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## Industry Update & Outlook

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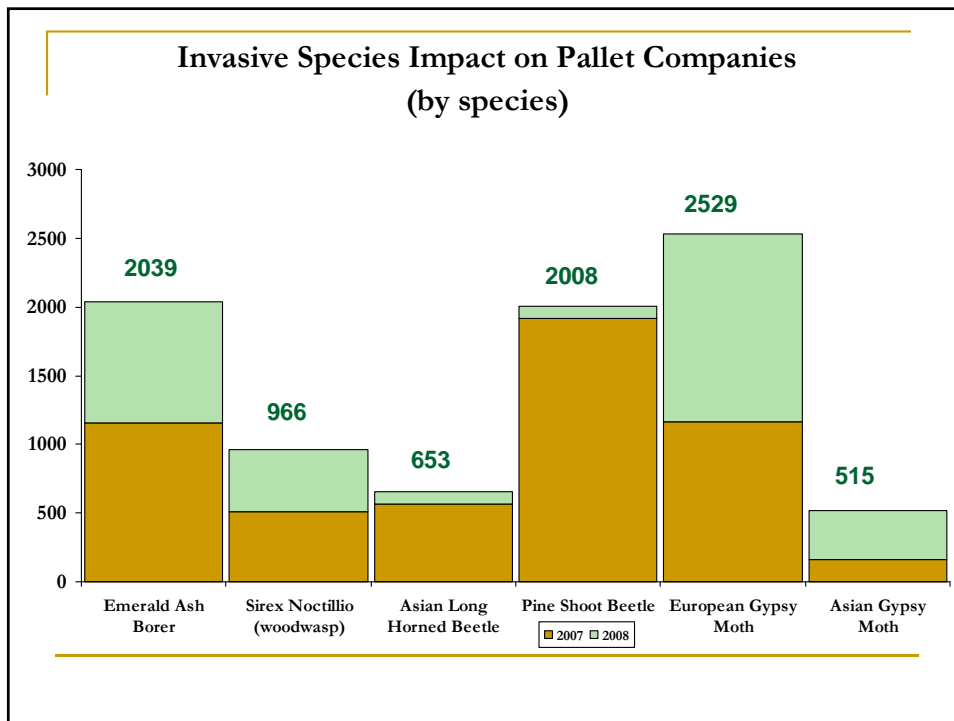
Western Pallet Association  
Palm Springs  
Monday, January 19, 2008

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## Industry Issues

- Invasive Species Update
  - New Fire Codes Related to Pallets
  - California Hardwood Plywood Regulation
  - 2009 Legislative “Watch List”
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Invasive Species Impact by State		
Pest	2007	2008
<b>Emerald Ash Borer</b>	Ohio, Illinois, Indiana, Michigan, Maryland	Ohio, Illinois, Indiana, Michigan, Maryland, <b>Missouri, Pennsylvania, Virginia, West Virginia, Wisconsin</b>
<b>Sirex Noctilio (woodwasp)</b>	New York, Pennsylvania	New York, Pennsylvania <b>Indiana, Michigan, Vermont</b>
<b>Asian Long-Horned Beetle</b>	New York, New Jersey, Illinois	New York, New Jersey, Illinois <b>Massachusetts</b>
<b>Pine Shoot Beetle</b>	Wisconsin, Illinois, Indiana, Maryland, Michigan, New York, Pennsylvania, Ohio, West Virginia	Wisconsin, Illinois, Indiana, Maryland, Michigan, New York, Pennsylvania, Ohio, West Virginia, <b>Maine, New Hampshire, Vermont</b>
<b>European Gypsy Moth</b>	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, <b>Ohio, Illinois, Indiana, Michigan, West Virginia, Wisconsin</b>
<b>Asian Gypsy Moth</b>	Oregon, Washington	Oregon, Washington, <b>Idaho, Texas</b>



## Number of Pallet Companies Impacted by Invasive Species



3769

73% Pallet Companies  
in U.S.

## Consequences

- Intrastate Regulations by State Agriculture
- Federal Bug-by-Bug Piecemeal Approach
- Alternative Materials “Exempt”

## Solution

- ISPM 15 Domestic Standard

## Challenges: Changing Faces

- Ann Veneman Jan 2000 - 2004
- Mike Johanns Jan 2005 (now Senator from Nebraska)
- Sec of Ag: Ed Schafer Jan 2007
- Election/New Administration

## 2009 Strategic Approach

- Secretary of Agriculture Tom Vilsack
- House & Senate Agriculture Committees
- Dept. of Agriculture Career Personnel
- Media

## International Changes

- Canada to End U.S. Exemption
  - One year for industry preparations to comply with the standard.
  - Six months of informed compliance. Notices will be posted in connection with cargo that contains noncompliant WPM.
  - Six months of rejection of noncompliant wood crates and wood pallets through re-exportation. Informed compliance and notices posted in cargo with other types of noncompliant WPM (dunnage, blocking and bracing).
  - Full enforcement on all articles of regulated WPM entering United States of America and North America. Shipments containing noncompliant regulated WPM will not be allowed to enter the United States.
- Spain & Portugal Infestations – EU Domestic ISPM 15

## International Changes – ISPM 15 Debarking Standard

- Removal of bark is to be applied in addition to one of the other treatments as specified below. However, any number of small pieces of bark may remain after removal of bark:
  - If they are less than 3 centimetres in width (regardless of the length) or
  - If greater than 3 centimetres in width, with the total surface area of an individual piece of bark less than 50 square centimetres.

## New Fire Codes Related to Pallets

- National Association of State Fire Marshals Proposed Draft
  - 2-class upgrade for wood block pallets
  - Use iGPS or wood stringer pallets (benchmark)
  - Warehouses required to upgrade sprinkler system
- NWPCA Comments

## California Air Resources Board (CARB) Regulations to Reduce Formaldehyde Emissions

- Composite Wood Products Covered
  - Particleboard
  - Medium density fiberboard (MDF)
  - Thin MDF
  - Hardwood Plywood made with a veneer core
  - Hardwood plywood with a composite core (particleboard or MDF)
- NWPCA Negotiations
  - CARB agreed to new FAQ on pallets, crates, containers
  - Asked for exemption

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## 2009 Legislative Watch List

- I-9 Enforcement
  - Employee Free Choice Act (Card Check)
  - Business Taxes
  - Business Regulations
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