

STRUCTURAL BUILDING COMPONENTS MAGAZINE

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Director's Message



The Value of Our Industry by Kirk Grundahl, WTCA Executive Director

As we think about the supplier side of our businesses, the question that comes to mind immediately is, "How valuable is our industry to its suppliers?" In the simplest terms, this is defined by how much we buy, how much market share we command and how much potential for growth we have. This was reasonably described in the article entitled, "[Market Statistics for the Structural Building Components Industry,](#)" which ran in the August 2001 issue of *WOODWORDS*. Here are some thoughts to consider that summarize the key points of this article and allow a quick assessment of our value as customers. A footnote, as you review the numbers below, keep in mind that one of WTCA's goals is to develop better market information.

- Our industry purchases more than 8 billion board feet of lumber annually and that number is growing. Roughly 45 percent of this is Southern Pine, 45 percent is Canadian SPF and the remainder is Western Species.
- We purchase more than 500 million pounds of steel annually, with truss plates dominating our steel purchases.
- Our best estimate of our industry's purchases of Plywood, LVL, I-joists, Glulam, Parallam and Timberstrand is about \$1.5 billion annually.
- Our best estimate of hardware sales is \$60 million annually, although this number has been estimated quite conservatively.

Consider all of this in light of the fact that the component industry only comprises:

- A 65 percent overall market share of residential and multifamily roof systems,
- About a 20 percent market share of residential and multifamily floor systems,
- About a five percent market share of residential and multifamily wall panel systems, and
- Maybe less than five percent of our industry's potential in commercial (wood and steel) floor, wall and roof systems.
- Suffice it to say that our industry has huge potential. If we come close to realizing this potential, we, and all of our suppliers who helped us achieve this, stand to benefit greatly.

INDUSTRY POLICY

WTCA's Board of Directors believes it is a high priority to develop industry policy statements on the various issues that are important to our industry. We will be publishing these statements as they are approved by the board. Our committees will be responsible for reviewing and updating the statements in the future.

The most germane policy dealing with supply side issue is our recent policy on Forest Certification. We discussed this with the Southeastern Lumber Manufacturers Association (SLMA) at our meeting last May to gain guidance from their point of view, since they are business owners who are directly impacted by this issue. Our policy is as follows:

WTCA POSITION ON THE ATTACHED FOREST CERTIFICATION "STATEMENT OF BELIETS"

- The "Statement of Beliefs" was developed by an Action Team consisting of Southern Forest Products Association, American Forest and Paper Association, Hardwood Plywood and Veneer Association, International Wood Products Association, Aspen Research and the Northeast Retail Lumber Association. (See below.) WTCA agrees with those priorities contained in the "Statement of Beliefs" that focus on the fact that the forests are a renewable resource that provide valuable products touching each of our lives every day, and that sustainable management of the forests' resources is a very positive and environmentally sound approach to forest management.
- However, WTCA and its members, in concert with the discussions held with several lumber mill owners, believe that the need for or endorsement of forest certification to be of questionable value. The proof of the lumber industry's good stewardship to date is in the health of today's forests, clean water, abundant wildlife and the renewable, energy-efficient products derived from these forests.
- Additionally, the "Statement of Beliefs" is silent regarding the many practical realities that will impact forestry, including:
 - Forests that have economic value will be managed forests. The greater the economic value of the forest, the more care forests will receive, and the more people will be inclined to invest in the business of growing and managing current and newly developed forests.
 - Forests that have little value will not be managed and may be converted to other activities that have greater value. Tropical deforestation is a classic
 - case of forests being converted to other economic uses—the primary conversion being to use wood
 - as a fuel for heating and cooking.
 - If certification costs make the prices for the end-use of forests too high, the logical next step is that these end-users will find more economical, substitute products and will cause good forest management to have increasingly less value.
- As forest management practices continue to evolve and improve, it remains unclear what tangible value forest certification provides to the forest owner, the lumber buyer, the lumber processor and the public overall.
- Industry must not permit forest certification to become yet another tax on society clothed in the emotion of deforestation and clear cutting.
- For those companies that desire to be certified, having voluntary certification programs available to them should be sufficient. The market can then choose whether or not it will reward the companies that choose to participate in such voluntary certification programs.
- Nowhere in the "Statement of Beliefs" does it mention that there are products in the market whose use aids in sustainable forestry. Wood trusses, for instance, use predominately 2x4 lumber, which can be manufactured from smaller diameter trees so that more of the forest resource is used. Also, trusses are a very environmentally sensitive and valuable product because they save, on average, one board foot per square foot of structural area trussed when

compared to traditional conventional framing methods.

CONCLUDING THOUGHTS

This past year will definitely be remembered as a year of forced change. Those of us who are optimistic know that all challenging events ultimately make us more reflective, knowledgeable and of stronger character. And, with our potential, we ain't seen nothing yet! It is our staff's sincere hope that this holiday season will bring reflection, renewed hope, joy, optimism and a peace that surpasses all understanding.

Action Team's "Statement of Beliefs"

The forests not only provide outstanding environmental benefits, but also provide an array of renewable wood products and derivatives that are widely used in paper, packaging, building, furnishings and a host of other applications. The global wood products industry, therefore, has an inherent responsibility to the environment and, in particular, a responsibility to the world's forests and their sustainability. As industry leaders, we fully support responsible forest management practices that promote first sustainability and that result in long-term economic and environmental benefit.

As industry leaders, while encouraging the continued and expanded use of forest products, we are committed to promoting the principle of the conservation and the intelligent use of our natural resources. To demonstrate our commitment, we endorse the policy of promoting the sustainability of forests.

- We care about our forests. It is our commitment—and our challenge—to promote the practice of sustainable forestry to meet the environmental and human needs of today without compromising the ability to meet the needs of future generations.
- We recognize sustainable forestry certification can serve as confirmation of work already being accomplished toward improved forest management. An absence of certification, however, does not mean there is a lack of quality forest management.
- We applaud companies and landowners that practice and encourage sustainable forest management based on the concept of continuous improvement.
- We recognize that there are a variety of different, credible sustainable forestry management systems and policies in place or in development throughout North America and the world. Because no single system or policy is applicable to all situations and some programs promote societal purposes far beyond forest sustainability or even the environment generally, we do not as a group endorse or support any one scheme. We do acknowledge these programs are worthy of consideration to the extent they all share the common goal of promoting forestry management techniques that encourage the long-term sustainability of the forests.
 - The American Tree Farm System and other similar programs which encourage and promote forestry excellence on non-industrial private forest lands promote practices that contribute to sustainable forestry.
 - The Canadian Standards Association promotes sustainable forestry practices on large

private and government owned forests in Canada.

[SBC HOME PAGE](#)

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