

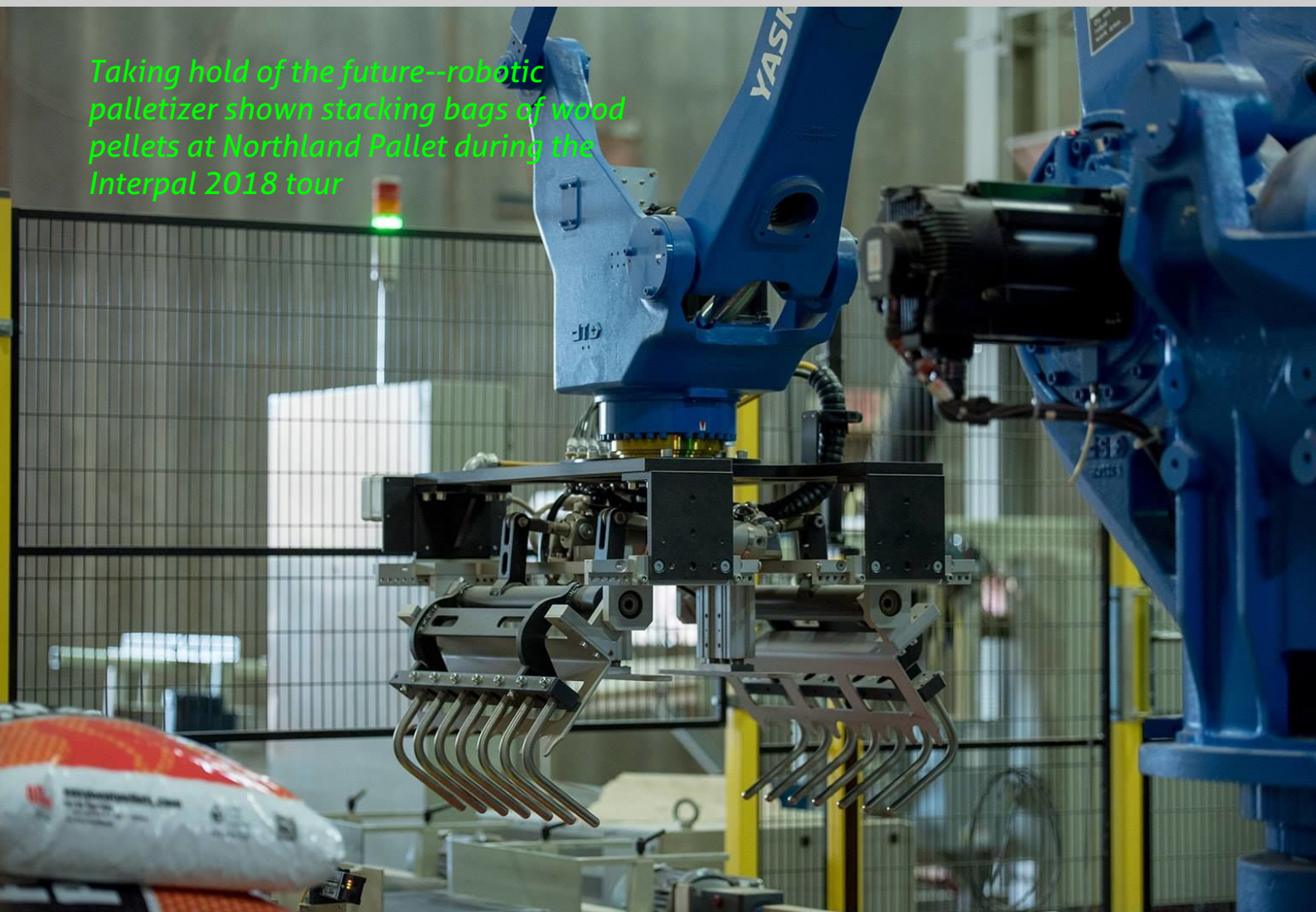
Western Pallet



Magazine for WPA Members
October 2018

Magazine

*Taking hold of the future--robotic
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Remembering Mary Annette Gutierrez
Modern Material Handling Pallet Survey Webcast
Talking Points

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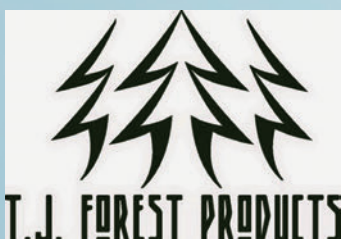
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- Chaille Brindley, Industrial Reporting - *Trumpanomics: A Perspective on Pallets & Lumber*
- Automation Panel - *Investments, ROI, and Conclusion*
with Jorge Eroza, San Fernando Valley Pallet; Scott Geffros, CWPCA; Ray Gutierrez, Commercial Lumber and Pallet; Frank Shean, Valley Pallet; Rodney Wadel, R&R Pallet of Garden City, Inc.
- Lumber Panel: *Prices, Tariffs, and Forecast for 2019*
with Brad Bower, Eagle Forest Products; Kelly DeLacy, Hampton Lumber; Tod Kintz, Pelican Bay Forest Products; Rod Lucas, Turner Lumber; Mark Mitchell, Stimson Lumber



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WPA MAGAZINE

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North American Softwood Prices

Softwood prices listed as of October 23, courtesy of NRCAN.

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Mary Gutierrez

It is with great sadness that Ray Gutierrez, owner of WPA-member Commercial Lumber & Pallet reports the peaceful passing of his loving wife Mary on October 14, 2018.

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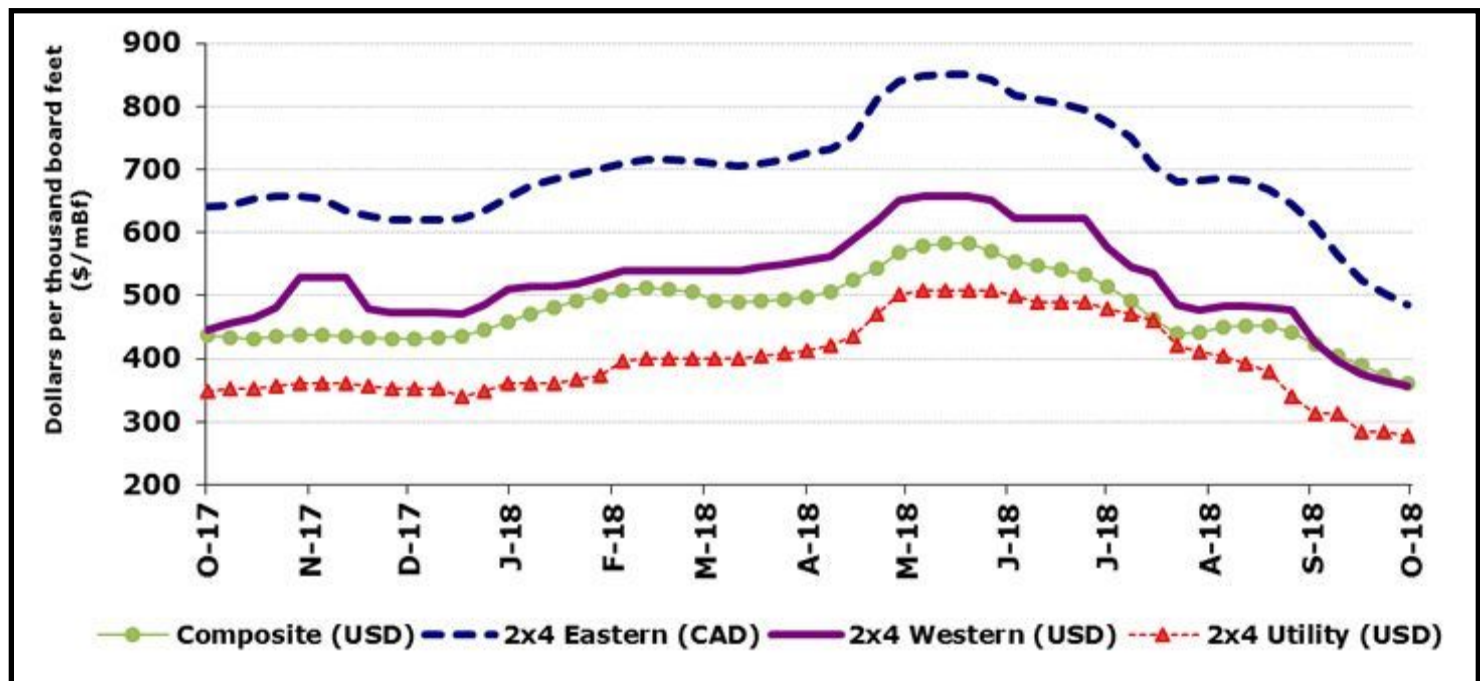
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North American Softwood Prices

Weekly softwood lumber prices to October 23, 2018 are shown below, sourced at <http://www.nrcan.gc.ca/forests/industry/13309>.



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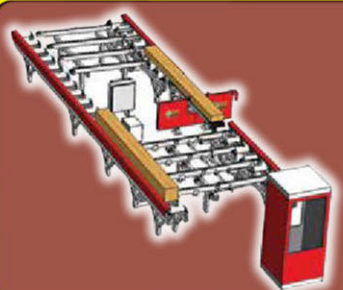


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Quick Takes

New Home Sales Decline

Contracts for new US single-family home sales declined in September, as eroding affordability conditions reduced sales volume, according to data are produced by HUD and the US Census Bureau.

Brambles 2018 results and first-quarter 2019 trading update

Brambles Limited has reported sales revenue from continuing operations of US\$1.4 billion, for the first three months of the financial year ending 30 June 2019. CHEP Americas sales revenue growth of 5% was driven by volume growth and price realization in the US, Canadian and Latin American pallet businesses.

According to CEO Graham Chipchase, the business was "challenged by ongoing cost inflation across our major markets, including the US and Europe. Despite escalating costs, effective pricing which includes surcharges offset approximately two-thirds of the inflationary cost increases experienced during the quarter. In addition to pricing actions, we continue to look to our own operations for further opportunities to reduce costs."

Bentley World-Packaging Completes Restructuring

Growth was a primary focus for Bentley World-Packaging for more than 70 years. Last year, Bentley WP operated shipping and warehousing locations in Wisconsin, South Carolina, Ohio,



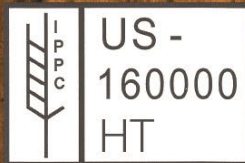
Maryland and Pennsylvania. However, that growth created a unique challenge – the more the company grew the less it knew its customers.

After a year of major changes that began with the sale of several Pennsylvania and Ohio locations, Bentley World-Packaging – the Wisconsin-based global packaging and shipping firm – is emerging from a massive restructuring endeavor leaner and more focused on building strong customer relationships.

U.S. consumption of softwood lumber to reach record-highs by 2030

A newly released study by ForestEdge and Wood Resources International forecasts that U.S. softwood lumber demand will grow at an annual rate of 2.3 per cent through 2030, which will be higher than the reports projection of real GDP. The study's Base Case demand scenario suggests that U.S. lumber consumption will reach an all-time high by 2030.

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A collage of images showing various wood products, including lumber, decking, and pallets, arranged in a dynamic, overlapping fashion. The images are set against a dark background with a green border.

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Mary Annette Gutierrez

November 12, 1941 – October 14, 2018



It is with great sadness that Ray Gutierrez, owner of Commercial Lumber & Pallet, a WPA member, reports the peaceful passing of his loving wife Mary on October 14, 2018.

Mary battled cancer for over four years. Throughout her journey, she exuded strength and resilience, and continued approaching life with her infectious smile, love, generosity...always caring more for others than she did herself. So many people are blessed because of knowing her.

Although she is no longer in the present, her legacy will thrive forever. She always cared about their employees and their families and was so proud of everyone who worked so hard for the company.

Ray and the entire Gutierrez family would like to thank everyone for their continued thoughts and prayers during this time. It really made a difference and brings much comfort to the family.



Norm Plotkin Named CEO of 48forty Solutions

ATLANTA—WPA-member 48forty Solutions, the largest supplier of recycled pallets in North America, announced that Norm Plotkin has assumed the role of chief executive officer. Plotkin will also continue in his position as executive chairman of the Company. Plotkin has a 30-year track record of achieving growth and operational improvement in companies in a number of industries, including distribution, retail, business services, manufacturing, and real estate.

Mr. Plotkin was most recently CEO and executive chairman of Honsador Holdings, LLC, the largest independent distributor of building products and electrical supplies in the state of Hawaii. Additionally, he has served as CEO and executive chairman of Binswanger Glass, Stratix Corporation, and Distribution International. Over the course of his career, Plotkin served as CEO of a multi-site retail operation and has held various senior management roles in the real estate, building products and retail industries. He holds a Bachelor of Arts degree from the University of Michigan and a Juris Doctor degree from George Washington University.

When Brambles Limited announced plans to divest itself of its North American recycled pallets business in August of 2017, it indicated that CHEP Recycled's growth outlook would improve under alternative ownership.

Less than five months later, Grey Mountain Partners, a Boulder, Colorado-based private equity firm, seized the opportunity to purchase the spinoff and completed the acquisition of



CHEP Recycled on February 14, 2018. The former CHEP Recycled rebranded with a bold new name and brand image that it said positioned it for growth while celebrating its position as the leader in one of the foundational businesses of the supply chain and logistics industry.

48forty Solutions is North America's largest pallet management services company with a national network of company-owned and operated facilities and fleet operation to serve customers. Comprehensive pallet solutions include supply and retrieval, on-site services, reverse logistics, and packaging materials delivered to national and local companies by a customer-focused network of 225 facilities and 2,200 employees. Visit www.48forty.com.



Wood-Mizer Introduces New Tooth Spacing for Band Sawmill and Resaw Blades



WPA-member Wood-Mizer has introduced two new bandsaw blade options with 1" and 1 ¼" tooth spacing to satisfy the needs of high production, high horsepower resaw and sawmill operations. The new blade tooth spacing options further expand Wood-Mizer's range that includes a large variety of bandsaw blades for nearly every type of sawing or resawing application.

Available in SilverTip carbon material, 1" tooth spacing blades are offered in a 10 degree all-purpose profile to saw any type of wood species. These blades are designed for high production resaw and sawmill operations that prefer 1" tooth spacing or for filing rooms that have blade maintenance equipment currently setup for 1" tooth spacing.

Available in SilverTip carbon material, the 1 ¼" tooth spacing blades are offered in a Turbo 7

degree high-performance profile. With increased air flow and higher tooth penetration while sawing mixed species, Wood-Mizer's exclusive Turbo 7 degree profile is tried, tested, and proven by high production, high horsepower, and high feed rate operations throughout the world. Combine this exclusive Turbo 7 profile with a wider 1 ¼" gullet to provide an ideal blade for high throughput grade resaw and sawmill operations.

Both 1" and 1 ¼" tooth spacing blades are now available to order in a variety of lengths to fit various sawmill and resaw brands and models. Wood-Mizer provides blade maintenance equipment and ReSharp services that are able to accommodate these new tooth spacing options.

For more information, visit www.woodmizer.com/blades.

Pallet Consultants and Semi X Media team up to deliver results

Partnership will offer mobile billboards on semi trailers across the country

WPA-member Pallet Consultants and Semi X Media have announced a partnership that will allow companies to advertise on more than 500 trailers across the southeastern United States.

As one of the nation's largest distributors of high-quality pallets and pallet services, Pallet Consultants has a fleet of more than 500 trailers distributed throughout the United States. For Semi X Media, that fleet represents 500 mobile billboards that will be used to advertise for companies looking to gain exposure within certain markets, both locally and nationally.

"It is the perfect partnership," remarked Pallet Consultants CEO, Gustavo Gutierrez. "We get to continue transporting and retrieving pallets across the country, and Semi X Media gets to take advantage of the space on our trailers while giving us a percentage of the sales. We're able to generate additional revenue which will allow us to continue our expansion efforts."

"There is so much opportunity for brands across the country to engage with their customers on the road," says Semi X Media CEO, Emily Johns. "We are able to take available trailer space, work

with our clients to determine the market they want to target, and then make sure the trailers in that market have the messaging on them that their customers will respond to.

SEMI X MEDIA

"Our in-house graphic designers work with the specifications of the trailers to make sure the messaging looks great, and then the trucks go on their way to the destinations with the approved messaging. All of the trailers contracted with Semi X Media are equipped with a GPS, this allows us to ensure that these mobile billboards are reaching their target market."

Semi X Media is also working with many independent truck owners and trucking companies to form partnerships across the country, according to Johns.

By the end of 2020, Semi X Media is hoping to have nearly 500,000 registered trailers across the United States and Canada.

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Modern Materials Handling's Annual Pallet Report Webcast: Some Takeaways

Pallet implications of international trade and e-commerce are top trends to watch

Modern Materials Handling (MMH) Magazine recently hosted its Annual Pallet Report Webcast, (available on demand [here](#)) once again featuring Dr. Marshall (Mark) White, President of White and Company, and moderated by Josh Bond of MMH. The webcast was sponsored by ORBIS Corporation. Here are some takeaways from that event.

Does a lower prioritization on pallet price reflect that customers are more interested in pallet quality?

Price as a most important factor in pallet selection has dropped from 60% of respondents in 2016 to 59% in 2017, and down to 57% in 2018.

"The importance of purchase price in the pallet selection process has slowly waned in recent years and is now tied with strength (57%)," Bond wrote last month in MMH. "In an age of increased focus on supply chain performance, sustainability and resiliency, it is not surprising to see this theme repeated throughout the survey. Cost per use—and even pallet weight—are of less concern than reusability and durability."

While most of us would like to see more pallet buyers take a broad approach to understand their total pallet cost impacts versus pallet price, as Bond intimates above, Dr. White suggests an alternative possibility.

"I think this is clearly showing a very tight

pallet market," he told Bond. "Demand is very high and supply is struggling to keep up, so when you are in a market like that, availability becomes very, very important. And actually, price becomes less important. You know me, I'm a performance-based fellow...But in the end, this is a reflection of a very tight pallet market. And quite frankly, users are struggling to find quality pallets to meet their needs."

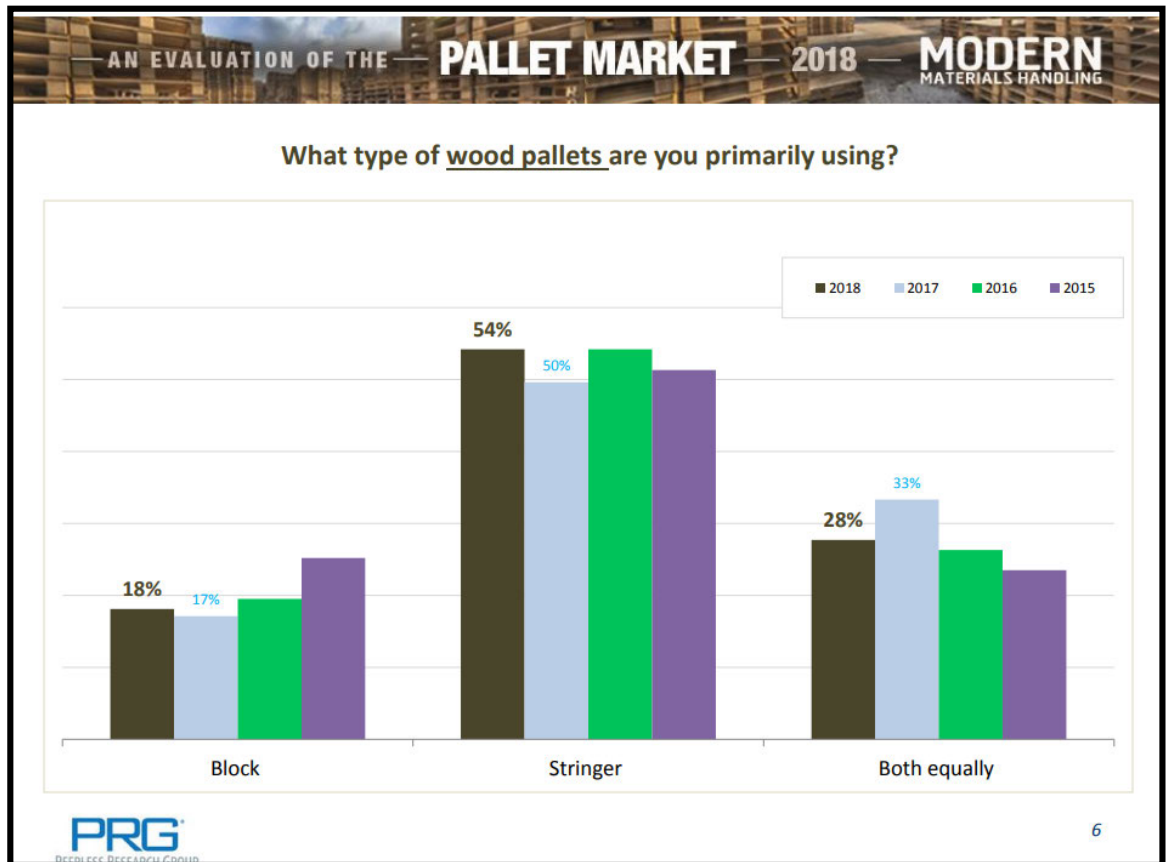
Pallet market is growing, and even faster for plastic--especially for export

Dr. White commented that wood pallet production has grown from 750 million pallets annually in 2011 to 849 million in 2016, a 13% increase. Over a similar period of time, plastic pallet production has grown by 25%. He sees a huge demand in using plastic pallets for exporting. "These are one-way pallets going into that export pallets," he said. "I think that's where most of the increase is coming from in the plastic pallet market."

Is the block pallet trend ebbing?

In 2006, 6% of pallet production was block style, Dr. White noted. In 2016, 21% of production was a block style pallet. With retailers such as Costco demanding block pallets, and their availability through poolers such as CHEP and PECO, more

users have become familiar with block pallets. "People began to recognize that the block



Is the block pallet trend ebbing? Image from the MMH Annual Pallet Report

and more pallet users have become familiar with block pallets. "People began to recognize that the block pallet is very functional. In many ways, it is much more functional and can reduce operating costs. He noted that the slide is consistent with manufacturing trends--75% stringer and 21 to 25% block.

"I think we are starting to see that growth in block manufacturing starting to ebb a bit, and it makes sense. Certainly, the rental companies are all on block pallets, and the pools are maturing. But the growth in the recent past from stringer to block pallet was significant.

More new wood pallets, fewer recycled being purchased

This year's survey showed an increase in wood pallet purchasers buying new, with a significant drop in those purchasing used pallets, which speaks to the continuing degradation of pallet core quality.

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"The availability of the core that becomes the basis for used repaired or remanufactured pallets in the marketplace has declined," Dr. White said. "And as that declines, the quality of used pallets has also declined." He cautioned, however, that the used pallet market very much pertains to the 48x40 pallet, which is only 35% of the pallet market. "This doesn't really tell us what is going on with repairing the odd sizes..." He suggested that increased purchases of new pallets might help improve quality in the used pallet market.

increased plastic pallet usage since the 2015 survey. "I find that interesting," he said. "Because if you can reuse a pallet, capture it and not lose it, and it lasts a long time, and the cost of repair is not very great, which is the market that plastic should be in, you can basically form an argument that in certain markets and certain situations, a plastic pallet could be more sustainable and have a lower environmental impact than a wood pallet. But apparently, that is declining. That is an interesting trend, and that is something we should follow."

Sustainability as a rationale for purchasing plastic pallets declines

Dr. White remarked on the steadily decreasing importance of sustainability as a motivation for

More companies interested in alternative pooling options

The survey indicated that at least 37% of pallet users would be interested in an alternative pallet

The logo for GT Pallet, featuring the letters "GT" in a bold, sans-serif font above the word "Pallet" in a similar font, with two slanted parallel lines between the "P" and "a".A 3D rendering of a white plastic pallet, showing its grid-like structure and raised edges. The text is overlaid on the pallet.

The unique design of the GT Pallet by itself is not the true disruptive factor.

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Exhibit Cost

- \$300 - Until November 1st
- \$400 - After November 1st
- Exhibitors must be members of WPA with dues current. Sign up and pay for an exhibit space, and pay the annual meeting registration fee - online meeting registration opens October 1st.

Exhibit space includes a skirted, 6' table arranged around the periphery of the meeting room. Additional amenities available through the Rancho Las Palmas Resort & Spa and are the responsibility of the Exhibitor.

Exhibit space is limited. Sign up for exhibit tables opens at 8:00 AM PDT on September 5, 2018.

Exhibit Schedule

- Saturday, January 19th - 5:00 - 6:30 PM - Exhibit Showcase during WPA welcome reception
- Sunday, January 20th - 7:00 - 8:00 AM - Exhibit Showcase during WPA breakfast
- Sunday, January 20th - 12 Noon - 1:00 PM - Exhibit Showcase during WPA lunch
- Monday January 21st- 8:00 AM - 9:00 AM - Exhibit Showcase during WPA breakfast

Set-up starts at 12:00 Noon, Saturday, January 19th, and should be ready by 5:00 PM, just in time for the welcome reception. Breakdown can start after 11:00 AM, Monday, January 21st, and completed by 2:00 PM.

Exhibitor signup only - does not include separate meeting registration open October 1, 2018.

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pallet pooling service to major providers such as CHEP, PECO, iGPS, and 9Bloc. According to Dr. White, the trend makes sense. Pallet rental can be a poor fit for many smaller manufacturers.

"What we are seeing here is that these companies, which are not a fit for rental, recognize the benefits of managing pallets, and they look to other companies to help them manage their pallets," he said. "Some of them may do it internally, but many look to third parties that can manage pallets for smaller industry segments."

He emphasized that a lot of third party companies are making pallet management services available for manufacturers of a smaller scale or in non 48x40 pallet applications. "I'm happy to see this. It is good for our environment, and it continues to control the cost of consumer goods," he continued.

Trends to watch #1: International freight

According to Dr. White, the leading trend to watch in terms of pallet implications is international trade. He notes that the U.S. usually exports roughly 12 million TEUs (twenty-foot equivalent units) annually. Roughly half of that volume is still floor loaded, while the rest is palletized. If the floor loaded portion was converted to palletized, it would require an extra 60 million pallets annually.

"Now, that's not going to happen overnight," he cautioned. "That is going to be an evolutionary process. But it will increase the demand."

Dr. White noted that freight container rental has decreased by 45% between 2014 and 2017. While the use of pallets can reduce freight

capacity by as much as 10%, there are significant labor-saving benefits to palletization. He noted that loading a 40-foot container can take six to eight labor hours, while palletized freight can be loaded in less than one labor hour.

"When you look at those costs, what does it mean?" he asked. "We are going to increase palletization going out of this country, (and) we may see palletization increase coming into this country." With a trade deficit of 3:1, there is the potential for a huge influx of pallets. The main problem with that, he said, has to do with their overall poor quality. "I think what we see as we palletize more and more products for international shipments, we are going to see an impact on the pallet market that we should monitor very closely in the future."

Trends to watch #2: E-commerce

Dr. White noted the rapid increase in e-commerce volumes. He said it will be difficult to tell what the impact will be, at this point in time. For now, the major difference is in the last mile of distribution, which is the last leg to the retail store, or in the case of e-commerce, the last from the fulfillment center to the online customer's home. He noted that currently, the front end of the e-commerce supply chain is still highly palletized. It is possible, however, if improvements are made in parcel-direct shipments direct from the manufacturer, it could impact pallet usage related to shipping goods from the manufacturer to the fulfillment center, as well as for order picking.

To view the webcast, follow this link.



1,400 Stolen Pallets Recovered in Riverside, California

On Monday, October 1, 2018, the Fontana Sheriff's Station responded to a 9-1-1 call involving a robbery and an assault at a truckyard, according to a press release. When deputies arrived, they located a victim with a head wound sitting in the front of the driveway. The victim told deputies, he had been pistol whipped and tied up by four subjects while he was sleeping in his bed. The victim gave deputies detailed suspect descriptions that were captured on video surveillance.

During the course of the investigation, information was obtained involving a pallet yard in the County of Riverside with suspicious subjects unloading pallets from two tractor trailers in the darkness. Deputies drove to the County of Riverside and located five subjects at the Riverside location attempting to flee. After

a thorough search of the area, they were all captured and taken into custody without further incident.

1,400 stolen pallets, and one stolen tractor trailer were recovered and returned to the owner of the business. The victim was taken to a local area hospital for medical treatment and is expected to recover. The five subjects were arrested and transported to the West Valley Detention Center, where they were booked for charges involving home invasion, assault with firearm, vehicle theft and conspiracy. Anyone with information regarding this investigation is encouraged to call the Fontana Sheriff's Station.

Greystone Posts Record Results

Greystone Logistics, Inc., a plastic pallet producer, has recorded quarterly sales for the first quarter of fiscal year 2019.

Sales for the three months ended August 31, 2018 were over \$18 million compared to \$10 million for the three months ended August 31, 2017 for an increase of almost 77%. Greystone's sales to major customers in the quarter ended August 31, 2018 were 84% of sales compared to 73% in the same period last year. Greystone's net income was \$764,908 in the three months ended August 31, 2018 compared to \$530,282 in the same period last year.

"The continuation of record-breaking sales in the first quarter of our fiscal year 2019 was expected based on the burgeoning development of our customer base", stated CEO Warren Kruger. Kruger continued, "The number of customers

with over 15% sales volume increased from two to three over the prior period. Our margins have not developed consistently with the increase in sales as front loading of costs continue to remain high. These costs include equipment, facilities, infrastructure, training, and maintenance costs. Our dedicated employees work daily to flatten out these costs, maximize production and implement cost saving initiatives."

"In this quest for efficiency, we have ordered automation on two production lines that will begin to roll out in the third quarter which we believe will have a significant positive impact for our employees and on earnings in the long term. We anticipate rolling this automation across all equipment lines in the future."



CHEP Opens Automated Service Center Near Hamburg



As a milestone of CHEP Germany, the Neu Wulmstorf Service Center, located in the Hamburg metropolitan region, is opening its first fully automated operation. CHEP invested more than € 1.1 million in the automation of pallet inspection and pallet repair to increase the efficiency of its service center. At a local opening event, customers were able to gain an impression of the implementation of Industry 4.0 and the resulting process optimization. Overall, productivity in the area of pallet inspection is expected to increase fourfold.

With a daily turnover of approx. 30,000 CHEP Euro, half and quarter pallets, the Neu Wulmstorf Service Center is pivotal in the metropolitan region of Hamburg. More than 2 million pallets are inspected annually, and repaired if necessary.

By optimizing the process, CHEP ensures consistently high pallet quality and wants to increase its productivity fourfold during the inspection process. Since 2016, CHEP has been recording a growing demand for blue pallets at the Neu Wulmstorf site. By mid-2019, it is expected that the current daily throughput of 30,000 pallets will almost double. With the help of automation, euro, half and quarter pallets can be handled more effectively and in higher quantities than before.

In the routine inspection of pallets for defects or damage, CHEP can now flexibly change between the different pallet sizes thanks to automation. For the service center employees, the new work environment means more safety and comfort as robotic units take over work such as repairing defective pallets.



Transitioning with Automation to Industry 4.0

Specifically, the newly installed automated plant in Neu Wulmstorf includes the following technology:

- Multi-functional fully automatic inspection and repair system for automatic destacking, transport, turning and stacking of pallets at a throughput of 600 pallets per hour

- A new laser system (Automatic Digital Inspection, ADI) that inspects individual pallets for damage and, if necessary, sends them for repair

- Automatic painting and stencil processes using brush painting booths and inkjet systems

- New roll nailer technology that ensures no nails stick out over the top of the pallets

- A moisture meter that monitors the moisture content of the pallets and probes the top deck and bottom of the pallets. If the moisture content

exceeds a certain value, the pallet is sorted out of production

- A robot that enables stacking of pallets and sorting of batches according to production needs

- Automated buffering to manage tips of damaged pallets

"With the automation of the service center, CHEP is optimally equipped for the future: Thanks to the faster throughput of pallet inspection and repair, we can respond even more effectively to economic upturns and ensure a regulated pallet supply for our customers. The new technology gives us a very high level of flexibility, which ultimately benefits the customer," reports Kai Derda, Managing Director of CHEP Deutschland GmbH.

The automation of the Neu Wulmstorf service center marks the start of the implementation of state-of-the-art technology in all existing CHEP service centers in Germany, Austria and Switzerland under the banner of Industry 4.0.



"Data Gold" of Logistics: Tracker Makes Pallets Intelligent



The Internet of Things is becoming mass-marketable for logistics. Deutsche Telekom, the Fraunhofer Institute for Material Flow and Logistics IML and the European Pallet Association (EPAL) have launched the first 500 intelligent EPAL pallets in practical use, according to a German language press release.

They note that loss and delay are two of the biggest challenges in logistics. Freight theft costs companies billions of euros each year. Due to missing or incorrect information, 30 percent of all deliveries worldwide do not reach their destination on time. Intelligently networked pallets provide the basis for reducing loss and

delay issues. Telekom, Fraunhofer IML and EPAL recently presented a new generation of standardized pallets at the German Logistics Congress.

"Intelligent pallets are the start of a new era for EPAL, and the innovation potential of new data availability is crucial to providing our customers with reliable added value and a sustainable business model," said Ingo Mönke, CEO of GPAL, German National Committee of the European Pallet Association.

Quickly Located

The small, low-cost tracker was developed in the Telekom Open IoT Labs at Fraunhofer IML, where it was installed in 500 EPAL pallets. The low-cost tracker can determine location and retrieve movement, shock effects and temperature history. A waterproof sensor registers shock, position, tilt angle, accelerations and temperature of the pallet. The pallet reports automatically in case of deviations due to vibrations or temperature fluctuations. It automatically sends its current data to its own portal.

"We built the low-cost tracker specifically for EPAL as one of our first customers, with more than 500 million pallets in circulation in Europe alone, which has huge potential to digitize the supply chain," said Ingo Hofacker, responsible for the IoT business at Deutsche Telekom.

Data, the new currency of logistics

Due to the robust and compact design, the trackers can be installed in virtually every load carrier. The data exchange takes place via the machine and sensor network of the Telecom, in professional circles called NarrowBand IoT (in short: NB-IoT). Due to its special properties, this narrow band technology is an ideal pioneer for the Internet of Things. It opens up a wireless future with secure, stable and robust connectivity that works virtually anywhere.

Advantages of the new technology are low energy consumption, low costs and high penetration in buildings. The battery life is ten years. The data flat rate costs once ten euros for 10 years. Also, the use of licensed spectrum and 3GPP standardization ensures LTE-based security. This is an important step towards 5G. The global roaming capability of NB-IoT is also becoming increasingly important.

Experts estimate that well over a billion devices a year will go online in the coming years. Many of them will be used in the transport and logistics industry. The small devices in the pallets and containers will transfer billions of status data in the future. In addition, they can localize themselves and communicate with each other.

"The low-cost tracker makes carriers smart and boosts the data gold of logistics, which will be the key competitive advantage in logistics – scaling up to billions is a global standard with secure certification and authentication, such as a SIM card indispensable as in the long term guaranteed, stable networks, competitive prices and flat rates. This can currently only NB-IoT," says Prof. Michael ten Hompel, managing director of the Fraunhofer IML.

At the German Logistics Congress, from October 17 to 19, 2018 in Berlin, the partners demonstrated for the first time live the route of intelligent pallets in deployment.



China's Changing Wood Supply Chain

Deep-dive study on the complex flow of logs and lumber within China reveals that considerable volumes are being 're-exported' to other regions from the first port of entry

One of the main themes observed from the extensive field work carried out all over China is the increased and expanding role of Russian lumber in China. Significant and ongoing investments in a combination of modern sawmills, kilns and planers at Russian mills in Russia, Chinese mills in Russia, and Chinese mills on the Chinese side of the border have increased the value of lumber where it can be transported further in China.

A growing number of Chinese distributors and processing companies are tapping into the expanding supply chain from Russia to access Russian spruce and red pine lumber. This is becoming more evident in the furniture sector as production improvements are made (at the expense of other exporters) to the quality and competitiveness of Russian spruce and pine lumber. As well, various Chinese government policies tend to favor Russian exporters over other suppliers to China.

China's supply chain involves large (and often massive) distribution centers (land, ocean and river ports) near both major cities and emerging consuming regions (located mainly in inland China). The logs and lumber that enter China via ports take various traditional supply routes to be handled for consumption, processing or redistribution. A deep-dive was conducted on where all the logs and lumber go in China – both into traditional ports for consumption and onward to other processing locations, including the growing demand in inland regions of China.

Softwood logs and lumber in China have many diverse applications and tend to exhibit fluidity (based on prevailing demand and prices) across a variety of end-use segments. The flow of logs and lumber within China is therefore rather complex, resulting in some clear region-specific applications.

The detailed survey conducted reveals that considerable log and lumber volumes are still being re-exported to other regions from the first port of entry. A complication of the lumber trade in China is the huge volume of imported logs being processed into lumber at small local sawmills, where domestic sawn lumber (from imported logs) competes with imported lumber. In the report, the various end uses for logs and lumber are broken out by port/consuming region in such a way as to account for the main end uses.

Over the forecast period, offshore lumber imports are forecast to continue expanding to offset the much slower growth expected in log imports and potential reductions in China's sawmill capacity. Lumber imports from Russia via the One Belt & One Road are expected to expand to inland China while log and lumber imports from traditional supplying countries via ocean ports are expected to be more muted. *(Cont'd on Page 28.)*

Major log importers like New Zealand and major lumber importers like Canada could be at a disadvantage as various Chinese government policies tend to favor Russian supplies (and to a lesser extent, those from Europe).

For more information, follow the link to China's Import Demand for Softwood Logs and Lumber to 2023 • The Changing Supply Chain in China (with a Focus on Russia's Industry / Export Potential)

The Reclaimed Lumber Market

The increasing awareness amongst consumers and vendors about recycling, reusing, and reducing has given the global reclaimed lumber market a major push in the recent years. Reclaimed lumber refers to timber that is salvaged from warehouses, old buildings, discarded furniture pieces, barrels, and other wooden structures. Numerous environmental benefits of reclaimed lumber have won the market an unwavering consumer base over the years.

The demand for reclaimed lumber is also expected to rise in the coming years as older wood is far more durable than new wood. The long-term exposure of reclaimed lumber to harsh weather conditions makes it less likely to split as it has already undergone expansion and contraction cycles. Thus, its intrinsic durability makes it a better option than newer timber. The demand for reclaimed timber will be primarily driven by the rapid pace of urbanization and industrialization. Usage of reclaimed lumber has

also gained momentum as it lends a certain aesthetic appeal to the end products.

Recognition of claimed lumber as a green building material has garnered the global market special attention from many construction giants in recent years. Increasing emphasis on building eco-friendly structures to reduce material wastage and overall carbon footprint has favored the reclaimed lumber market tremendously. The only factor that is likely to hamper the sales of reclaimed lumber is its high cost. As this timber needs to be restored, it demands Herculean time and effort to be brought to a point of reuse. This very factor is expected to restrain the growth of the global reclaimed lumber market in the coming years.

For more information, visit www.tmrresearch.com/reclaimed-lumber-market

Connect with Western Pallet Association!



Upcoming Events

11/28/2018 - 11/29/2018 PDS Training Course, NWPCA office, Alexandria, Virginia. www.palletcentral.com

1/18/2019 - 1/22/2019 WPA Annual Meeting, Rancho Mirage, California
www.westernpallet.org

3/13/2019 - 3/15/2019 NWPCA Annual Leadership Conference, San Diego, California. www.palletcentral.com

3/28/2019 - 3/29/2019 INDUSTRIAL PACK, Atlanta, Georgia.
INDUSTRIALPACK2019

5/8/2019 - 5/9/2019, Global Softwood Log & Lumber Conference, Vancouver, BC. www.woodmarkets.com

5/27/2019 - 5/31/2019 LIGNA 2019, Hannover, Germany.
www.ligna.de

In case you missed them...

(Click on back issues to read or download)

