



**American
Forest & Paper
Association**



**AMERICAN
WOOD
COUNCIL**

June 27, 2011

Ms. Julie Hetrick
Office of Budget and Program Analysis
United States Department of Agriculture
Jamie L. Whitten Building
Room 101-A
1400 Independence Avenue, SW
Washington, DC 20250

Re: U.S. Department of Agriculture, Preliminary Plan for Retrospective Analysis, Issued May 18, 2011

Dear Ms. Hetrick:

The American Forest & Paper Association (AF&PA) and American Wood Council (AWC) appreciate the support that the USDA has given to the forest products industry over the years and is especially appreciative of the recent initiative announced by Secretary Vilsack to support the use of wood products in green building projects. However, in response to your request for comments on USDA's Preliminary Plan for Retrospective Analysis [<http://www.whitehouse.gov/21stcenturygov/actions/21st-century-regulatory-system>], although it was not listed by USDA, we must identify the regulation developed to establish the Voluntary Label Program for Bio-based Products as unjustified. This proposed regulation does not treat forest products fairly or objectively (76 Federal Register 3790, January 20, 2011). AF&PA and AWC, therefore, encourage USDA to revisit this regulation to remove the disparity inherent in its approach between forest products and bio-based products made from other materials, including other materials that frequently are less bio-based.

We understand that USDA believes Congress may have intended to apply the Voluntary Label program to new products only (which the USDA has defined as those not having mature markets as of 1972). However, neither the legislation authorizing the Voluntary Label program nor the Congressional Record provides any such guidance or direction. USDA's position actually results in discrimination against forest products – the most bio-based of all products – and which have evolved substantially in the almost 40 years since 1972 to provide an even more impressive environmental footprint. Even if

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Congress intended that the program apply to new products, which we dispute, our innovations in forest management, in product manufacturing and the new products developed to meet the changing needs of our customers all demonstrate that our products are not the same as those manufactured in 1972. Increased forest products utilization would go a long way toward achievement of the environmental goals identified for the program due to greater use of bio-based products.

Furthermore, by disqualifying forest products, the USDA label misleads consumers by suggesting that forest products – both wood and paper -- have less bio-based content than those with labels – despite the fact that alternative products may have as little as 25 percent bio-based content while many forest products contain up to 100 percent bio-based content. This will cause confusion in the marketplace.

Therefore, we respectfully request that the USDA revisit the regulations on the Voluntary Label program and remove the exclusion for products with mature markets in 1972 or state that forest products are not mature market products.

Sincerely,



Paul Noe
Vice President for Public Policy
American Forest & Paper Association



Robert Glowinski
President
American Wood Council

Testimony
Submitted on Behalf of American Forest & Paper Association
American Forest Foundation
American Wood Council
Hardwood Federation
National Alliance of Forest Owners
National Association of State Foresters
Paperboard Packaging Council
Society of American Foresters
Southeastern Lumber Manufacturers Association
On the Hearing on Farm Bill Energy Title Programs
Senate Agriculture Committee
February 15, 2012

Our organizations appreciate the opportunity to present the forestry and forest products community's views on how the farm bill can promote energy and economic growth in rural America. Today, we would like to concentrate on one program that is implemented by the U.S. Department of Agriculture (USDA) that could expand the number of jobs in rural America, but does not currently. The Voluntary Labeling Program for Biobased Products (the Voluntary Label Program) allows the USDA to authorize manufacturers and vendors of biobased products to use a USDA Certified Biobased Product mark. The Voluntary Label Program augments a federal procurement program called the BioPreferred program, which gives a preference for the purchase of biobased products by the federal government. These programs are authorized under section 9002 of the 2002 and 2008 Farm Bills.

The forestry and forest products community supports the intent of these programs – increasing the use of biobased products, including forest derived biobased products, has the potential to decrease fossil fuel use and create American jobs and support American manufacturing. The program focus on products derived from biological material will also help support American innovation in the development of agricultural products.

However, in implementing this program, USDA has excluded the majority of U.S. forest products. As a consequence, forest products could be excluded from marketplace acceptance as renewable, biobased products that help reduce greenhouse gas emissions while also lowering use of fossil fuels.

In other efforts, USDA has been a leader in promoting wood-based products, particularly green building products, as a way to reduce energy use and greenhouse gas emissions and promote rural economic development. Forest products have been used for centuries and are one of the most biobased products in existence. Whether using wood to build and furnish homes or using wood fiber to produce paper and other products that Americans use every day, forest products are central to American life.

A better approach to a USDA's biobased labeling program is a program that not only promotes innovative products but also promotes products that can be used in place of those that are fossil-fuel intensive — which is inherently the reason for promoting biobased products.

How USDA is Excluding Most Forest Products

In implementing the program, USDA has added a limitation — not found in the authorizing law — that products are ineligible if they have so-called ‘mature markets’ as of 1972. Despite vigorous objections, USDA concluded that Congress intended this program to “stimulate the production of new biobased products and to energize emerging markets for those products.” 1972 was selected because it was the time of the first “energy crisis” and USDA is trying to promote those products no longer made primarily from fossil-based materials.

The mature market exclusion results in a number of unintended consequences – the most serious being the replacement of wood and paper products made from close to 100 percent biobased materials for those with as little as 7 percent. The forest products industry has been greatly transformed over the past 40 years – the way trees are grown and harvested have reached a level of resource sustainability that is unmatched by other industries. The processes used to make products are different, and the products themselves have evolved to address new demands and technology (examples include laser printer papers, inkjet papers, and papers with post-consumer recovered fiber content as well as engineered wood products designed to match the strength of materials such as steel and concrete); hence many of the papers used to print today and many of the wood products used to build the nation’s homes were not in existence in 1972. Forest products should not be excluded from either the BioPreferred Program or the Voluntary Label program.

Forest Products Are Biobased, Replace Fossil Fuel-based Products, and Store Carbon

Many forest products are comprised solely of biological materials from trees. Some have other materials like glues and fillers, but the basic ingredients are plant-based. Encouraging the use of forest products, as could be done through USDA’s biobased labeling program, will help replace the use of more fossil-fuel intensive products such as steel, concrete, or plastics.

Life cycle assessment studies of wood products used in building construction, funded by the USDA Forest Service, show that wood-frame homes had 16-17 percent less embodied energy than homes framed in steel and concrete. These same studies show that wood framed homes had between 14-26 percent less air emissions than those framed from steel and concrete. And lastly, with respect to greenhouse gas emissions, wood framed homes performed between 26-31 percent better than homes framed in steel and concrete¹. Not only can forest products be used in place of fossil-based products, but their manufacturing processes are much less carbon intense, using less fossil fuels in their manufacturing.

Despite USDA’s praise touting the innovative nature and environmental benefits of forest products, it does not appear that USDA is following any of their own recommendations and research to evaluate the benefits of the products that receive the biobased label. We encourage the incorporation of USDA’s research on forest products into the Biobased program to ensure products are truly helping reduce reliance on fossil fuels while supporting domestic job creation.

¹ *Life Cycle Environmental Performance of Renewable Building Materials in the Context of Building Construction*, Bowyer, J., D. Briggs, B. Lippke, J. Perez-Garcia, J. Wilson, Consortium for Research on Renewable Industrial Materials, 2005

Using Forest Products Helps Keep Forests as Forests

Contrary to popular thinking, strong markets for forest products mean we will have healthier, more viable forests. The families, businesses and individuals, especially the 10 million family forest owners who collectively own the largest segment of U.S. forests — more than the federal government or industry — depend on the returns they get from the products their forests produce to make additional investments in sound, long-term forest management. When markets for their products are strong, they provide forest owners the means to keep their land forested by keeping their forests economically competitive with other uses. However, the imposition of regulatory or other market restrictions reduces their ability to maintain their land as forested and at some point will tip the balance in favor of the non-forest use.

Today the greatest threat of deforestation comes from the conversion of forests to non-forest uses that produce a higher economic value. The U.S. Forest Service predicts that over the next 20 years, 57 million acres of forests are expected to face significant development pressures². That is an area about the size of Pennsylvania and New York combined. And while development has hit a lull in many locations because of the economy, the stifled economy has also led to low land prices, giving developers and others opportunity to buy inexpensive land for development once the economy has turned around.

Using Forest Products Supports American Jobs

In addition to the environmental and conservation benefits of strong forest products markets, forest products industries employ roughly 900,000 people, many in rural communities that have suffered significant losses during the economic downturn. Studies have shown that wood products manufacturing supports at least 25 percent more jobs per unit product than materials such as steel and concrete, and the forest industry employs more people than the automotive, chemical, or plastics industries.

By excluding the majority of forest products from the biobased programs, USDA is directly impacting these jobs, as purchasers choose other products, many with less biobased content, hurting rural economies across the nation. In fact the Bureau of Labor Statics shows that employment in just the wood products sector fell by 45 percent from 1999 to 2010. With the current economy, now is not the time to be discouraging the use of forest products and undermining the jobs the industry supports.

The hardwood sector of the forest products industry demonstrates how the industry is susceptible to constriction and job loss if the biobased label continues to discriminate against forest products. The hardwood supply stream involves forest owners - primarily families, loggers, and sawmills for finished products. If the sawmill operators do not have customers to ship lumber then they will not produce. This puts in jeopardy the livelihood of timber owners, keeping forests as working forests and jobs from loggers to sawmills to finishing mills, all of which support rural America.

Output of hardwood nonstructural products peaked in 1999 at 12.6 billion board feet and fell to a record low in 2009 at 5.73 board feet. Consumption of U.S. hardwoods has declined

² *Private Forests, Public Benefits: Increased Housing Density and Other Pressures on Private Forest Contributions*, Susan M. Stein, Ronald E. McRoberts, Lisa G. Mahal, Mary A. Carr, Ralph J. Alig, Sara J. Comas, David M. Theobald, and Amanda Cundiff, U.S. Department of Agriculture, Forest Service 2009

significantly, primarily due to the housing crisis. Use of U.S. hardwood products has decreased almost 50 percent since 1999.

Like other forest products, traditional U.S. hardwood products are not included in the USDA biobased labeling program because they are considered a “mature market.” Competing products such as imported bamboo plywood and veneer used in cabinets and flooring, and melamine panels for interior panels, office furniture, and cabinets are included in the BioPreferred program.

Today, the U.S. cabinet industry consumes 42.7 percent less lumber than in 2009. The conclusion that can be drawn is that more imported species, parts and finished goods made from bamboo and melamine products were used. The flooring industry was the largest consumer of U.S. hardwood lumber. It has gone from 1.5 billion board feet (BBF) in 2005 to 0.6 BBF in 2010. Again, competing with products such as bamboo flooring has had a significant impact on the flooring industry. The furniture industry has seen a fundamental shift in consumption by U.S. manufacturers. In 1999, the furniture industry consumed 2.6 BBF of hardwood lumber and today only 350 million board feet. That is a decrease of 2.25 BBF. Estimates are that the U.S. has lost 70 percent of the entire furniture manufacturing industry. (*Hardwood Market Report*, July 2011)

USDA’s decision has direct impact on U.S. forest products mills. Mills in many forested states directly compete with the products that would be eligible under the biobased labeling program, some of which are already approved under the BioPreferred program. Two American Wood Council member Oriented Strand Board (OSB) mills in Michigan compete directly with compressed wheat board listed under the BioPreferred program, and wheat board for counters competes with a Medium density fiberboard mill in Pennsylvania. USDA should not be picking winners and losers in biobased manufacturing, but promoting the use of all renewable resources, to replace more fossil-fuel intensive products.

The US Forest Products Industry is Innovating to Meet the Demands of Today’s Market

U.S. wood and paper product manufacturers have improved their energy efficiency, and reduced the absolute amount of energy used and their reliance on fossil fuels. Members of the American Forest & Paper Association (AF&PA), which represents a large portion of forest products manufacturers, have accomplished this through specific programs dedicated to achieving energy cost savings, through leadership in the use of combined heat and power (CHP) technology, and through making better use of the renewable biomass resource that is the source of all forest products.

- Since 1990, energy use per ton of production has been reduced by 8.2 percent.
- Since 2000, AF&PA members decreased fossil fuel use per ton of production by 18 percent.
- The forest products industry is the leader among all manufacturing sectors in the use of highly-efficient cogeneration technology. Virtually all AF&PA member facilities that generate electricity on-site do so using this technology.
- Forest products facilities account for 70 percent of the renewable biomass energy used by product manufacturers; most of that energy is a byproduct of the manufacturing process. In fact, the energy we produce from biomass exceeds the total energy produced from solar, wind, and geothermal sources combined.
- 65 percent of the energy used at AF&PA member forest product mills is generated

from biomass. This is an increase of over 14 percent for member pulp and paper mills since 2000.

The paper and paper-based packaging segment of the industry is using innovation to create new products with enhanced attributes to meet the emerging needs of consumers, advertisers, and marketers. We have created lighter weight products that retain printing qualities to attract new business through the mail at a lower cost. Through innovations like incorporating Quick Response (QR) codes in printed marketing pieces, we have integrated both print and digital technologies to create a richer consumer experience for marketers. In 2010, 63.5 percent of all the paper used in the U.S. was recovered for recycling.

Paper products lead the way as one of the most sustainable options for consumers. Today's papers include post-consumer recovered fiber content, all of which are biobased and are another example of product innovations since 1972 that may be excluded from the biobased label by the arbitrary exclusion. Today, technologies exist for electronic circuits to be printed on paper substrates that replace circuit boards that were previously engineered on plastics. All of these innovations support jobs, many in rural areas, and clearly align with the intended benefits of the Voluntary Labeling program for Biobased Products.

In addition to new innovation to traditional forest products such as paper, there have also been remarkable advances in how the industry utilizes its forest resources as well, through new processing technology, log scanning, mechanical grading, optimized cutting, vacuum autoclaves, drying cycle optimization, and curve sawing to ensure that little to no harvested material goes to waste. Similarly, production of the newer engineered wood products takes advantage of advances in wood processing, energy reduction, new wood adhesives, resins, and composites, creation of innovative building systems, and innovative use of wood resources.

It is also important to note that as a construction material, most wood products and elements are manufactured specifically to become part of larger building assemblies and systems. Critical advantages from energy efficiency and even environmental footprint are provided not as individual materials, but rather by the material's performance as part of an overall system.

For example, for these systems, current industry research is looking at:

- Developing designs for new, multi-material hybrid structural systems that will significantly enhance the overall system performance of wood structures
- Increasing the building performance of wood structures during natural disasters through design improvements (durability)
- Improving performance of wood and wood-based products in wet environments
- Developing environmentally-benign, fire-retardant, and preservative systems.

Overall, today's forest products industry is employing modern technology to produce both traditional and engineered wood products. These products can be characterized by the positive benefits they provide including carbon sequestration, greenhouse gas reduction, having low embodied energy (especially when compared to competing building products), and lower impacts throughout their life-cycle than other products eligible to be called USDA biobased or claiming to meet USDA definitions of bio-preferred.

The Voluntary Label Program Will Likely Mislead Consumers

The USDA has chosen to narrowly construct the biobased programs in a way which is nonsensical — to approve products that have less biobased content — in some cases as little as 7% -- than those made of forest-based materials. This approach ignores that consumers will misconstrue the meaning of the Voluntary Label so as to think that the labeled products are superior to other products. Contrary to the intent of the Voluntary Label program, consumers are likely to construe a biobased content certification label as an eco-label. In addition, the label makes no mention of the mature market exclusion, further misleading consumers about a key qualification required to achieve the certification.

Wood and paper are some of the most biobased materials on the market and deserve that recognition. One environmental group provided the following comments on the proposed rule for the Voluntary Labeling Program for Biobased Products: *-Why [does] the labeling program exclude mature market products while allowing biobased labeling of more recent entrants in the same market. This has the effect of favoring one biobased product over another based solely on their market maturity, rather than being based on any rational criteria related to reduced use of fossil fuels, carbon cycle benefits, or environmental sensitivity. The commenter stated that the rules should be amended to avoid punishing environmentally favorable 'mature' products, while encouraging environmentally less favorable 'new' market entrants (Federal Register/Vol. 76/pg. 3795).*

Conclusion

The US forest products community believes that the USDA has misconstrued the intent of Congress in developing its BioPreferred and Voluntary Label programs. We ask that USDA open its program to recognize all legitimate biobased products that not only utilize our Nation's abundant natural resources, but also provide environmental benefits and support domestic job creation. The recognition of products containing as little as 7 percent biobased content as being eligible for a government preference and endorsed label while excluding products known to contain as much as 100 percent biobased content is unsupportable and market distorting.

Failure to recognize forest products as meeting the BioPreferred and Voluntary Label program requirements will have a serious negative impact on jobs and rural communities that rely on the health of the U.S. wood and paper products manufacturing sectors, and on the health and conservation of our nation's forest resources.



Examples of Products Currently Listed in the USDA BioPreferred Catalog that Compete with Forest Products

- **100% Compostable Plant Fiber Take-Out Containers- World Centric**
World Centric lists a line of 14 food packaging and serveware manufactured from Bagasse and other plant fibers (sugarcane and wheat straw).
Their website claims their products are, "a far superior alternative to both plastic (non-biodegradable, petroleum derived, pollution causing) and paper (causing the destruction of millions of acres of forests) tableware."
- **100% Compostable Plant Fiber Trays- bambu, LLC**
Bambu offer a line of 15 food packaging and serveware made entirely from bamboo.
Bambu claims their products are a, "sustainable replacement for Styrofoam, plastic and paper disposables," along with being, "intended as single use, the non paper, paper plate," and their, "answer to the paper plate."
- **BioBag Lawn and Leaf Bags- BIOgroup USA**
BIOgroup is listed with 8 products designed to replace paper bags and liners.
BIOgroup cites in USDA's catalog that, "studies show paper bags are difficult for consumers to use and store," along with claims that customer "testing confirms that consumers significantly prefer BioBag Lawn & Leaf bags to paper bags for the collection of yard waste. They also prefer bags made from corn to either bags made from trees or petroleum."
- **Dura Soft Bath Tissue (also includes paper towels)- Teh Tung Corporation**
Teh Tung lists 6 bath tissue and paper products.
The Tung claims, in the USDA catalog that, "by using our paper, you convert what would otherwise become another greenhouse gas pollutant to a forest-preserving useful paper product." They further assert that, "with your support, we are shifting the forest industry away from destruction of our forest and eco system for paper."
- **Bamboo Plywood- Sustainable Flooring, Inc**
Sustainable Flooring lists 16 structural composite panels in the product database.
Sustainable Flooring, Inc. cites in the USDA catalog that, "bamboo is considered the most stable natural wood known for flooring, and one of the hardest woods known to exist."
- **Kirei Bamboo (panels)- Kirei USA**
Kirei USA is listed with 4 structural composite products.
Kirei claims in the USDA catalog that, "the fiber produced from these dedicated bamboo plantations is greater than would be produced from similarly committed wood forest land, helping to reduce pressure on habitat from clearcutting."
- **TerraFence- Natures Composites**
Natures Composites manufactures deck and fencing material made form plastic and wheat straw.
Natures Composites claims in the USDA catalog that their product, "provides a superior and cost effective alternative to wood."
- **Bio Wrap- Cortec Corporation**
Cortec is listed with 27 products.
Cortec's Bio Wrap is cited in USDA's catalog as being, "biobased, compostable, repulpable alternative to polycoated papers."



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USDA Biobased Product Programs



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The American Forest & Paper Association (AF&PA) is the national trade association of the forest products industry and advances public policies that promote a strong and sustainable U.S. forest products industry in the global marketplace. The industry is an integral part of our nation's green job base and generates approximately 5 percent of the total annual U.S. manufacturing GDP.

AF&PA's member companies make pulp, paper, packaging and wood products, and own forest land. Our companies make essential products from renewable and recyclable resources that sustain the environment.

The American Wood Council (AWC) is the voice of North American traditional and engineered wood products, representing over 60 percent of the industry, focused on issues pertaining to Building Codes and Standards, Environmental Regulation, and Green Building.

USDA is Excluding Forest Products

Forest products should be eligible for USDA's Biobased product programs. The BioPreferred program gives a preference for the purchase of biobased products by the federal government. The Voluntary Labeling Program allows the USDA to authorize manufacturers and vendors of biobased products to use a "USDA Certified Biobased Product" mark in the broader marketplace. While USDA's BioPreferred and Voluntary Label Programs are well-intentioned, they have created a market disadvantage for U.S. forest products, and in some cases, have provided a preference for imported products.

The Government Should Not be Picking Winners and Losers

Despite the clear language of the 2008 Farm Bill defining a "biobased" product as "a product determined by the Secretary to be a commercial or industry product... that is composed in whole or significant part of biological products, including renewable domestic agriculture and forestry materials...", **USDA has arbitrarily excluded the majority of the industry's products from these programs.** The result is that products with far less biobased content than forest products — as little as 25 percent — are eligible to be included in these programs while many forest products are ineligible, even though forest products could have up to 100 percent biobased content. This clearly contradicts the law's intent of encouraging "the purchase of products with the maximum biobased content." Forest products meet that criterion in almost every instance.

The Voluntary Biobased Product Labeling Program Raises Additional Concerns for Forest Product Manufacturers

While the USDA asserts that the label is not a statement of "environmental benefit," the public is likely to perceive that labeled products are environmentally preferable. Without scientific justification, the label is deceptive to the public as it implies that the biobased attributes of products currently eligible are environmentally superior to those of forest products, which generally is inaccurate.

Congress should clarify that forest products are eligible for the BioPreferred and Voluntary Label Programs.

