NWPCA and Virginia Tech Team Up to Offer Short Course p.8

Stamp Fraud Leads to $100,000 in Penalties p. 14

Also
- Brambles Results
- EXPO Richmond
- James Jones & Sons
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Mitigating OSHA Citations
Phil Casto of Hub International discusses best practices

Softwood Lumber Prices
Our monthly softwood price graph, courtesy of NRCAN.

Membership Drive
This year's membership drive is already in motion.

NWPCA Active in ICC Fire Code Updates
NWPCA staff provided expert advise to ICC.

Counterfeit Stamp Usage Costs $100,000 in Penalties
A San Diego company was forced to pay $100,000, and the owner faces five years probation.
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NWPCA and VT Team Up for a Short Course on Pallet Design

James Jones & Sons Acquires TWP
Leading UK timber company acquires major UK pallet producer

RM2 Forms Alliance in China
RM2 has formed an alliance in China to manufacture its pallets there, a move it says will significantly reduce its cost-per-unit.

Lumber Liquidators Fined $2.5 Million by CARB
A failure to stop selling non-compliant composite wood material resulted in a large fine in California.

Other Features

20 Brambles Announces 3Q Results, Increases Sales

21 Axois Receives SQF Certification, Coomer & Sons

22 EXPO Richmond Provides Industry's Largest Machinery Display

23 Upcoming Events, Advertising Sponsors
North American Softwood Prices

Weekly softwood lumber prices to April 19, 2016 are shown below, sourced at http://www.nrcan.gc.ca/forests/industry/13309.

WPA Membership Drive Competition

This year's membership drive is now underway, and as always, the competition will be intense.

In addition to valuable cash prizes, the winner now also receives the membership trophy, presented at the Annual Meeting. With the highly successful 2016 Annual Meeting now in the books, it is time to work toward 2017.

When you recruit new members, the entire WPA membership is the winner!

New members can join and pay on the website. Here is the link: www.westernpallet.org
NWPCA and VT Team Up for Short Course on Pallet Design

May 3-5, 2016: The NWPCA and Virginia Tech are teaming up for a pallet design course from May 3-5, 2016 at the Virginia Tech Northern Virginia Center (Falls Church, VA) in the Washington DC region. NWPCA Director of Science & Technology Integration, Dr. Brad Gething, joins Virginia Tech Professor Dr. Laszlo Horvath for a short course on pallet design and performance. Attendees will learn the fundamentals for both stringer and block pallets using the industry standard Pallet Design System 5.2 and much more.

Online registration is now open. Please direct any additional questions to Angela Riegel (540) 231-7107.

To register, click here.

Virginia Tech is also offering a Short Course (Aug. 23-25) at the Brooks Forest Product Center at VT, in Blacksburg VA. For more information, click here.
Managing Safety Risks in Multi-State Companies, and Acting Quickly to Mitigate OSHA Citations

Increasingly, pallet companies are establishing operations in multiple states, which may have different or conflicting workplace safety requirements. Such variations can leave companies to question how to best manage health and safety for their various locations. While an emphasis near-term cost control might suggest that the bare minimum in each state is the best path forward, there are benefits to raising all operations to the level of the state with the highest compliance expectations.

“Some companies only try to do the bare minimum in each state,” observed Phil Casto, senior vice president for Risk Services at Hub International. Too often, they see the avoidance of an OSHA citation as their benchmark. “It is hard to change (workplace) culture. Initially, it might seem burdensome to implement the higher standard.”

According to Casto, companies should be able to justify “raising the bar” in their corporate safety programs through reductions in accidents, workers comp, overtime, and replacement hiring. Often, attention to improved ergonomics, for example, can also lead to productivity improvement and reduced absenteeism.

There may be resistance to change in certain regions. For this reason, Casto stresses the importance of having a strong management team from the risk management perspective, one which will explain and sell the importance of taking a proactive approach that may exceed local expectations. Such an approach is critical to winning over a resistant culture.

At a high achieving site, Casto said, internal audits are performed consistently, and all employees perform hazard recognition in the course of their daily duties.

(Cont'd on Page 10)
Deal Proactively with an OSHA Citation

(Cont'd from Page 9)

Even companies with superior health and safety programs can receive an OSHA citation. If your operation is cited, be sure to request an informal conference to meet with OSHA and negotiate a fine amount. "Always attend the informal conference," Casto advised. "Compliance officers can make mistakes."

The employer should bring in documentation to support their case on their safety system and investments they have made to improve it, and try for a dismissal. If no one was hurt, they can try to reduce the gravity of the citation. Usually, there is a middle ground that can be found.

Another tactic Casto suggests is asking OSHA to forgive the financial penalty and allow the company to invest that money instead in improving its safety program.

Ultimately, Casto noted that even an excellent program can receive a citation. Of greater concern is the issue of frequency. If a company has had only one in 30 years, it is an entirely different situation than if a company has received several in a short span of time.
Robots on the March: Double Digit Growth Continues

Increasingly popular in manufacturing, and a common sight in European wood pallet manufacturing plants, robots continue to gain favor. According to the latest market study released by Technavio, the global mobile robotics market is expected to grow at a CAGR of more than 12 percent to 2020.

The report classifies the global mobile robotics market into three segments: unmanned ground vehicle (UGV), unmanned aerial vehicle (UAV) or drones, and unmanned maritime vehicle (UMV).
NWPCA Staff Serves as Industry Experts to International Code Council for Fire Code Updates

NWPCA staff along with several representatives from Brambles recently served as industry experts and informational resources to committee members of the International Code Council (ICC) technical committee as they considered a proposal to update their International Fire Code on the outdoor storage of wood pallets.

The proposal received unanimous committee support and will be published as a ICC Committee Recommendation and distributed for public comment. After a review of public comments, a final balloting process will occur at the Final Action Hearing (October 17-21 in Kansas City, MO), where the entire voting membership of ICC will participate.

ICC is one of two standard-setting organizations that develops fire codes that govern facilities across the United States. The other organization, the National Fire Protection Association (NFPA) is currently under public comment period for a similar proposal submitted by NWPCA.

For further information, contact Dr. Brad Gething, NWPCA Director of Science & Technology Integration, at 703-519-6104
Wood Products Company and Owner Pay $100,000, Serve 5 Years Probation after Stamp Crime

Atlas Wood Products, Inc. and owner/president Francisco Tovar Ramirez have pleaded guilty and been sentenced in U.S. District Court in the Southern District of California to criminal violations related to the creation of counterfeit industry-issued certificates in violation of the Plant Protection Act.

As owner and president, Ramirez supervised and had control over the manufacture, recycling and repair of wood packaging materials (WPM), including wooden pallets and was responsible for ensuring compliance with all local, state and federal laws and regulations. Ramirez knowingly marked and caused WPM to be marked with the counterfeit stamps "US -4679 HT" and "US 163523," even though the WPM had not been heat treated. Ramirez also caused the wooden pallets bearing the counterfeit stamps to be sold to multiple other companies that used the WPM to transport products internationally. The purchasing companies ordered and were led to believe by Atlas Wood Products that they were purchasing WPM that had received phytosanitary treatment according to federal and international standards, as required by the Plant Protection Act. The criminal conduct took place from June 2012 through September 2013.

As part of a plea agreement, Atlas Wood Products pled guilty to one felony count of making a false statement, and Ramirez pled guilty individually to one misdemeanor count of falsifying a document in violation of the Act. Atlas Wood Products was assessed a $50,000 penalty, and sentenced to serve probation for a term of five years. Ramirez was also assessed a $50,000 penalty, and sentenced to five years’ probation.

Pursuant to the Act, the U.S. Department of Agriculture (USDA) requires the phytosanitary treatment (usually heat treatment) of WPM used in international commerce. The requirement is to prevent plant pests and diseases from entering the United States and other countries in wood packaging materials. Pursuant to the Act, in September 2005, USDA began requiring heat treatment of WPM that is transported in international commerce. WPM that carry products transported within the United States are not required to be heat treated.

The investigation was conducted by the USDA’s Office of Inspector General and Animal and Plant Health Inspection Service (APHIS).
Leading UK Timber Company Acquires Major UK Pallet Firm

James Jones & Sons Ltd. acquires TWP to consolidate strength in the pallet and packaging markets

James Jones & Sons Ltd. has announced the acquisition of TWP Packaging, one of the UK’s leading manufacturers of wooden pallets and packing cases, based in Gateshead. TWP will become part of James Jones’ pallet and packaging division which includes Unit Pallets, Larch Ltd, and wood packaging specialist Trueperch.

“We have supplied TWP with pallet wood for many years, and the business was a logical fit for us as it complements our existing pallet businesses, Unit, and Larch," Ian Pirie, Joint Managing Director of James Jones & Sons commented. "It gives us greater geographical coverage of the market and additional flexibility to meet the needs of both the major pallet pools and our general customer base. As TWP is already a timber customer, this won’t impact on our ability to meet the timber supply needs of our other pallet wood customers who can continue to enjoy the same high levels of quality and service they’ve come to expect from James Jones & Sons.”

Peter Mckenzie, Managing Director of TWP, will continue in his current role. We have worked closely with James Jones for many years, and I’m delighted that we have been able to make this move which allows TWP to benefit from the strength and expertise of the James Jones Group," Mckenzie added. "James Jones& Sons has a fantastic reputation for the quality of its product and levels of service, and that can only enhance our position in the marketplace.”

James Jones & Sons Ltd is one of the UK's largest and most progressive timber companies, with core activities in sawmilling, I-Joist and pallet manufacturing. It operates from five sawmills throughout Scotland, with an annual output more than 530,000m3, producing timber for the construction, pallet, packaging, fencing and agricultural sectors, employing almost 600 people. With the acquisition of TWP, the company now has three pallet manufacturing businesses based in England Larch, Unit, and TWP enabling James Jones to fully meet the needs of the major pallet pools and individual pallet customers.
Composite pallet provider RM2 has entered into a strategic cost-saving manufacturing agreement with Zhenshi Holding Group Company Limited of China ("Zhenshi"). Zhenshi is a major shareholder of China Jushi Co. Ltd. ("Jushi"), one of the largest manufacturers of fiberglass in the world, producing over 1.1 million tons of glass fiber annually. Fiberglass is one of the key raw materials used in the manufacture of RM2's BLOCKpal pallet.

The agreement will allow for the mass production of the RM2 BLOCKpal pallet in Tongxiang, at a facility owned by Zhenshi Group Huamei New Materials Co., Ltd, adjacent to the principal Jushi glass fibre manufacturing plant. Initial production is expected to be deployed in Q1 2017 and will target circa 1.5 million pallets per annum, with projected growth to at least 5 million pallets per annum in the medium term. Pallets produced at the facility will initially be deployed with RM2's customers in North America and Europe.

RM2 and Zhenshi believe that there is a significant strategic opportunity for BLOCKpal deployment in the domestic Chinese and other Asian markets as Chinese logistics develop and as China palletizes its vast supply chain. The two companies will also develop additional areas where their resources and expertise are complementary, particularly in the area of logistics.

RM2 believes that the agreement will address the volume demands of its clients while significantly reducing Cost Per Unit (CPU). Some of RM2's manufacturing assets will be transferred to China and, as a consequence of reduced production in Canada, RM2 will fall well short of its 2016 production target. Management analysis has demonstrated that the CPU benefits support this decision. The Company continues to seek to improve and optimise its manufacturing processes and remains committed to volume production in North America.

"We believe that large parts of the Chinese logistics chain will become palletized over the coming years.,” commented President Zhang, Chairman of Zhenshi and President of Jushi. "We are convinced, after our own extensive research, that the
BLOCKpal is the optimum product in the market. Partnering with RM2 allows us to seize first mover advantage as China moves to palletize its economy in a region of the world with limited forestry resources for the manufacture of wooden pallets. Introducing the BLOCKPal pallet to China will put us on a cleaner and more sustainable path.

"China needs to reduce its logistics costs and we believe that the widespread use of sustainable, reusable pallets will be a key component of that. We will use all our resources to ensure maximum penetration of the BLOCKpal pallet in China and the broader Asian markets and we look forward to further developing our collaboration with RM2."

"This is a strategic, long term agreement with Zhenshi which will allow us to offer even greater savings to our existing and future customers in North America and Europe due to the lower CPU, while also giving RM2 access to the vast Chinese market," added John Walsh, CEO of RM2.

"This agreement will enable RM2 to produce pallets at a greater rate and at significantly lower cost, while at the same time, Zhenshi’s extensive corporate holdings and relationships makes it uniquely positioned to open the Asian market for the BLOCKpal pallet. RM2 has taken steps to ensure we have the pallets available to service our customers during this transition of our manufacturing assets."
Composite Wood Fine: Lumber Liquidators Pays $2.5 Million to Settle California Clean Air Claims

Hardwood flooring retailer Lumber Liquidators Inc. has paid the California Air Resources Board (ARB) $2.5 million to settle ARB claims that Lumber Liquidators sold, supplied, or offered for sale in California composite wood products that ARB testing showed exceeded state formaldehyde limits, and that Lumber Liquidators failed to take reasonable prudent precautions to ensure those products met such limits designed to protect public health.

During inspections at Lumber Liquidators’ stores in California between September 2013 and May 2015 ARB staff obtained boxes of laminate flooring samples for testing that were labeled as compliant. According to a signed settlement agreement between ARB and Lumber Liquidators, ARB notified the company of its testing showing that some of the samples showed exceedances of state formaldehyde limits and alleging that the company failed to take reasonable prudent precautions to ensure that laminate flooring sold in California contained composite wood products that complied with the formaldehyde emissions standards set forth in California’s Airborne Toxic Control Measure (ATCM) for composite wood products.

“The California Air Resources Board adopted the ATCM to protect the public from toxic exposures to formaldehyde from composite wood products, and we are enforcing this regulation,” ARB Enforcement Division Chief Todd Sax said. “Companies need to understand we expect compliance with our rules, and we will hold those accountable who do not comply.”

Formaldehyde, a colorless gas which is a toxic air contaminant, a known human carcinogen and a respiratory irritant, is found in a variety of manufactured products and is a common component of resins used as adhesives to form composite wood products. ARB’s regulation establishes formaldehyde emissions standards for composite wood products.
standards on particleboard, medium density fiberboard and hardwood plywood. These composite wood products are commonly used as the underlying platform to which a laminate or wood veneer is affixed during the manufacture of retail products such as furniture, cabinets and flooring.

Under ARB’s regulation, composite wood products must be independently certified as complying with the state standard for formaldehyde. Companies that make finished products are required to label the products as having been made with certified compliant composite wood products, to keep records to verify that they have purchased compliant products, and to inform distributors and retailers that their flooring is compliant with California’s regulations.

Toano, Va.-based Lumber Liquidators cooperated with ARB during the investigation and the subsequent enforcement action. The full payment by Lumber Liquidators of $2.5 million has been deposited into the California Air Pollution Control Fund, which provides funding for projects and research to improve California’s air quality.

Additionally, Lumber Liquidators has developed, and agreed to implement, a “Fabricator Laminate Evaluation and Audit Program” and a “Composite Core Testing Research Program,” requiring the company to conduct regular audits of existing and new suppliers and to randomly test composite core samples in accordance with ARB’s standard operating procedure for preparing finished goods samples for testing.

To find out more about ARB's composite wood products regulation, click here.
Brambles Achieves Constant Currency Sales Growth of 8% in 3Q

Sales growth continues, flat results due to the strength of reporting currency, the U.S. dollar

Brambles Limited has reported revenue of $4.03 billion for the nine months to the end of March 2016. Due to the strength of the the U.S. currency, sales growth outside of the country did not translate into overall revenue growth.

On a constant-currency basis, sales revenue was up 8 percent, primarily reflecting the same trends that drove the first-half result: new business wins, sales mix improvements and like-for-like volume growth in Pallets globally; and expansion with new and existing retailers in the European Reusable Plastic Crates (RPCs) business.

The Group continues to expect constant-currency growth in sales revenue and underlying profit for the financial year ending 30 June 2016 to be between 8 percent and 10 percent, translating to an Underlying Profit range of $1.02 billion to $1.04 billion.

“As we stated at the first-half result in February, Brambles is in strong shape despite continued uncertainty in macro-economic conditions, because of the strength of our value proposition to customers and the disciplined execution of our long-term growth strategy,” stated Brambles’ CEO Tom Gorman. By segment, Brambles’ sales revenue for the nine months ended March was:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales revenue (US$M)</th>
<th>Growth vs. FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Actual FX)</td>
<td>(Constant FX)</td>
</tr>
<tr>
<td>Pallets – Americas</td>
<td>1,776.4</td>
<td>1,853.2</td>
</tr>
<tr>
<td>Pallets – Europe, Middle East &amp; Africa</td>
<td>978.8</td>
<td>1,089.1</td>
</tr>
<tr>
<td>Pallets – Asia-Pacific</td>
<td>233.7</td>
<td>272.3</td>
</tr>
<tr>
<td>Total Pallets</td>
<td>2,988.9</td>
<td>3,214.6</td>
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<tr>
<td>RPCs⁵</td>
<td>711.5</td>
<td>781.2</td>
</tr>
<tr>
<td>Containers⁶</td>
<td>332.0</td>
<td>362.6</td>
</tr>
<tr>
<td>Group⁷</td>
<td>4,032.4</td>
<td>4,358.4</td>
</tr>
</tbody>
</table>
Axios the First Pallet Pooler to Be SQF Certified

Axios Mobile Assets, a composite pallet provider that continues to expand its pooling operations for the egg industry, has announced that the process it developed to sanitize its pallets after each use has obtained Provision of Sanitation and Hygiene Services certification under the Safe Quality Food (“SQF”) Program. Certification was granted following a third-party audit of the sanitization process and facility in Ohio.

Products and facilities possessing SQF certification are recognized globally by retailers, suppliers and foodservice providers for adhering to proven methods that reduce the chance of unsafe food reaching the marketplace. SQF certification is acknowledged by the Global Food Safety Initiative (“GFSI”) and aligns the Axios pallet and logistics system with requirements under the U.S. Food and Drug Administration’s (“FDA’s”) Food Safety Modernization Act.

Read more.

Coomer & Sons Rebuilds with Wood-Mizer

Coomer & Sons Sawmill has been manufacturing pallets for nearly 40 years. After a fire in 2014, they rebuilt their operations and are now making 3,000 pallets daily and are continuing to grow, as shown in the Wood-Mizer video below.

Coomer & Sons was also featured in the April issue of Pallet Enterprise.
Expo Richmond Provides Largest Display of Industry Equipment

This year’s East Coast Sawmill and Logging Equipment Exposition (EXPO RICHMOND) will offer the year's largest collection of sawmilling, kiln drying, harvesting, biomass, trucking, pallet manufacturing/recycling, optimization/scanning, material handling, firewood production and related equipment, supplies and services. The event takes place May 13 and 14, 2016 at the Richmond Raceway Complex, in Richmond, Virginia.

Attendees have the opportunity to compare their current equipment to the latest state-of-the-art, most technologically advanced equipment on the market. The extensive amount of equipment displayed, along with active product and machinery demonstrations both indoors and outdoors, provide the unique "hands-on" aspect of the Richmond show.

On the evening of May 13, NWPCA is hosting a gathering at the Richmond Omni. Admittance is free to members. Non-members are encouraged to contact NWPCA to obtain a guest pass.

On May 12, Virginia Tech Extension is offering a number of courses in conjunction with the show. These include The Housing Market, its impact on the Wood Products Industry, and opportunities, Building Bigger : New Market Opportunities in Massive Timber, Hardwood Exports: Current State and Opportunities, The Pallet Story – Hardwood and Softwood Use, Recovery/Repair/Recycling, and Greenness Opportunities, Identifying and measuring waste in your supply chain and Meeting Your Customer’s Needs: Improving Your Lumber Drying Quality.

The exposition is co-sponsored by the Virginia Forest Products Association and the Cooperative Extension Service at Virginia Polytechnic Institute and State University. Onsite registration is possible for the show. For educational sessions, contact Virginia Tech Extension, ph. 540 -231-7107.
Further Reading

Trying to Keep Up with Dead Trees in California Forests

Rotomolder Uses "Secret Sauce" in Its Composite Pallet

Housing Starts Lowest Since Last October

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Upcoming Events


Just in Case...

Click on back issues to catch up!