

As a third generation lumberman, I have had the great pleasure of spending my whole life in the hardwood lumber industry. I have been very blessed to not only work with a great family; I have made many friendships with customers, suppliers, vendors, and even competitors. I have also been able to work with several great associations along my journey. As the current president of the American Walnut Manufacturers Association, which members represents 75 percent of the American Black Walnut lumber production, I want to take a few minutes of your time to address the current National Hardwood Lumber Association (NHLA) rules change proposal that would eliminate a traditional, time tested grading method utilized by the vast majority of walnut producers and customers alike.

For the last 20 years or so, there has been a small but constant effort to change the grading rules for walnut and butternut in the NHLA Rules Book. The motivation for their want to change comes down mostly to simplicity. They don't want to take the time to learn about the uniqueness of the species and its timber resource. They don't want to have to educate their employees or their customers that walnut is a minority species that has rules that are directly related to the grade yield that the timber can produce. They don't care that the vast majority of the walnut that has been produced and sold over the last century have been done so utilizing these same rules they want to eliminate. And apparently they don't want take no for an answer since it has twice been defeated by a vote of the membership, so now they are trying to circumvent the Rules Committee and force it to a vote again. This is an action that is very dangerous to the whole foundation of the NHLA and the grading rules stability that our industry relies on.

The authors of the rules book provided a well-designed mechanism for changing the rules, as listed in the forward. As a student of the NHLA Inspector Training School back in 1980 and again in 1998, when I was first asked to serve on the NHLA Rules Committee, I was instructed to read the foreword of the rules book so that I would understand the importance of the rules and how they are considered to be the "Constitution" of hardwood lumber grading. A few of the paragraphs have always left an impression on me. I have tried to remember them as I applied the rules when I was inspecting lumber, and also every 4 years that the rules change cycle comes along. Among those are:

*. The rules are a result of a long and careful study by practical lumberman in cooperation with the user, with the aim of providing the best available products, conservation of the timber from which it is cut and in maintaining a lumber language of terms and specifications which permit a ready and understandable meeting of the minds among buyers and sellers wherever and for whatever use hardwoods are required. As a consequence, the rules are used universally with well-founded confidence.*

*. The underlying codification of the rules was made with the formation of the National Hardwood Lumber Association in 1897 and since that time has been revised or enlarged to reflect the industry's needs with the advice of a standing committee representing the various species and producing areas.*

*. From the adoption of the earliest hardwood rules, no major alteration of the standards has occurred that was not prompted by a noticeable change in the character of the hardwood timber supply. Practical hardwood operators have the obligation to strive to make the rules bear a reasonable and practical relationship to the general quality of the available timber supply. Conservation is promoted by the*

*maintenance of this type of sensible relationship between the lumber rules and the raw material from which the lumber is produced.*

*. Before a rule is amended or a new rule adopted, the proposal is carefully considered by the Rules Committee composed of knowledgeable, experience lumberman. If the proposal passes the scrutiny of this Committee, it is then debated and voted upon by the Active membership of the Association. If the proposal is passed by a two-thirds majority vote, it then becomes official and is included in the Rules.*

*. The grading and measurement of hardwood lumber is not a simple matter and should not be undertaken lightly. A constant review and study of the individual rules is advisable even by those who are constantly using them. No rules or regulations can be truly effective unless they are understood and correctly applied. Those presented in the following pages have stood the test of time and of an exacting market. They have served as a pattern for others and are an outstanding example of the determined efforts of a great and basic industry to conduct its affairs on the most profound edict of all time: The Golden Rule.*

With those facts in mind, I will explain why I believe that the current proposal to eliminate the defect grading basis for walnut and butternut should be voted down by the NHLA membership.

The process for establishing the grades was done so in cooperation of both the producer and the user. It was well understood that once the rules are established, they would result in creating a strong foundation by which both the producer and the user could establish value. This is why I believe the process is not simple – it takes effort and the process has certain rules that need to be followed and should not be taken lightly or done without fully understanding the potential impact.

There is a direct relationship between the rules and the raw materials from which the lumber is produced. There are only 6 pages of Standard Grades in the current rules book but over 30 pages of Standard Inspection By Species. Many special rules or exceptions are included for a wide variety of species because of the nature of the resource. As with all of the special exceptions, there have been adjustments to the grading requirements based on the natural characteristics of the individual species. With walnut being a minor species that is less than 3% of the natural hardwood forest, it has been treated with special rules and exceptions since the inception of any type of grading rules. As the foreword instructs, I believe that careful study has been done to provide the best available products while conserving the timber. The rules are not simple but understanding them is necessary to produce and marketing lumber products.

The authors understood that in order to make a major change it should be the result of a noticeable change in the timber supply. The defect grading basis was in the rules book from the very beginning. The only changes in the walnut and butternut rules over the past 100 years have been to increase the amount of available lumber by reducing the width and length requirements because of the available timber resource. This proposal would mean a reduction of the available FAS+F1F material. This would result in an increase in price, a reduction in profit for the producer, or probably both.

Rules changes are not done without oversight. The Rules Committee, composed of knowledgeable, experienced lumbermen is charged with the responsibility to carefully consider the proposals and their potential impact on the industry. The Committee understands that rules are not intended to be changed to benefit one particular sector but do listen to the comments of those that would most be affected by the proposals. Over the last 20 years, the Committee has twice sent on proposals to the membership concerning the defect grading basis but they both failed to be approved by the NHLA membership. I believe that the membership has already spoken about this issue. The membership understands that if the majority for the walnut lumber industry doesn't support the change, then it should not happen. No one likes someone else telling them how they must produce and market their own products. I see this as a perfect connection to the Golden Rule.

Having a member of the NHLA impose the never before used Section 8 of Article XIII Inspection Rules from the NHLA Constitution and Bylaws provides circumvention of the entire well designed process of changing the grading rules. It states: *Only those proposed rules changes that have been approved by the Rules Committee at the quadrennial or special meeting shall be discussed at the open forum or voted on by written ballot; provided, however, that if a proposed rules change shall have twice been disapproved by the Rules Committee, the proposed member may present such proposal at the open forum and then by written ballot to the members...* As I understand it, this section was designed in order to avoid a "rogue" Rules Committee from preventing a rules change proposal from being presented to the membership. Although, in theory this proposal has twice been disapproved by the Rules Committee, the Committee did approve 2 different ballot votes that addressed the defect basis in the past 20 years, one of which was on the most recent 2013 ballot, both of which failed to pass. If we allow this type of action to become standard practice, we will completely undermine the stability and structure of our grading rules. We will open up the rules book to a reactionary document that become irrelevant every 4 years as any proposal that twice was not approved by the Rules Committee will be open for a vote by the membership. Rules are not an every 4 years popularity contest; they are the foundation of our industry.

This proposed change to eliminate the defect grading method makes no sense to anyone that makes their living in the walnut lumber business. Let us continue to do what we do best, produce and market our products utilizing the rules that have been created with the resource in mind.

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