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## Director's Message

Happy 2006 and we wish you continued success in your business opportunities for the coming year. From talking to a number of our members and colleagues last year, I got the impression that 2005 was mixed for many of you. The building products side of our industry appeared to have a very good year and depending on whom I talked to on the hardwood side, it ranged from the best year ever to an average year. We know that our industry is cyclical and that the building products sector is often a precursor to what may happen in secondary markets. Many factors will affect what happens in 2006. We need to watch interest rates, energy prices, uncertainty in the Middle East and housing starts, but also we need to keep abreast of what we have direct control over. I believe that the difference in having a "very good year" versus an "average year" is not what happens in Washington DC or Iraq, but what happens in Williamsport or Radford. All too often we focus on the big picture when times are tough and forget to focus on the relationship we have with our customers and controlling costs at every aspect of our operations.

This year's resolution should be to concentrate on the 20/80 rule, which is that 20% of our efforts get 80% of our results. Who are your top customers and how can you support them better? Where are the easiest controllable costs in your organization? Can you reduce energy consumption or reduce movement of materials? When is the last time you walked around with a "checklist" to identify "waste"? Are you investing in the right people for the future? Have you looked at managerial succession within the company? These are some of the items we are now teaching in our classes so you will have trained people who can help your company today and in the future. In this issue you will find out what Tom Hammett has been doing; meet our replacement for Joanne; see what is happening with exports of southern pine and finally learn about our schedule of training and conferences coming up this spring.

Again, thank you for your continued support of the Center and we look forward to another great year of working together for the success of our industry. If you have any questions or comments, as always, please feel free to contact me at any time, 540-231-9759.

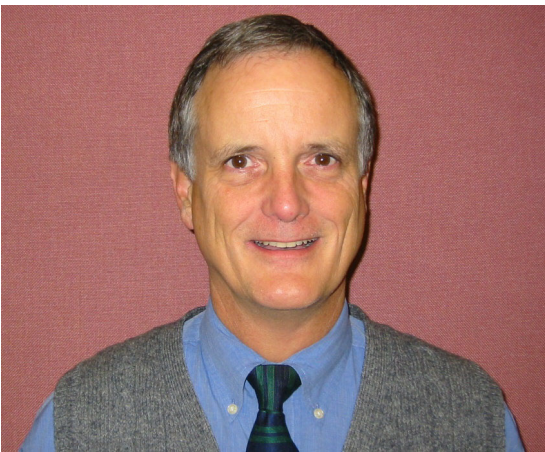
## New Center Contact



With the retirement of Joanne Buckner on January 31, Angie Riegel will be your new contact at the Center. Angie has worked as a secretary in the Department of Wood Science & Forest Products for 19 years. Angie will be maintaining the Center's mailing lists for the Center Focus and short course announcements. Angie will also be coordinating job interviews for students and employers. Please give Angie a warm welcome. She can be reached at 540-231-7107 or [ariegel@vt.edu](mailto:ariegel@vt.edu).

## Faculty Spotlight

**A.L. (“Tom”) Hammett** is a Professor in the Department of Wood Science and Forest Products and serves as the Coordinator of International Programs for the College of Natural Resources. Since joining Virginia Tech ten years ago, Tom has been involved with the Center for Forest Products Marketing and Management in a variety of roles. Before coming to Virginia Tech Tom had 20-years experience with industry in sustainable forest products utilization and management consulting in over 20 countries. His focus at the Center is on international and niche markets. Drawing from his experience, Tom is an active teacher, regularly teaching five courses. He developed and teaches two distance-learning classes, Global Issues in Natural Resources and The Global Seminar, and has introduced a course focused on niche products (non-timber forest products).



He incorporates cases studies and active learning in his World Forestry and Forest Products class - taught university-wide giving students insight into the dilemmas of sustainable forest products use. He originated the College’s study abroad program, developing and leading classes in Dominican Republic, India, Belize, Panama, and Nicaragua. In March and April of 2005 he taught a course on natural resource-based enterprise development in the VT study abroad program held in the Dominican Republic.

Tom’s outreach program is focused on improving marketing, business opportunities and planning for smaller forest-based enterprises. In early 2006, Tom helped promote U.S. forest products exports at a major forest products trade fair in India and he toured plants of Indian importers to learn more about this emerging and potentially large market. His work with alternative or niche forest products has lead to numerous cross-discipline research and outreach projects. During the last year his overseas research has included finding economic incentives for forest conservation in Madagascar, helping to identify products for forest-based enterprises in Bolivia, developing educational programs and research sites in Belize, and setting up a small business development center for forest-based enterprises at Kathmandu University in Nepal.

One of Tom’s current research projects is assessing value-added opportunities; i.e., utilizing wood waste to make natural charcoal. He just completed a study of the export activities of forest products mills in six states of the Mid-Atlantic region. His students are working on niche or alternative forest products – those that may be forgotten in other more traditional forest products. He has published over thirty peer-reviewed articles, more than 100 short articles and extension publications, and a book on forest products exporting. He regularly reports on his research to professional organizations such as the Forest Products Society and is annually invited to speak on his research at international conferences.

## Center Focus



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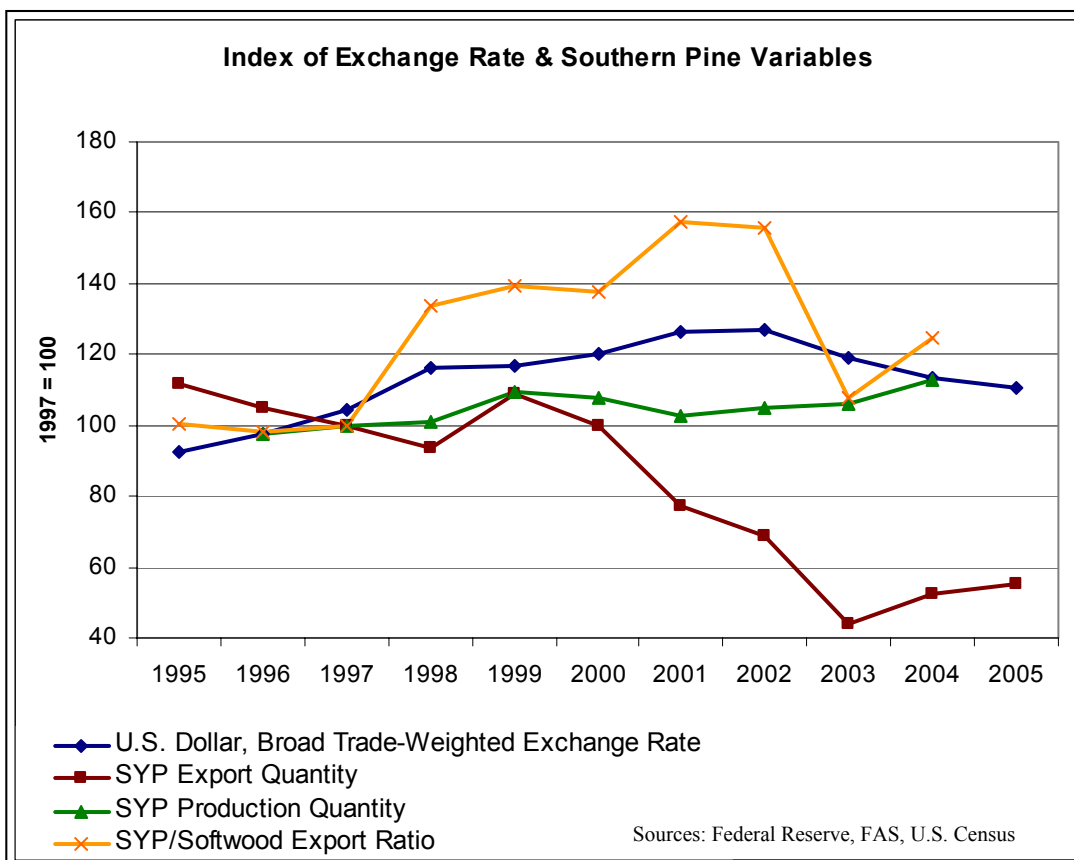


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## Southern Pine Exports

Export markets for southern yellow pine (SYP) account for a small portion of total SYP production. The percentage of southern pine exports has fallen from 2% of production in 1996 to less than 1% in 2004. According to data from the U.S. Census Bureau, southern pine production has grown in recent years (see chart) and reached 17.4 billion board feet in 2004. The chart below allows comparison of data with different scales which have been referenced to a base value, in this case 1997 is the base value. A value greater than 100 indicates an increase and a value less than 100 indicates a decrease in that variable relative to the base value. USDA Foreign Agricultural Service data show that southern pine exports totaled 156.5 million board feet in 2004 and increased to 165.2 million board feet in 2005 (Jan-Nov total). Southern pine exports have increased in relation to total softwood exports from 13% in 1989 to a peak of 27% in 2001. Southern pine exports accounted for 21% of total softwood exports in 2004. The chart shows that southern pine exports have declined nearly every year since 1995.

This trend coincides with the strengthening of the U.S. dollar's exchange rate. Since 2002, the dollar's broad trade-weighted exchange rate has been declining and this trend is expected to continue in 2006. The growth trend of southern pine exports since 2003 should continue under these conditions. The Caribbean continues to be a large market for southern pine exports; however, export quantities have declined by 67% from 1996 to 2005. The East Asia export market, including Taiwan and China, even though small grew by 58% from 1996 to 2005.



There are a number of organizations and government agencies who promote and assist in SYP and softwood exporting. The Southern Pine Council ([www.southernpine.com](http://www.southernpine.com)) has information on SYP in eight different languages. The Softwood Export Council ([www.softwood.org](http://www.softwood.org)) performs market research, trade shows, and technical seminars and maintains staff in six countries. The US-China Build Program ([www.uschinabuild.org](http://www.uschinabuild.org)) works with industry and government to develop markets for U.S. building materials in China. The USDA Foreign Agricultural Service's Forest and Fishery Product Division ([www.fas.usda.gov/ffpd/fpd.html](http://www.fas.usda.gov/ffpd/fpd.html)) is also a good source of market news, trade data, and trade policy. For export assistance in Virginia, the Virginia Department of Agriculture and Consumer Service's International Marketing Office is good place to start.

# Calendar of Events

## Center for Forest Products Marketing & Management

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March 9-10, 2006

### *Selling Forest Products Short Course*

The basics of personal selling will be taught so that current or new sales personnel can improve their efficiency and effectiveness. For more information see the Center's website: [www.cfpmm.vt.edu](http://www.cfpmm.vt.edu).

March 10, 2006

### *The Orient Success: Building Your Furniture and Wood Product Exports to Asia and the Pacific Rim*

The Appalachian Regional Commission will present a half-day informational program to provide expert insight on the powerful new Asian and Pacific Rim markets and to show businesses how they can participate in the Orient Success regional trade delegation. The program will focus on national and international business trends, local exporting success stories, and the opportunities and complexities of the Asian marketplace. There is no charge to attend the program. For more information: [www.econdev.vt.edu/events.html](http://www.econdev.vt.edu/events.html)

May 16-18, 2006

### *SmallWood 2006*

Smallwood 2006 will provide current up-to-date information on woody biomass and small tree utilization and will foster peer-to-peer learning. Enormous quantities of biomass are being generated from thinning operations, land clearing, and hurricane disasters. These issues drive the need to create solutions for using low-value and waste wood. The conference will include an international slate of speakers, including researchers, material and equipment suppliers, manufacturers, and end-users. Smallwood 2006 will feature technical and poster presentations, discussions, and tabletop displays. For more information:

[www.forestprod.org/confsmallwood06.html](http://www.forestprod.org/confsmallwood06.html)

May 18, 2006

### *Challenges and Opportunities in Manufacturing and Marketing of Products from Lower Quality and Smaller Diameter Forest Resources Short Course*

The morning session will focus on the processing methods and characteristics of small-diameter and lower quality raw material. The equipment used to process small-diameter equipment will be discussed along with strategies for determining the best mix given a product line. The afternoon session will focus on the specific markets such as pallets, flooring, niche, and specialty markets that utilize this type of wood and what value-added opportunities may exist for this material.

May 19-20, 2006

### *Expo Richmond 2006: 30th East Coast Sawmill & Logging Equipment Expo*

The Expo will be the largest collection of sawmill, logging, pallet and related manufacturing equipment, supplies and services in the Eastern U.S. With 12 acres of outdoor exhibit space and over 350 indoor booths, it provides over 500,000 square feet for exhibits, displays and active demonstrations of the industry's state-of-the-art technology. For more information: [www.vfpa.net](http://www.vfpa.net)