = Veneer - 66%, PB -13%, MDF - 16%
Other - 5%
- Production as a % of capacity = 59 %
- Decline in Production 2003, 2004, 2005, (2006?) –
total 12% thru 2005
- Imports - 53% of market \$ and growing

Impact of CARB rule on HWPW (1)

- CARB rule will have greatest impact on Hardwood Plywood plants – Why?
- No routine formaldehyde emissions testing
- Imports have greater impact
- New personnel requirements
- New facilities requirements
- New record keeping requirements (transportation, batch, customer)

Impact of CARB rule on HWPW (2)

- New labeling requirement
- New third party certification requirements
- New customer notification requirements
- Shorter production runs
- Wider variety of products (species, core types, thickness, etc.)

Impact of CARB rule on HWPW (3)

- Depending on product line definition, failure of one may affect other products.

Weekly HWPW Production (sq. ft.)	Minimum # routine tests/week Per Product Type & Product Line
<200,000	1
200,000 - 400,000	2
> 400,000	4

Compliance Costs ???

- Facilities and equipment
- Personnel
- 3rd Party Certification
- Adhesive and Process changes
- Initial + Recurring
- Stand alone plants vs co-located
- Costs to consumer?

Costs to Third Party Certifiers

- Phase II levels – require new investments
- Lead times to prepare
- liabilities
- Role of overseas producers

Enforcement

- Key industry issue
- Imports vs NA plants
- Some companies consider “Non-California” product lines. How should they be marked?

Questions ?

