NOTEBOOK

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EDITED BY JON VARA

Canadian Softwood Lumber Dispute Continues

NAHB questions Bush commitment to free trade

WESTERN WOOD PRODUCTS ASSOCIATION

In the end of March, the U.S. Commerce Department ruled that Canada unfairly subsidizes its softwood lumber industry and allows its producers to sell their lumber at below-market prices in the U.S. — an illegal practice known as dumping. The United States imported about $5.7 billion worth of softwood lumber from Canada last year, or about a third of its supply. Most of the Canadian softwood is used as framing lumber.

Déjà vu all over again. To punish the Canadians for the unfair subsidies, the Commerce Department imposed a 19.3% duty on the imported lumber, with an additional antidumping duty averaging 9.7% (the actual dumping duty varies by company, from 15.8% for Weyerhaeuser to 2.3% for West Fraser). Neither duty applies to lumber from Canada's Maritime provinces.

If all that sounds familiar, that's because it is: The new fees replace two similar temporary duties — averaging 32% — slapped against Canadian producers last year, after the expiration of an earlier trade agreement that limited the amount of duty-free lumber allowed into the U.S.

Protectionism or free trade? The softwood lumber issue has pitted builders against U.S. lumber producers. According to the NAHB, the new duties could increase the cost of a new home by about $1,500 and price hundreds of thousands of American

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Collapsed Glazing Mystery

It's long been known that some insulating windows are prone to problems in high altitudes. When sealed glazing units manufactured near sea level are transported to mountain areas, the ensuing pressure change can lead to distortion, edge-seal failures, and cracked glass (see "High-Altitude Window Problems," *Notebook*, 8/00). But a related problem, sometimes described as "glazing collapse," is less familiar to those outside the window industry.

Unlike altitude-induced failures, which occur when glazing "pillows out" in response to decreased external pressure, collapsed glazing bows inward, sometimes until the inner and outer panes touch near the center of the window. John Snell and Rob Spring of Snell Infrared in Montpelier, Vt., note that thermal images of affected windows characteristically show a cool oval portion at the center of the glazing that is very different from similar images of ordinary insulated glass. When outdoor temperatures are low and indoor humidity is fairly high, a corresponding condensation pattern may appear on the interior surface of the glass (not between the panes, as in the case of a typical edge-seal failure). Glazing units measuring less than 20 inches or so across their short dimension are prone to breakage, which usually appears as a Y-shaped crack originating at the corners.

The problem seems to be limited to a small percentage of the argon-filled units manufactured in the late 1980s and early '90s. Its precise cause, however, is still something of a mystery. Argon molecules are smaller than most of the gas molecules found in air, so glazing collapse may occur

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Canadian Softwood Lumber Dispute

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consumers out of the market.

But Scott Shotwell — executive director of the Coalition for Fair Lumber Imports, which favors the import duties — scoffs at those figures. "Lumber is as cheap as it's ever been," he says. "In the years between 2000 and 2002, the average cost of a house rose by about $27,000, but the cost of the lumber has fallen from 3.1% to 2.1% of the home's overall cost."

Waiting for the ITC. At press time, the new import duties had not yet taken effect. That could happen sometime this month, when the U.S International Trade Commission issues a ruling on whether domestic lumber producers have actually been harmed by Canadian lumber imports. If the commission finds that they have been — as most observers believe that it will — the import duties will become permanent.

At that point, the Canadians will face a difficult choice. "The Bush administration talks about its free trade philosophy," says NAHB economist Michael Carliner, "but its behavior doesn't demonstrate that." With protectionist barriers in place, the Canadian government could take its case to the World Trade Organization and NAFTA and seek to have the tariffs overturned.

Many industry observers, including Carliner, believe that Canadian producers have a good chance of prevailing if the case goes that far.

Negotiated settlement? But because such an appeal could drag on for years — with the combined 29% duty remaining in effect in the meantime — that option exposes Canadian producers to huge losses with no guarantee of ultimate success. As a result, there's a good chance that the parties will reach a negotiated settlement of some sort. One likely scenario would have the Canadian government agreeing to impose export taxes in return for the lifting of U.S. tariffs. That would raise the price of its lumber on the U.S. market while allowing the money to flow into the Canadian treasury rather than to the U.S.

"My guess is that they will try to settle," says Scott Shotwell. "It will be very expensive for them to continue." What shape such an agreement might actually take, and how it might affect the price of dimension lumber at the local lumberyard, remains to be seen.

SNELL INFRARED

Under the right conditions failing argon-filled units may develop characteristic oval patches of surface condensation (right). Glazing collapse affects some older argon-filled units and may cause narrow units to implode.

Collapsed Glazing Mystery

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when argon gradually exfiltrates through the edge seals, leaving a partial vacuum. "That's the hot rumor, anyway," says Randi Ernst, president of FDR Design, a Buffalo, Minn., company that manufactures gas-filling equipment for the window industry. "But as far as I know, that kind of failure has never been replicated in a laboratory setting." Ernst speculates that the problem may be related to a two-part polyisobutylene and silicone edge seal formerly found in glazing units produced by a large industry supplier. But if it is, he observes, the defect must have occurred in only a tiny percentage of that company's output. "They make about 20 percent of all the glazing units used by window manufacturers nationwide," he says. "If a tenth of 1 percent of them were bad, we'd be hearing about it all the time."

OFFCUTS

Now may be the time to buy that used skid-steer loader. According to an article in the March issue of *Equipment World* magazine, there's currently an abundant supply of premium low-hour machinery on the market, thanks to rapid growth in the equipment-rental industry during the 1990s.

OSHA will be inspecting more construction sites this year, according to a recent agency press release. The agency plans to conduct 36,400 inspections in the fiscal year 2002, up from slightly less than 35,800 inspections in 2001 and about 36,000 in 2000. OSHA will target job sites where injury rates are high and known hazards are present, such as exterior sites where ladders and scaffolding are used. The release also noted that the agency will focus enforcement efforts on industries where non-English-speaking workers are at greatest risk, such as construction.

Home builders in Texas are cutting back on their use of green fir lumber, according to the lumber newsletter *Random Lengths*. Indoor mold is a huge issue in the state, and many retailers are reportedly reluctant to stock green fir because their customers are afraid of mold. One green fir producer estimated that mold concerns have cut his customer base in Texas by about half.

Fiberglass insulation is no longer considered to be a cancer risk, according to *Energy Design Update*. After a recent review of the scientific literature by a team of experts affiliated with the Paris-based International Agency for Research on Cancer, fiberglass was reclassified from group 2B ("possibly carcinogenic to humans") to group 3 ("not classifiable as to their carcinogenicity to humans"). It's still a good idea to wear a dust mask.

Florida's first statewide building code took effect on March 1. The new code imposes tougher wind standards, especially in coastal counties, as well as improved energy efficiency and better protection from termites. Because the new code applies only to homes built with permits issued after the code took effect, the *Orlando Sentinel* reported that building officials in many areas were flooded with permit applications from builders seeking to avoid the new rules.

The Formica Corporation has filed for Chapter 11 bankruptcy. A press release issued by the Warren, N.J.–based manufacturer attributed the bankruptcy to "recession and the aftershocks of the September 11 tragedy." The company's business operations are expected to continue as usual during the restructuring period.

Wood Promotion Network Steamed by "Ford Tough" Ad Campaign

Callbacks can be an expensive nuisance for builders, but even advertising agencies aren't immune. To promote its 2002 pickup trucks, for example, the Ford Motor Company launched an imaginative ad campaign that featured construction-project tips for homeowners. The idea was to contrast the easy, conventional approach to a given task with a more demanding but purportedly longer-lasting method that the automaker characterized as the "Ford Tough Way." The first three full-page ads, which appeared in *The Family Handyman* magazine, touted the advantages of joist hangers over toe-nailing for deck framing, concrete blocks rather than pressure-treated wood for retaining walls, and steel rather than wood studs for partition framing.

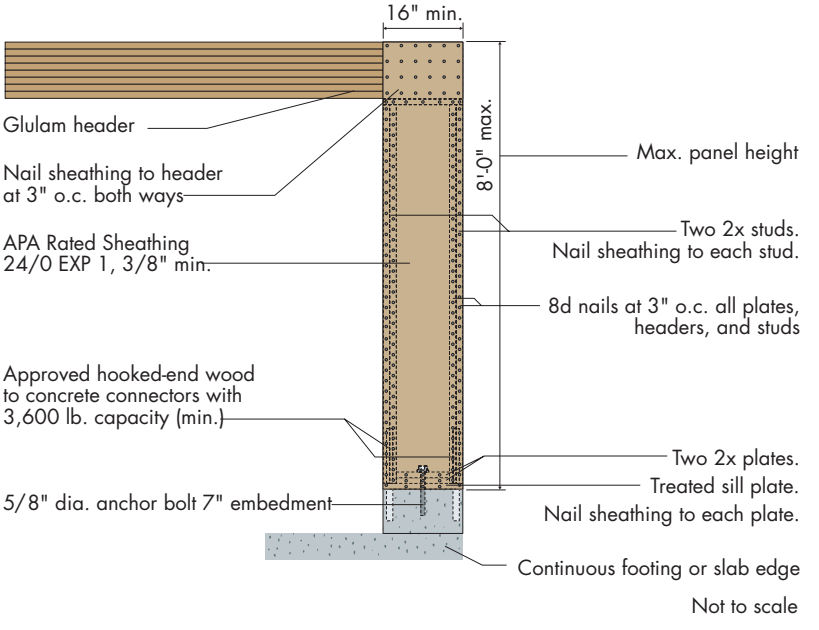
Not surprisingly, the last two ads did not sit well with the Wood Promotion Network, whose mission is to promote the use of wood in construction. The WPN protested loudly to Ford, which quickly apologized and agreed to pull the offending ads. The automaker has since increased its efforts to mend fences with the forest-products industry by encouraging local Ford dealers to join the Wood Promotion Network and by running a series of pro-wood advertorials in *The Family Handyman*.

The company continues to offer less controversial construction-related "tough tips" on its website. Among them: Ford recommends using wire connectors in outlet boxes rather than simply twisting wires together, backs the use of anti-tip brackets for freestanding ranges, and declares that the ball valve has "an open and shut case" as best plumbing valve.

Site-Built Shear Frame Reinforces Wide Openings

Providing adequate racking resistance around wide framed openings, such as garage doors, can be a challenging design problem. Because they're typically enclosed by narrow wall sections — often two feet wide or less — ordinary sheathed wall sections don't meet the prescriptive bracing requirements of many building codes, which typically call for a full four-foot structural panel or equivalent.

A recent publication from APA–The Engineered Wood Association details a simple site-built frame section that can provide the required strength and stiffness in a 16- to 24-inch wall section. The bracing panel, which the APA has named the Sturd-I-Frame, consists of a glulam header tied to the supporting wall section with a combination of metal straps and prescriptively nailed sections of structural panel. At the base of the wall, a hold-down connector provides a reliable connection to the foundation.



This engineered wall section can be built on site to provide seismic racking resistance to garage door openings. Illustration courtesy of APA–The Engineered Wood Association.

According to APA spokesperson Kevin Hayes, the wall section was originally developed in the Seattle area and has been used in the Pacific Northwest for about ten years. Houses that used the bracing wall reportedly suffered little or no damage in the 6.8-magnitude earthquake that shook the Puget Sound area in February 2001. "That persuaded us it was time to take it to a wider audience," Hayes says. For more information on the site-built frame, including engineering design values, contact APA at P.O. Box 11700, Tacoma, WA 98411-0700; 253/565-6600. Information is also available in pdf form at www.apawood.org.

DeWalt Recalls Circular Saws

DeWalt has announced the recall of some of its DW368 and DW369 7 1/4-inch circular saws, which contain a defect that can allow the saw blade to hang up on the blade guard when heavy cutting pressure is applied. The affected models can be identified by the presence of a date code from 200128-F through 200152-F, which appears on the underside of the motor housing. If the date code is followed by an "X," the saw has already been repaired. For information about a free repair, call DeWalt at 888/839-3559 between 8:00 a.m. and 4:30 p.m. Eastern Time, or visit the company website at www.dewalt.com.

New Grade Stamp for Dimension Lumber

A two-letter change in the grade stamp that appears on some dimension lumber has puzzled some builders and

suppliers, who wonder if the kiln-dried material they're using now is somehow different from what they were getting a few months ago. They can relax. The source of the confusion is the appearance of the letters "HT," which the Western Wood Products Association began applying to kiln-dried material last October. The letters stand for "heat treated" and reflect a growing emphasis on international trade.

According to WWPA spokesperson Butch Bernhardt, recent European Union regulations require imported wood used in crating and packing materials to be heat treated to a core temperature of 56°C for a minimum of 30 minutes, in order to destroy pests such as the pine nematode.

Conventionally kiln-dried framing lumber — some of which is used in crates and pallets — is held at high temperatures for several days, so it easily meets the EU requirements. The new KD-HT stamp serves to distinguish lumber that has been dried in heated kilns from S-DRY stock — which may be air-dried — and lumber that has been dried in low-temperature dehumidification kilns.

BUSINESS TUNE-UP

Simplify Your Life With Policies

by Melanie Hodgdon

Contractors are an independent lot, and few of them would think of creating formal written policies to cover common business operations. Aren't policies restrictive? Don't they force you to do things the same way time after time? Well, yes. That's why they're so valuable — and why things get so complicated in their absence.

A few months back, for example, I got a call from a builder client who had made the common mistake of allowing a customer to make a direct payment to a supplier for some materials and wanted to know how to record it in QuickBooks Pro. This seemingly simple transaction involved both payables (how to record the reduction in amount owed to the vendor while retaining accurate job costing) and receivables (how to record the customer's payment as a credit while retaining accurate income for the job) and ended up taking the two of us the better part of an hour to resolve.

Like so many of the problems I see, this one never should have happened. If you have a policy that says customers *never* make payments for materials, then the issue of how to deal with the accounting outfall will never arise. If your employee policy states that you *never* make advances, you don't have to spend time figuring out how to set up the payroll items, establishing payback schedules, and monitoring employee balances. If your subcontractor policy states that you pay on the 15th and 30th of the month, you won't have to deal with subcontractors nagging you about payments on the 9th of the month.

For a creative, free spirit (you know who you are), this can be uncomfortable at first. But there's more than one kind of freedom. A well-thought-out selection of written policies can free you from wrestling with issues you shouldn't be wasting your time on and encourage you to establish procedures that will function reliably in all cases.

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