

# Western Pallet Magazine

Magazine for WPA Members  
April 2020

**A recent Facebook post from WPA-member 48forty Solutions**



- **WPA Members Weather COVID-19 Storm**
- **European Pallet Demand Mixed**
- **Lumber Market Adjusts in April**



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Softwood prices listed as of April 22,  
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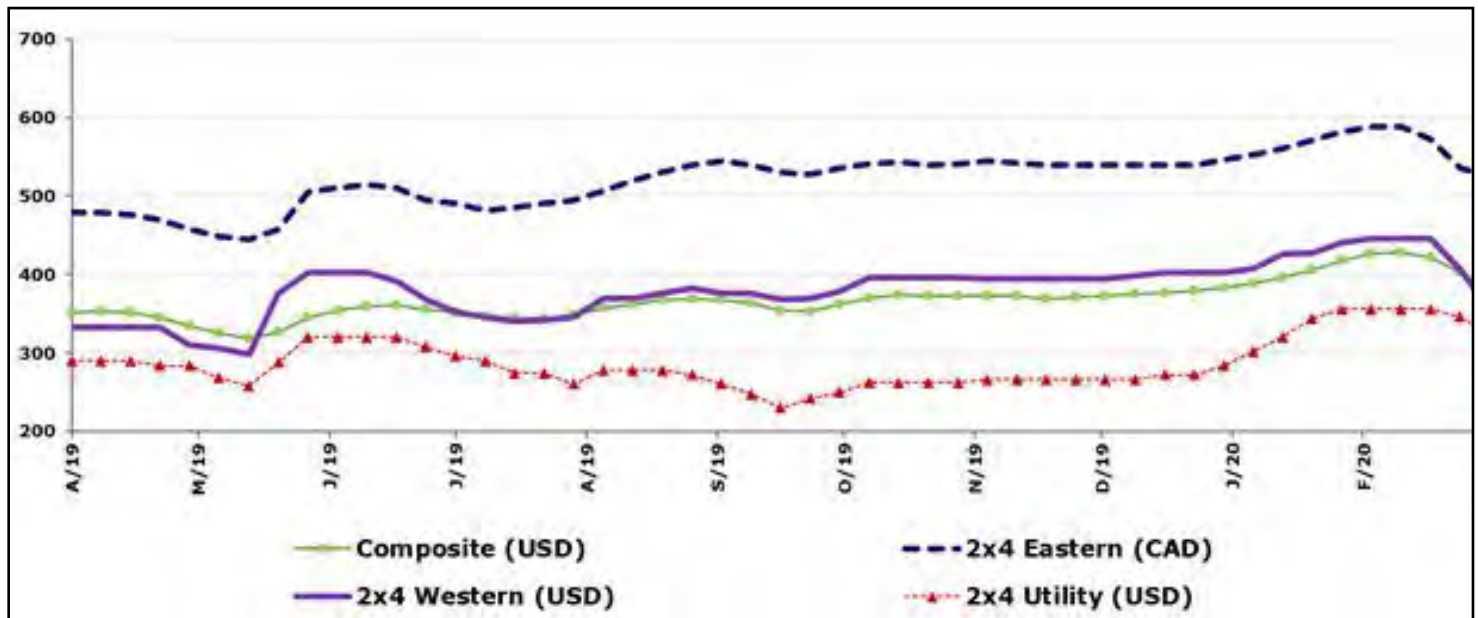
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# North American Softwood Prices

Weekly softwood lumber prices to April 22, 2020 are shown below, sourced at <http://www.nrcan.gc.ca/forests/industry/13309>.



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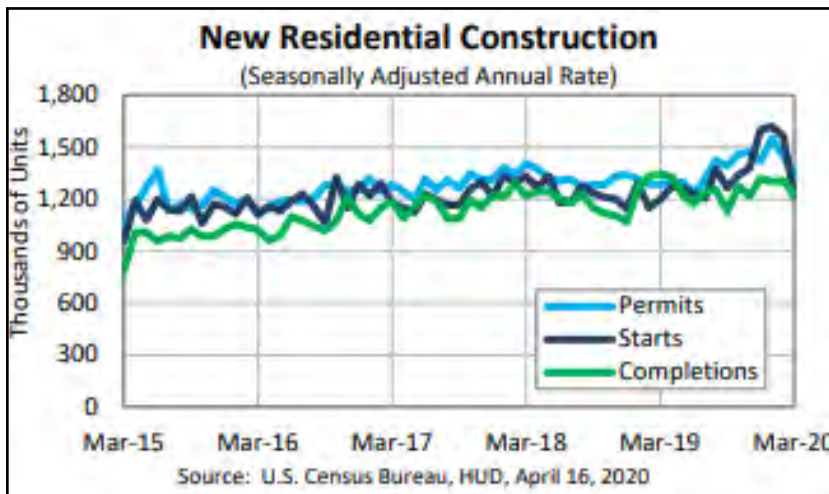
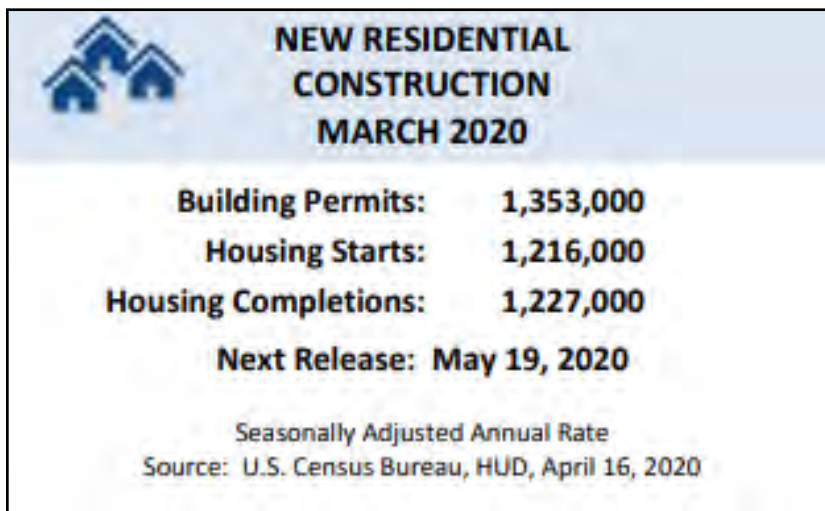
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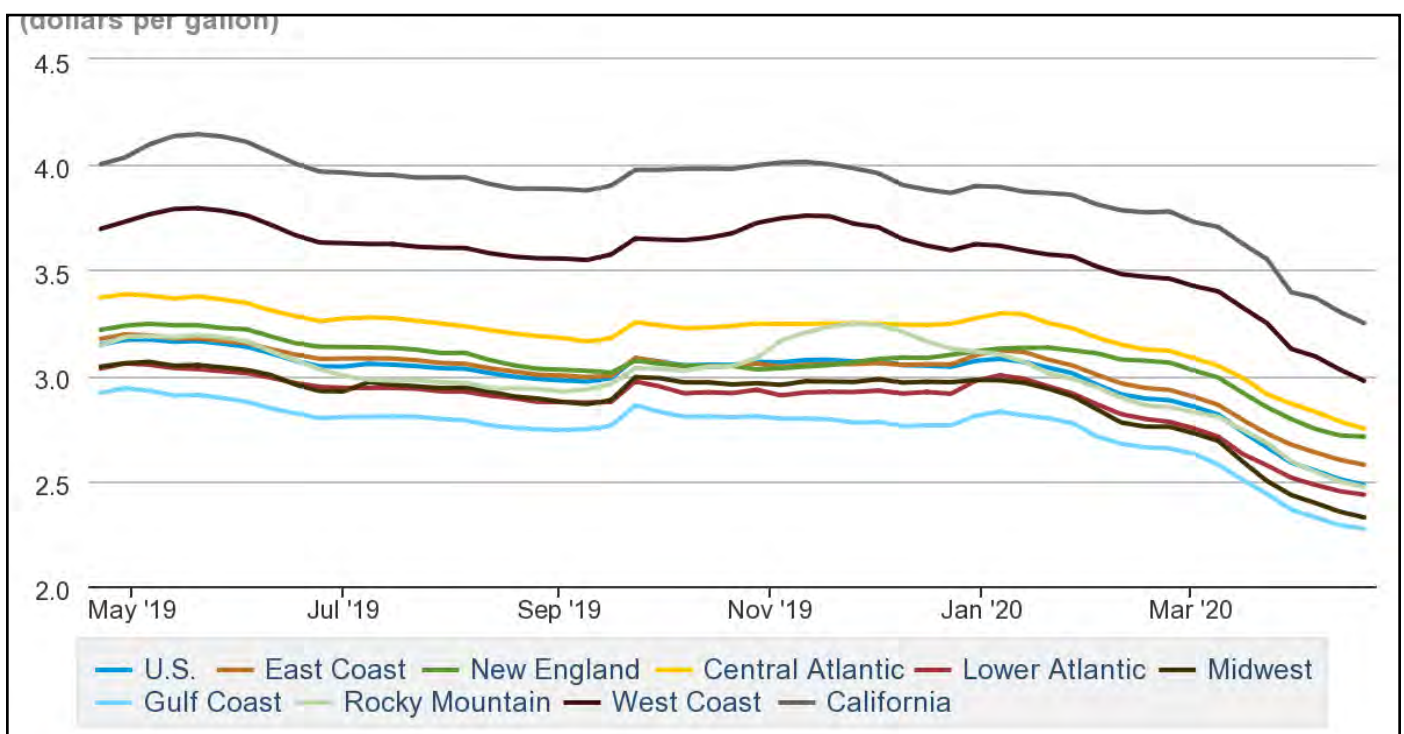
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# Housing and Fuel Snapshot



Diesel Fuel: dollars per gallon. Source: <https://www.eia.gov/petroleum/gasdiesel/>



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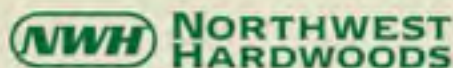
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# Europe Pallet Demand Remains Mixed

Demand for pallets and wood packaging products remains mixed, according to Timcon, the UK and Ireland wood packaging and pallet trade association. As of April 15, new pallet demand was down 40-50% due to the collapse in demand from construction. There were no significant issues with the wood supply at that time.

Government position on the status of the construction sector as a necessary business continues to vary. Most major "non-critical" construction projects now seem to have halted due to the decisions of employers, however. As a result, most sawmills and panel mills have substantially reduced activity for all products except pallets, packaging, and fencing.

There is a mixed picture on the demand side, with substantial declines in demand for new pallets for the construction

materials market, but strong demand for repairs and pallets for fast moving consumer goods. Overall, Timcon estimates that the demand for new pallets has dropped by 40-50%.

The sector is concerned about wood supply being an inhibitor to recovery once economic activity (especially construction) restarts.

According to another report from Europe, demand from the food sector remains strong as suppliers maintain safety stock levels. Meanwhile, other sectors such as automotive, electronics and manufacturing have dropped sharply across the region. And while the agricultural industry is building pallet inventory for the season, there is concern about potential farm labor availability due to current travel restrictions between countries.







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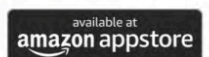
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# Kamps Acquires D&H Bark to Better Serve Michigan Market



WPA-member Kamps Inc. has announced the finalization of its acquisition of D&H Bark, of Manton, MI. This location will be an addition to Kamps' Wood Resource Division (WRD) and will become the division's sixth location in Michigan.

D&H Bark is a company that has been in business for over 30 years, specializing in a wide array of wood products that include hardwood, red pine, and cedar barks, animal bedding, colored mulches, and landscape chips.

Kamps commented that it is extremely happy about the timing of the acquisition. It comes at an optimal time, as the company looks to build upon the national success and growth of its pallet and recycling operations.

"Long-standing, family-owned company with a clear focus on quality of product and delivering top-notch service," commented Mitchell Kamps, President of Kamps Inc., regarding the acquisition.

"This aligns with our company's principles and goals we expect to deliver to our customers each day. Also, our businesses help complement all aspects of our current supply chain."

Kamps stated that the new location will allow it to better serve existing customers in Michigan, grow the customer base, and produce bark and mulch at a higher volume. Due to its vast network in the region, more customers in Michigan will also be able to benefit from D&H Bark's 12-acre yard and operations.

D&H Bark's original owners will be staying on board for the busy season to ensure a smooth transition, and the management team will continue to run the day-to-day operations. Kamps Wood Resource division leadership will assume the responsibilities of the new location. "We are looking forward to having the D&H team join our Kamps Family," says Ed Bulthuis, General Manager of Kamps Wood Resource division.





# Rotochopper University 2020



Rotochopper owners and operators gathered at Rotochopper's manufacturing facility in St. Martin, MN for training the last two weeks of February. The customer service department hosts Rotochopper University annually for companies that have purchased Rotochopper grinders during the past year.

The two-day class includes a manufacturing facility tour, equipment operation best practice training, a hands-on demonstration and plenty of networking opportunities allowing machine owners to learn from each other as well. This year the education focused on 'how to properly feed your grinder', 'how to perform preventative maintenance' and 'how to troubleshoot'. The hands-on demonstrations showed

attendees how to install the main rotor bearings and how to adjust the sheave and tension the drive belt on a Rotochopper grinder. "The class was well organized, the instructors are very knowledgeable, plus they kept things moving with the mix of classroom and hands on training," commented an attendee from Norwich, Ontario.

Rotochopper offered two session options, with over 50 students from 35 companies across the US and Canada attending. "Rotochopper University was very beneficial. I was able to gain knowledge on every part of my machine. It felt very personal, and not like generic coverage. This was a very good course and I would recommend to anyone with a Rotochopper machine," stated an attendee from Appleton, WI.





# UPDATE: North American Lumber Market Adjusts in April

By John Greene, FOREST2MARKET

The COVID-19 pandemic has hit the new-construction market hard and swift, which has impacted lumber demand, prices and capacity. Housing starts data for March was so dire, in fact, that it marks the largest month-over-month (MoM) percentage decrease in starts since March 1984.

Privately-owned housing starts were down 22.3 percent in March to a seasonally adjusted annual rate (SAAR) of 1.216 million units. Single-family starts decreased 17.5 percent to a rate of 856,000 units while starts for the volatile multi-family housing segment plunged 31.7 percent to a rate of 360,000 units.

Mill curtailments are still in place across the continent as the lumber industry, like many other industries, has made adjustments to the "new normal." As a follow-up to last month's snapshot of what's happening across the North American lumber market, we are providing a glimpse of the latest developments courtesy of data from Madison's Lumber Reporter and Forest2Market, as well as video field reports from our industry experts.

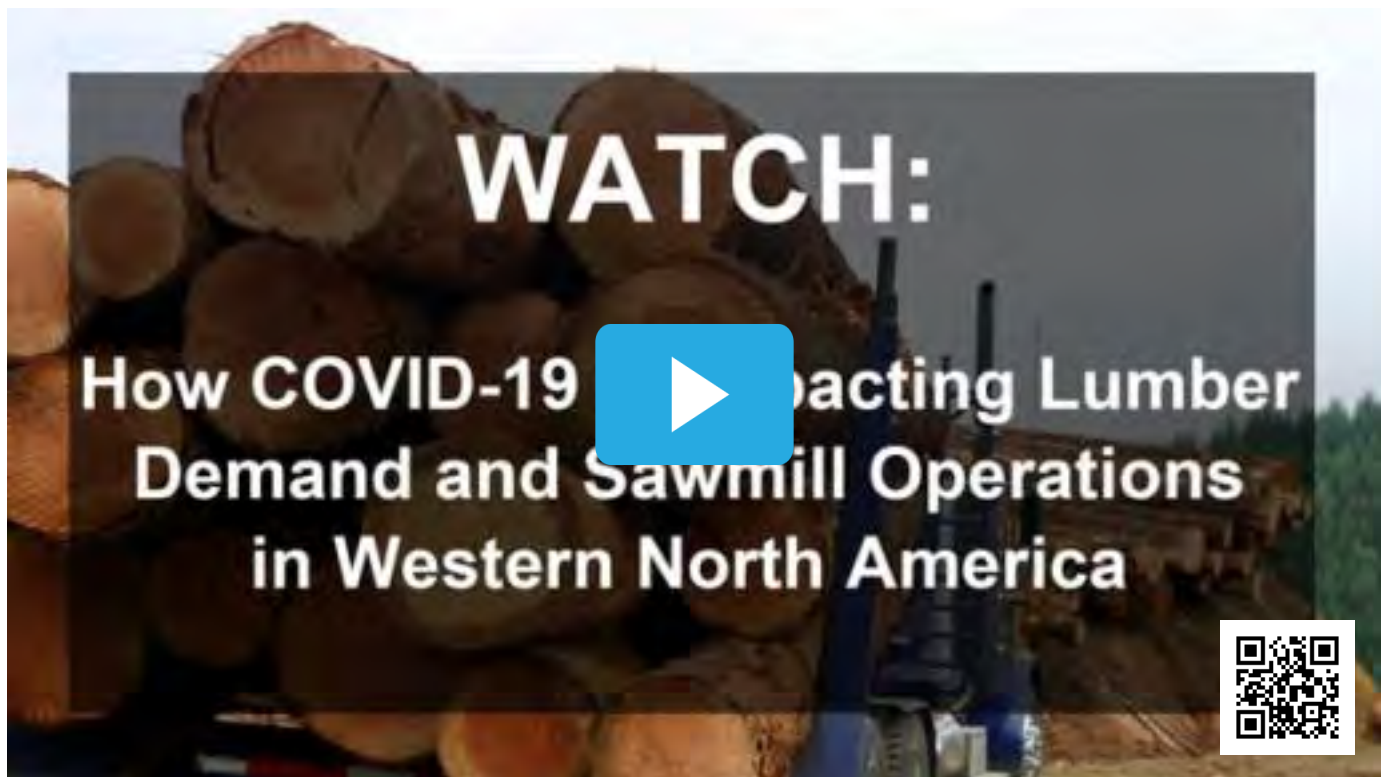
## Western Spruce Pine Fir (WSPF - US)

Prolific reductions in sawmill operations across the North American continent had

the effect of stabilizing the lumber market further last week. Deep price corrections and significant counters began to evaporate as supply started to fall behind anemic demand. Purveyors of WSPF in the United States reported "slow" activity in terms of consumption from the construction sector, but with reduced overall volumes it was "enough to get by." Apparent order files were around a fortnight out, give or take a week depending on the source and item. Transportation was a "hit and miss" affair according to primary and secondary suppliers, with border crossings generating the most conspicuous delays.

## Eastern Spruce Pine Fir

While Eastern Canadian producers and wholesalers struggled to keep business moving, retailers described a "decent market" with contractors remotely ordering steady volumes of framing lumber. Construction has been all but halted in metropolitan centers but jobsites in smaller and further-flung regions continued to soldier on with reduced and rotating staff. The two-tiered market in the West had essentially vanished but was "going strong" in the East, with secondary suppliers competing fervently for orders and undercutting each other considerably



### Southern Yellow Pine:

Southern yellow pine (SYP) lumber prices made a surprising comeback in mid-April. Forest2Market's composite SYP lumber price for the week ending April 17 (week 16) was \$358/MBF, a 5.9% increase from the previous week's price of \$338/MBF, but a 10.7% decrease from the same week in 2019.

It's difficult to tell where prices will settle as the market rebalances to account for the uncertainty and lumber manufacturers begin to align production with the dramatic shift in market conditions. However, we expect the related economic data to get worse in the near term before it gets better.

"April will likely be a lot worse -- it took until mid-March or even later for many states to tighten restrictions, and there's a real possibility that many builders fast-

tracked what they could in those early weeks before bowing to reality," Zillow economist Matthew Speakman said in a statement. "With so much uncertainty across the economy, and the outlook not yet getting any clearer, it's unlikely that builder activity will revert to anything close to 'normal' levels any time soon."

While North American lumber prices will moderate in the coming weeks, the scheduled decreases in production will likely limit the downside price pressure that will be driven by slack demand as manufacturers draw down their inventories. We're still very much in a "holding pattern" due to the prevailing sense of uncertainty surrounding global markets, politics and daily life.

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# Economic Viability of Forest Biomass Demonstrated in Washington State Research

Pacific Northwest National Laboratories (PNNL) has partnered with the U.S. Forest Service to help organizations evaluate how to easily and quickly prioritize restoration efforts, which are often affected on a wide scale by air quality standards and limited budgets.

The team's goal—finding a way to reduce the risk of wildfire, increase water habitat for fish such as salmon, and bolster the ecosystem, while also evaluating the economics of using the abundance of biomass culled from restoration efforts as an energy source.

They combined vegetation data, models, analytic techniques, and Forest Service software typically used to establish budget allocation priorities for forest restoration to evaluate several factors, including biomass availability. Specifically, they focused on biomass from commercial thinning and timber harvesting, and evaluated the delivered costs of biomass from restoration activities, factoring in data from nearby markets, processing, and transportation costs.

The team used a forest demonstration basin in central Washington State—a location that has a very high potential for wildfire—as the platform for their evaluation. Knowing that the greatest risk of devastating wildfire stems from a

complex tangle of trees under natural conditions, they used a scenario of placing gaps in the tree canopy—providing a realistic situation depicting unmanaged landscapes with more natural fire regimes.

“We gleaned biomass availability and cost data using fixed costs like transporting residues to a forest landing and grinding the residue,” says Mark Wigmosta, the PNNL scientist who leads the ongoing study. “We also factored in round-trip transportation costs for paved, gravel, and dirt roads as well as delivery costs of wood chips to the processing facility.”

The early findings—1.4 million tons of economically viable biomass were available for bioenergy use. Nearly 395,000 tons of wood chips could be available at an economically feasible cost of \$60 per ton or less delivered, depending on mill location. Another 1,019,000 tons could be generated from mill residue. The team believes these numbers could still be higher.

“We created a model to analyze the cost to harvest the residue, process it, and then transport it, showing the major role that road networks play in the economics of the final delivered costs,” says Wigmosta.

The analysis revealed that delivering 90 percent of the wood chips to a single



*PNNL and the U.S. Forest Service focused their research on a scenario that mimicked landscapes with more nature fire regimes.*

The analysis revealed that delivering 90 percent of the wood chips to a single location in the basin would result in the lowest cost based on road networks and surfaces.

The team also demonstrated that restoration has advantages for the environment. Specifically, including gaps in the tree canopy allowed for increased water collection in the snowpack and improved streamflow conditions for salmon habitat during the critical summer months.

They are planning more research to simulate vegetation growth to better estimate the long-term, sustainable biomass supply and changes in streamflow as well as the smoke and carbon dioxide emissions associated with wildfires and prescribed burning.

The research is funded by Department of Energy's Bioenergy Technologies Office.

*This report is part of a larger article by Mary Ann Showalter, Pacific Northwest National Laboratory. Read the full article at [PNNL](#)*





# WPA Members Continue to Weather the COVID-19 Storm

As the COVID-19 pandemic continues, Western Pallet Magazine once again checked in quickly with members across the country as they take the necessary steps to safeguard employees as well as manage the ebbs and flows of demand.

## Pallet volumes impacted by industry

"The COVID-19 pandemic has been confusing, to say the least," reported Ryan Greenwood of WPA Associate Member Crane Point Industrial. The Forest Grove, OR-based fastener and tool provider has warehousing and distribution centers in Oregon, California, Maryland, and Texas.

"We have seen an increase of production in a good portion of pallet manufacturers while others are saying orders come in waves," he said. Volume differences are dependent upon which industry they are producing pallets for, he added.

(Across North America and Europe, pallet companies have reported some industries such as grocery, beverage, and pharmaceutical gaining in strength, while other sectors have sagged, including restaurant, port, construction, and automotive.)

"Product from our mills seems to be flowing in without too much of a hiccup, maybe 2-3 week delays at worst," Greenwood continued. "We have

however heard that India and the KSA (Saudi Arabia) are shutting factories and borders down for 1-3 weeks until the virus has calmed down a bit."

Crane Point's construction-related has seen a bit of a decline due to state regulations regarding social distancing. "Framers, roofers, and any other sort of installers are showing up in different shifts or not at all in order to avoid any risk," he said. "We are doing our best to respect the guidelines as well and taking more of an "Amazon" approach with taking photos at delivery and staying six feet away from other workers."

## Being selective with new business and watching receivables

In Washington State, WPA-member Associated Products Shipping Solutions (APSS) has seen a sales decline during the pandemic. Gord Herzog of APSS reports that lumber and core supplies are both plentiful.

The Puyallup-based company has instituted COVID-19 safety policies such as boosting its sanitation program and requiring symptomatic employees to stay home. APSS is currently running with all of its staff but has been experiencing around a 15% absenteeism rate. "We have seen more on the lines of no daycare as the reason for missing work," he said.

"The only thing we have changed so far is we are being selective in new business and tightening collection of receivables," Herzog continued. "We run our business model with very little debt and no layoffs. We hope to weather the storm as best as possible."

### **Closing offices and handling freight paperwork in the yard**

"Our operation has been business as usual so far," reported Carolyn Beach-Skinner of Westside Pallet, a supplier of new and used pallets. "Sales are steady and we have actually been able to hire a few new employees that lost their jobs recently," she reported of the WPA-member company based in Newman CA. "And so far getting our lumber and supplies have been normal."

Westside has currently closed its office to truck drivers and other outside people. "All paper transactions for deliveries happen outside in the yard with social distancing measures in place the best we can," she said.

After considerable effort, the company was eventually able to source disinfectants and sanitizers. Employees were given a copy of the memo stating that pallets are "essential" in case of being questioned by authorities, but it has not been an issue.

### **Sanitizing common touchpoints**

Meanwhile, WPA-member Ox Box of Addison IL reports that business is holding up but is seeing signs of short term softening. "We're committed to maintaining our capacity as we're anticipating a significant uptick in business when everyone returns to full operations," said Guy Ockerlund, President of Ox Box.

"In the meantime," he continued, "we've implemented a variety of new safety procedures and policies to reduce the risk for our team members. In addition to supplying PPE (personal protective equipment) and disinfecting surfaces, we're fogging employee break areas, work centers, tools, and machine control panels with antiviral solution daily."

### **Hitting the ground running once the economy reopens**

Like Ox Box and other WPA-member companies interviewed for this article, Pompano Beach FLA-based Pallet Consultants is readying itself to serve businesses reopening after the crisis.

"Our facilities across the board are increasing their recycled pallet inventory and have been receiving high numbers of cores," stated the company.

*Cont'd on Page 24*



*Cont'd from Page 23.*

"Our network is positioning itself to hit the ground running once businesses start to reopen, and have maintained or increased both staffing levels and pallet production.

"Companywide, we are looking to continue hiring and are up 10% in YTD sales. Additionally, customer service and client relations have been a focus for all warehouse managers as we have been regularly assisting current customers and onboarding new ones throughout the pandemic."

Pallet Consultants facilities are adapting as best they can to their shifting regional

economies. Locations near ports are doing a mixture of temporary pivots to alternative market segments, increasing their service area, and streamlining operations for additional efficiency and flexibility. Other locations have maintained their revenue and business by supplying active and essential supply chains with few negative impacts.

Pallets will play an integral role in the shipment of goods as the economy reopens across all sectors. WPA-member companies continue to serve essential industries and are positioning themselves to expand services to other customers as the country gradually reopens for business.



## **Pallet Consultants of Dunn, North Carolina Increases Production by 40%**

*Doubles Team Amid COVID-19 Pandemic*

Pallet Consultants Nationwide has announced that its facility in Dunn, North Carolina has doubled its team and boosted pallet production by 40% in response to increased supply chain demands caused by the COVID-19 pandemic. Serving the rapidly growing Raleigh metropolitan area, the newly-renovated pallet repair and production facility has expanded its capabilities to meet a surge in the need for pallets in manufacturing, distribution,

food and pharmaceutical supply chains.

General Manager Justin Smith says the Dunn facility has been taking proactive measures and is focusing on assisting key local distributors in the North Carolina supply chain. "We've been working closely with clients that distribute food and medical supplies," said Smith.

Although the Dunn facility has already expanded production by 40% since January, Smith says an additional 40% surge in production is planned as hiring continues. "We maxed capacity in our first shift, so had to add a second shift three weeks ago," Smith said. Efficiency will also increase as new automated systems for pallet production and quality assurance are scheduled for installation in early May, he added.

Like other Pallet Consultants locations, the warehouse in Dunn has donated medical supplies to local hospitals

helping those suffering from COVID-19. "We donated what masks we had on hand and are always on the lookout for more," Smith said, noting he's "seen a lot of engagement and huge support from the local community."

The Dunn facility is Pallet Consultants' newest location and opened in October of 2019. Benefiting from new equipment and a renovation totaling over \$3 million, the operation is state-of-the-art and is working to become one of the companies most efficient, said Pallet Consultants President Brain Groene.



## IGPS and Investors Bullish on Plastic

iGPS CEO Jeff Pepperworth and company investors are predicting big things for the growth of the plastic pallet market, citing COSTCO's interest in converting to plastic pallets.

Martin Valencia, senior vice president and relationship manager in asset-based financing at East West Bank, remarked recently in a recent article about that area of interest. "We're talking about 60 million pallets," he said. East West Bank is a financial backer of iGPS.

"The growth potential is huge," added Pepperworth. "As more companies move toward the preference of using plastic pallets, it gives us a lot of runway. Over the next 2-3 years, I expect the market share for plastic pallets to double, at the very least."

The article, From Product Innovation to Market Leadership, One Pallet at a Time, appeared at the [www.eastwestbank.com](http://www.eastwestbank.com) website.





# CHEP Meets Unprecedented Surge in Customer Demand

Since the outbreak of COVID-19, CHEP's pallet businesses have successfully met an unprecedented surge in customer demand and processed significantly higher repair volumes with minimal disruption across its service center network, according to Brambles CEO, Graham Chipchase, commenting on the third-quarter trading update from the company. "These elevated activity levels and changes in network flows have driven short-term increases in supply chain costs while maintaining service levels, quality standards and asset control in increasingly challenging conditions," he said.

"During this time of uncertainty, we're proud to be playing a vital role in keeping local, regional and international supply chains moving. With over 80% of our revenues derived from the consumer staples and grocery supply chains, our 11,000 people are showing commitment and perseverance in connecting people with life's essentials every day. Our highest priority is keeping our people safe and ensuring our facilities are well protected and appropriately managed to best support the needs of our customers and local communities around the world."

## **Scheduled automation rollouts deferred in the U.S.**

"With limited visibility into the

sustainability of current operating conditions and even greater uncertainty about the longer-term economic, financial and operating implications of COVID-19 we remain vigilant in how we operate our businesses and allocate capital across our portfolio," Chipchase continued.

"We are taking a number of actions around cost mitigation, working capital management and improved cash generation across the Group. In addition, in our US pallets business, plant automation rollouts scheduled for the balance of FY20 have been deferred to FY21 in order to maximize the level of capacity across our US service center network and avoid any potential disruptions during this period of peak demand.

## **Sales revenue for the first nine months of FY20**

For Brambles' largest businesses across Europe, North America and Australia, the effects of government lockdown, changes in consumer behavior and automotive manufacturing shutdowns in response to COVID-19 commenced in the last 2 weeks of March 2020. As a result, the impact on the nine-month and third-quarter trading performance was minimal.

Brambles generated sales revenue from continuing operations of US\$3,527.1

Brambles generated sales revenue from continuing operations of \$3,5 billion for the first nine months of the financial year ending 30 June 2020 (FY20), reflecting a year-on-year increase of 3% at actual FX rates. At constant FX rates, sales revenue increased 6% and comprised equal contributions from volume and price growth in the period.

Sales revenue performance by segment was as follows:

- CHEP Americas sales revenue increased 9% at constant FX, including 9% growth in the third quarter. Growth was driven by pricing initiatives across the region and volume growth in the US Pallets business which included the rollover benefit from a large contract win in the prior year and solid like-for-like volume growth in the period;
- CHEP EMEA sales revenue increased 4% at constant FX, including 3% growth in the third quarter. Growth was driven by the rollover contribution from European Pallets and Automotive contracts won in the prior year and price growth across the region. Like-for-like volumes were broadly in line with the prior corresponding period reflecting subdued economic conditions across the region; and
- CHEP Asia-Pacific sales revenue in the first nine months of FY20 was in line with the corresponding period at constant FX rates as price and volume growth in the Australian Pallets business offset the rollover impact of a large Australian RPC contract loss in the prior


year. Revenue decreased 3% in the third quarter of FY20 as the decline in RPC revenues more than offset price and volume growth in the pallets businesses.

"While acknowledging the increased levels of demand volatility and the possibility of further rapid changes in the operating and economic environment due to COVID-19, Brambles expects FY20 sales revenue growth of between 5-7% at constant FX rates with fourth-quarter revenue growth in CHEP Pallets expected to offset loss of revenue in CHEP Automotive and Kegstar," the company reported.

## **David Cuenca to succeed Michael Pooley as President of CHEP Europe**

In other company news, David Cuenca has been named as President of CHEP Europe. He succeeds Michael Pooley, who left the company to become the new CEO of IFCO Group. The move takes effect on July 1, 2020. Pooley had been with CHEP for 17 years.

"As President of CHEP Latin America since July 2018, David has done an outstanding job leading the team through a period of significant business, commercial and cultural change, strengthening key customer relationships and energizing our teams," stated Chipchase. "He is highly regarded by his colleagues as well as by our customers."

*Read more at this link.* 



# EPAL CP pallets ready for the market



After many discussions with users in the chemicals industry, the European Pallet Association (EPAL) has implemented their requirements for EPAL CP pallets and included them in the EPAL Technical Regulations. In addition, the EPAL CP pallets have undergone many intensive practical trials in the Fraunhofer Institute for Material Flow and Logistics IML's Dortmund packaging laboratory (Germany). The test results substantiate the EPAL CP pallets' optimum functionality for bagged goods and drums and thus conform with the complex requirements of the chemical industry for high-quality wooden load carriers.

Christian Kühnhold, CEO EPAL stated, "The feedback from users in the chemicals industry on the amended technical requirements was positive in all the talks, and we had a high level of acceptance and support for the EPAL CP pallets. We're now entering the race with the EPAL CP pallets."

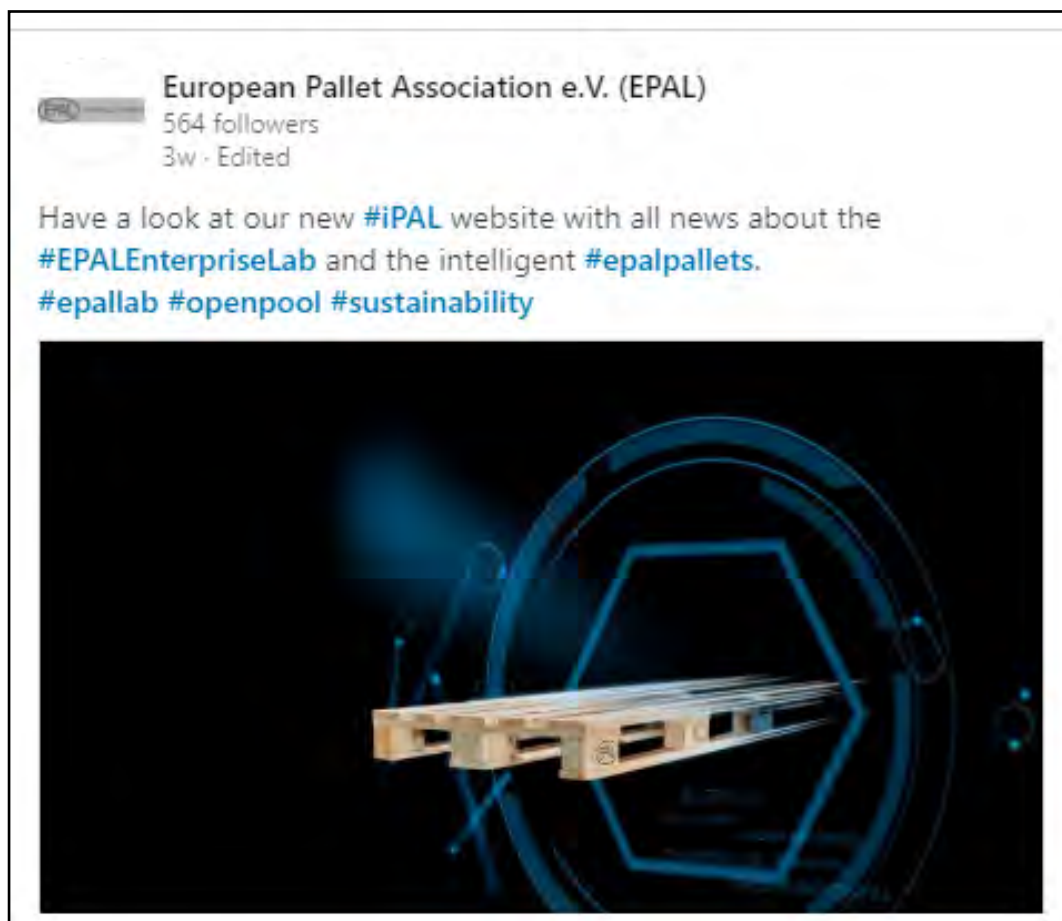
EPAL CP pallets fully comply with the demand for IPPC – ISPM 15-treated and dried quality pallets, which fulfill the safety requirements of the chemicals industry. The illustrations and descriptions of the nine different EPAL CP pallets (CP1–CP9) can be viewed at [this link](#).

EPAL first announced that it would support quality-assured EPAL CP pallets in November 2017. The move began the process of introducing the nine CP pallet specifications to the EPAL portfolio of products. In the past, EPAL noted at that time, price competition and the lack of independent quality assurance have often meant that chemical pallets have not met the requirements for the safe transport of chemical products. Previously, EPAL had often been asked by stakeholders of the chemicals industry, it

said, why there were no EPAL chemical pallets.

In June 2018, EPAL announced that Covestro would be the first large chemical producer to trial EPAL's newly licensed CP Pallet range with the intention of deploying them at the company's European locations.

EPAL has also launched its new iPAL intelligent pallet technology website, as announced below:





# Social Media Roundup

*What's new in social? Click on images to check.*

To share your company's social post, email to [newsdesk@western-pallet.org](mailto:newsdesk@western-pallet.org)



Annette Ferri posted in National Wooden Pallet & Container Association



Annette Ferri • 1st

National Wooden Pallet and Container Association (NWPCA)

2w •

Pallet facilities take note: CDC issues guidance to employers of critical infrastructure workers who may have had exposure to COVID-19. See guidelines

<https://bit.ly/34nHtVj> #palletsmovetheworld #essentialbusiness



3



Dr. Edward Brindley @PalletEnterpris • 4h

Pioneering A Better Block: Litco Introduces Engineered Extruded **Wood** Blocks to Complement its Pallets and Plugs

[bit.ly/2Ri4HGV](https://bit.ly/2Ri4HGV)

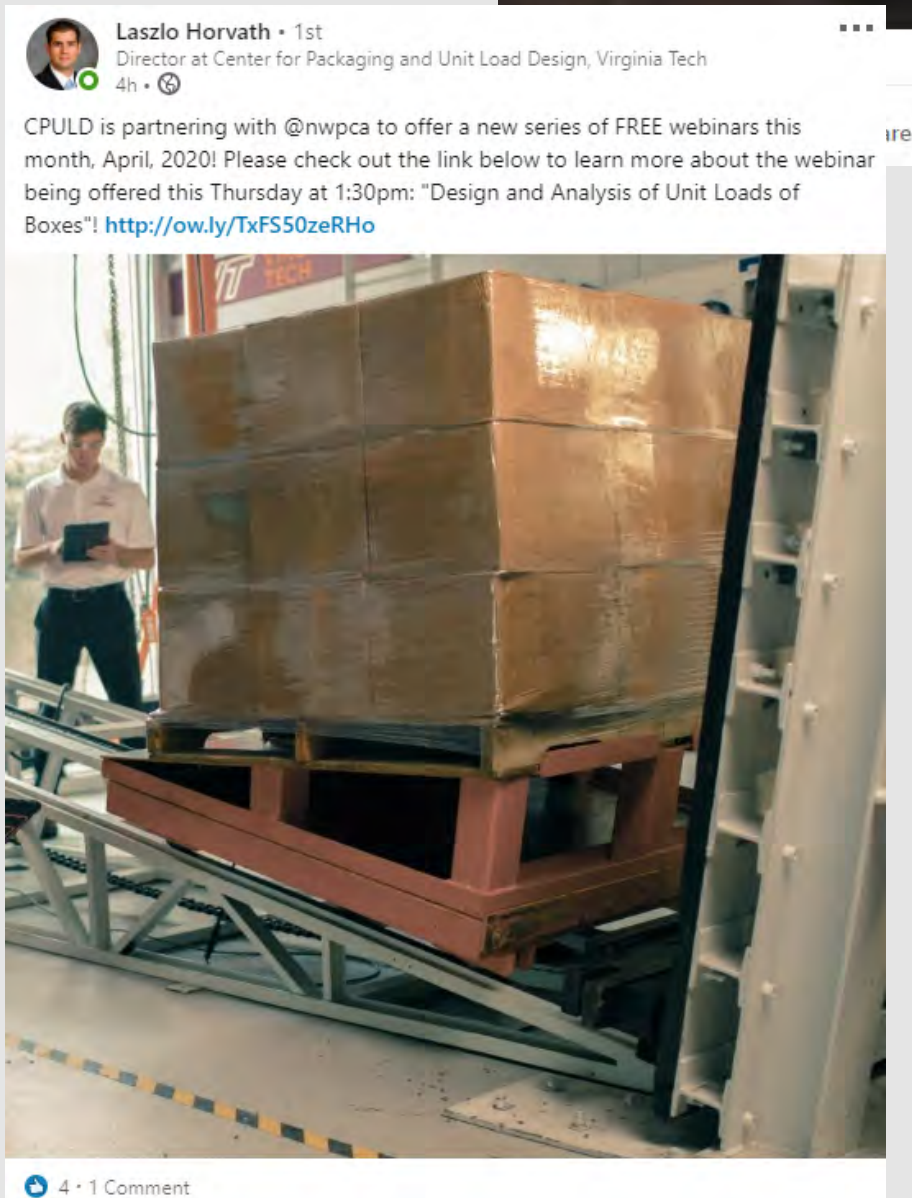


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# **The Membership Drive Is On!**

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 plaque, presented at the Annual Meeting. With the highly successful 2019 Annual Meeting now in the books, it is time to work toward 2020.

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](http://www.westernpallet.org)

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## Upcoming Events

6/12/2020 - 6/13/2020 CWPCA Annual Meeting, Halifax, Nova Scotia  
[www.canadianpallets.com](http://www.canadianpallets.com) **As of March 30, this meeting has been postponed.**

10/9/2020 - 10/10/2020 EXPO Richmond, Richmond, Virginia  
<https://www.exporichmond.com/>

11/8/2020 - 11/11/2020 PACK EXPO Show, Chicago, Illinois  
[www.packexpointernational.com](http://www.packexpointernational.com)

1/15/2021 - 1/19/2021 WPA Annual Meeting, Rancho Mirage, California  
[www.westernpallet.org](http://www.westernpallet.org)

3/3/2021 - 3/5/2021, NWPCA Annual Leadership Conference & Expo, Orlando, Florida  
[www.palletcentral.com](http://www.palletcentral.com)



***In case you missed them...***

(Click on back issues to read or download)

