

STRUCTURAL BUILDING COMPONENTS MAGAZINE

June/July 2002

WTCA Legislative Conference Makes an Impression on Members by Leslie Lord & Suzi Grundahl

WTCA held its second annual Legislative Conference, May 9-10 in Washington, D.C. Our members focused on the issues that directly impact the structural building components industry. On May 9, WTCA members took to Capitol Hill and met with their individual Senators and Congresspersons. WTCA also formed a "working group" to meet with key Senate and House committee members as well as agency officials.

The legislative arena is fast-paced and constantly changing, and so it is with the structural building components industry. The International Trade Commission's (ITC) ruling finalizing the combined duties of 27.2 percent occurred on May 2. Once that was finalized, WTCA could firm up its strategy on the message our members carried to Washington to focus on the \$200 billion value-added, user-end segment of the U.S. market. According to BC Wood, a not-for-profit association dedicated to growing British Columbia's value-added wood-products industry, Canada is setting its sights on the value-added market in the U.S. BC Wood reports that the value-added lumber market in the U.S. is \$200 billion compared with the raw material lumber market



Eric Lundquist (Allwood Building Components), Tom Manenti (MiTek Industries Inc.), Senator Trent Lott, Dan Holland (Clearspan Components), Leslie Lord (WTCA Governmental Relations/Public Policy Liaison) and Kent Pagel (WTCA Counsel). This small working group met with key legislators, including Republican Minority Leader Senator Trent Lott, to specifically address the key issues of the structural components industry.



Carl Schoening of Simpson Strong-Tie Co. and Tim Rouch of Gang-Nail Truss Co. met with Senator Dianne Feinstein (D-CA) on May 9 to discuss the current softwood lumber situation.

in the U.S. of \$35 billion. The structural building components industry is part of this value-added market, which also includes such products as cabinets, boxes and pallets, furniture, millwork and prefabricated homes. The enacted 27.2 percent combined tariff only protects the lumber industry, or the raw materials, which holds a \$35 billion segment of the market. The tariff, however, does nothing to protect the \$200 billion value-added, end-user segment. Currently, Canada ships \$4.68 billion in value-added products to the U.S., and BC Wood is projecting that at the current rate of growth, Canada will double their U.S. import sales in the next seven years, to \$10 billion. And it's not just the border states. We are aware of Canadian shipments of trusses that have reached as far south as Arizona and Virginia. With the 27 percent duties, U.S. manufacturers will face a significant disadvantage with two-tiered lumber pricing developing. BC Wood furthermore advocates that Canadian manufacturers increase the rate of growth at penetrating this market.

With this message, and a full calendar of meetings, WTCA members engaged their legislators. Each person's experiences were vastly different because of the individual scheduling options and meetings. Following is a general recap of the conference events. If you are interested in the specifics of the meeting, just ask someone who attended—chances are they'll be more than eager to discuss it!

MAY 8

WTCA kicked off its second annual Legislative Conference with a strategy presentation by WTCA's Legislative Committee Chair, Dan Holland; WTCA General Counsel, Kent Pagel; and WTCA staff member, Leslie Lord. They addressed the need for effectively communicating with our elected officials on the unintended consequences the softwood lumber issue, and its direct effect on the structural component and value-added markets in the U.S.

MAY 9

Members gathered early on May 9 to prepare for a long day on Capitol Hill. WTCA members met throughout the day with their Senators and Congressional Representatives to deliver the message about the current softwood lumber situation and its direct impact on their businesses. On the Hill, our members asked their legislators to send letters, similar to one sent by Senator Trent Lott (R-MS) to the U.S. Trade Representative (USTR), requesting that, in future U.S./Canada talks, the structural building components industry be considered in the final negotiated settlement. Additionally, WTCA members requested that the letter include the question of what the structural component industry can do, in current trade law, to alleviate the unintended consequences of the tariffs.

Participants were treated to a tour of the Capitol to break up their day of meetings. The tour provided WTCA members with interesting historical facts and information about our nation's Capitol, as well as a look at how things operate when the U.S. Senate is in session. Fortunately for our members, the Senate was debating the issue of Trade Promotion Authority (TPA), which is an issue that WTCA has been following. TPA represents a revolutionary new approach to trade negotiating. TPA provisions provide clear negotiating objectives, preserve and enhance the role of congress, and provide sufficient flexibility to the president. This bipartisan compromise will enable the U.S. to negotiate and participate in trade agreements that will boost exports,

strengthen the domestic economy, help stimulate the economic recovery, and maintain and increase U.S. jobs.

The small working group, which consisted of Dan Holland, Clearspan Components, Eric Lundquist, Allwood Building Components, Tom Manenti, MiTek, Kent Pagel, WTCA Counsel, Kirk Grundahl and Leslie Lord, WTCA staff, met with key legislators to specifically address the key issues of the structural components industry. The first meeting was with Republican Minority Leader Senator Trent Lott (R-MS) in his office at the Capitol. WTCA expressed our appreciation to Senator Lott for his continued support and his willingness to help the structural building components industry find remedies to alleviate the unintended consequences of the 27.2 percent combined CVD/AD duties that will be imposed on softwood lumber imports.

Recently, Senator Lott sent a letter to Ambassador Robert Zoellick of the USTR's offices asking that in future softwood lumber negotiations, structural building components as well as other value-added products be seriously considered in the negotiation process. Senator Lott also requested that the USTR identify remedies for our industry to help alleviate the shift in market competitiveness between U.S. and Canadian structural building components manufacturers.

WTCA also expressed its appreciation for Senator Lott's persistence with both the Senate Finance Committee Co-Chairs, Senator Max Baucus (D-MT) and Senator Charles Grassley (R-IA) to begin initiating the ITC 332 evaluation. The ITC 332 evaluation will study the North American structural building components market. Unfortunately, there is little public information available on our industry, and U.S. and international trade statistics are available for only a few of our products. The ITC 332 is intended to improve significantly the information we have about our market.

The working group's next meeting was with Senator Charles Grassley (R-IA). Our goal for the meeting was to ask for follow through with Senator Lott's request to initiate the ITC 332 evaluation. Unfortunately, this meeting was postponed due to activity on the Senate floor involving TPA, which lasted until late that evening.

MAY 10 - NAHB

A larger group started their day by traveling to NAHB for a morning-long roundtable discussion with Clayton Traylor on Smart Growth issues, David Jaffe on mold and tort reform, and Michael Carliner on softwood lumber issues.

Clayton Traylor and WTCA members discussed Smart Growth and NAHB's and WTCA's efforts on this very important subject. A three-prong approach is necessary to address Smart Growth. On the public relations front, local communities need to be educated on what is important to American homebuyers and the downfalls of Federal intervention and not so "smart" growth initiatives. On the political front, we must monitor federal and local legislation and be prepared to tell our industry's story on this subject. On the litigation front, at times it will be necessary to defend the building industry against "no growth" initiatives and environmental groups that threaten to ruin the business of builders and their suppliers such as component manufacturers. There is common ground on this topic, but we must not allow the federal government to dictate to local communities how they plan for growth. And we must be involved on a grassroots level to

make sure our communities are planning in such a way as not to hurt local businesses and home owners, as well as crippling the community's tax base by unreasonable growth constraints.

With regard to Canadian/U.S. lumber trade, Michael Carliner voiced NAHB's support of the Canadians' appeals to a binational panel under NAFTA and to the World Trade Organization (WTO). While NAHB would prefer that WTCA support their position of free trade or a negotiated settlement that addresses Canada's forest practices but does not include any type of tariff, Carliner acknowledged that, unlike truss manufacturers, homebuilders are not going to directly lose homebuilding business to Canada. In other words, U.S. citizens are not going to choose to build a house in Canada due to the tariff on softwood lumber. On the other hand, truss manufacturers in the U.S. face a real threat of losing business in value-added products manufactured in Canada and then shipped into the U.S. with no duties.

Finally, WTCA members had an open and frank discussion with David Jaffe of NAHB on the subject of mold. Unfortunately, this issue has pitted customers against suppliers because of unreasonable expectations with regard to the presence of mold. David made the point that mold has been in existence since life on earth, and referenced a passage in the Bible, Leviticus 14:33-57, to prove his point. He said that some of what is feeding this problem is a more informed public, media prone to sensationalism, the health care community, the Internet, and trial attorneys. He compared the problem to the topic of breast implants, which became a nonissue when the attorneys found it was too expensive to prosecute, and they were not able to prove personal injury. So far, no one has been able to prove evidence of brain injury or cognitive impairment due to mold. As a building industry, our goal must be to make the life span of the current media frenzy as short as possible. In the meantime, the meeting attendees believed strongly that customers and suppliers must develop joint strategies and reasonable industry common practices on the subject of mold. WTCA's Truss Technology in Building document on the topic has been distributed broadly in the marketplace and has provided members with an educational tool. The building industry's message must be consistently communicated with building owners in order to deal with the risk management side of this issue. WTCA and NAHB will create a taskforce of builders, truss manufacturers and lumber producers in order to search for solutions to this current crisis.

MAY 10 - HUD PRESENTATION

Friday afternoon's session included a very informative presentation by Dr. Carlos Martin of HUD, on "Affordability and Value Through Technology." He explained HUD's technology research areas and how they are working hard to assure that technology is relevant, up-to-date and responsive to needs. Dr. Martin re-viewed the Partnership for Advancing Technology in Housing (PATH), a government/industry initiative that seeks to accelerate the development and widespread use of advanced technologies to radically improve the affordability, quality, durability, environmental performance and energy efficiency of our nation's housing. Dr. Martin thanked WTCA for the strategic direction we have provided in developing PATH's mission statement, as well as WTCA's involvement in the Certified Trade Contractor quality project.

Dr. Martin also explained ToolBase Services, the housing industry's re-source for technical information on building products, materials, new technologies, business management and housing systems. The NAHB Research Center provides the services, with funding from the

Department of Housing and Urban Development (HUD) through PATH and other industry sponsors, including WTCA. Toolbase Services can be reached at www.toolbase.org. Members in attendance were pleased to see the link to WTCA, and Dr. Martin was excited about the opportunity to post WTCA's Truss Technology in Building publications for all visitors to the site.

WORKING GROUP ACTIVITIES

Friday was an extremely busy day for the working group. The morning started with a meeting in Speaker Dennis Hastert's office (R-IL-14th) with his legislative aide Anthony Reed. Reed, who is very well versed on our industry's position, suggested that WTCA and its members begin contacting and educating legislative members of the House Ways and Means Subcommittee on Trade. This committee could provide additional support for the industry in addressing the unintended consequences of the tariffs.

The meeting with Bill Hoffmeier, Fred Forstall and William Lipovsky of the ITC was extremely informative. The ITC is the governmental agency that can provide industries, like ours, with unbiased information on the domestic conditions and global competitiveness. It is also the agency that will conduct any 332 evaluation of the structural components industry.

The working group then met with Angela Marshall in Senator Max Baucus' (D-MT) office. WTCA was very impressed with her knowledge of the softwood lumber situation and the impact that the tariffs will have on the value-added market segments, specifically the structural building components sector of the market. Our discussion with Ms. Marshall was very encouraging. She stated that Senator Baucus is very supportive of our issues, and he will be working with Senator Grassley's office and in cooperation with WTCA.

The final meeting of the day was with the Coalition for Fair Lumber Imports. The purpose of this meeting was to gain information regarding their position on future negotiations. Scott Shotwell, Executive Director for the Coalition, seemed optimistic about both sides getting back to the table for further discussion to resolve the timber pricing and tenure agreement concerns.

CONCLUSION

What a great experience! The structural building components industry's voice was heard on Capitol Hill. WTCA is pleased with the productivity of this year's Legislative Conference. We believe that our members who attended came away with a new understanding and appreciation of how our government operates and the importance of being involved in the legislative process. We all witnessed that it is always possible to get people to listen to your point of view and take action.

WTCA hopes that, in the future, more of our membership can and will make the effort to experience it. Many members in attendance expressed the opinion that the Legislative Conference, with increased membership participation, could become the one of the most important meetings of the year.

For more detailed information regarding the meetings, please contact WTCA at 608/274-4849.

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