



# THE CUTTING EDGE

WOOD MACHINERY MANUFACTURERS OF AMERICA

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APRIL, 2001

## Good News from Washington

by John Satagaj, WMMA Legislative Counsel

I have to start off with congratulations and thanks to those members of WMMA who helped us secure rejection of the OSHA's ergonomics rule. It was an important victory for WMMA, since the rule had ramifications not only for you as an employer but also as the manufacturers of machinery for the work place. For the moment, this puts an end to any immediate need to comply with a federal ergonomics rule. Having said that, even in a Republican led administration, OSHA may come back to the issue. There are even discussions in the Senate about passing a bill requiring OSHA to promulgate a new ergonomics rule within two years.

WMMA's Public Policy committee had identified the ergonomics standard as a top priority so it is a great start for their agenda. We are hard at work on several other items on the priority list the committee set out for us. High on that list is the subject of tax relief.

The House has passed the individual rate cuts by a healthy, but largely partisan margin, 230 to 198. That's the good news. Where we go from here is another story. Left to its own devices, the Senate would prefer to act within the confines of the budget reconciliation process. The reconciliation process allows the Senate leadership to move a tax bill without allowing individual Senators to tinker with it or hold it up. Unfortunately, Congress has to pass a budget first before it can "reconcile" it. That takes months to do. As a result, there is a new initiative on the table. The Democrats have proposed a special deal to move a small tax relief bill now. The bill, which would cost about \$60 billion, would provide a tax break now in the form of either a tax rebate check or a FICA tax "holiday" for individuals only for a short period of time. The proposal would also cut the bottom rate bracket from 15 percent to 10 percent. This proposal puts The President and the Congressional leadership in a tough spot. They fear if they agree to this proposal they will siphon off momentum for the broader cuts, but on the other hand,

they have argued that the economy dictates action sooner than later.

If you look at the broad tax cut plan, there is good reason to hope The President and the Congressional leaders can find a way out of this box. H.R. 3 would cut the current 15 percent tax bracket to 10 percent for the first \$6,000 of taxable income for singles, the first \$10,000 for single parents, and the first \$12,000 for married couples; cut the maximum marginal tax rate for the middle class to 25 percent (versus the current maximum rates of 28 and 31 percent); and cap the top marginal tax rate at 33 percent (down from the current 39.6 percent). As The President noted in a session attended by WMMA's Washington Counsel, many smaller businesses, including WMMA members, are organized as S Corporations. As a result, all business income is passed through to shareholders who then pay taxes based on the individual rate schedule. The top individual rate is in effect a tax on a smaller business' retained earnings.

As to the size of the cut, the term in fashion now is "circuit breakers." Many "centrists" in Congress are concerned about the magnitude of the cuts. They fear current budget surpluses projections are based on rosy scenarios that may not materialize.

Therefore, they are proposing the tax cuts include a provision that lets Congress revisit the tax cuts under special expedited procedures if the projected government revenues fail to materialize. This

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# Association News

## Good News from Washington continued

provision would be a tax cut “circuit breaker.” Another school of moderates is advocating “triggers,” that the tax cuts be phased in as certain revenue milestones are met. Being fiscally conservative ourselves, we are not keen about enacting a tax cut that puts one in a deficit spending mode. On the other hand, once a tax cut is given, it is painful to reverse it. The alternative is to composition of the tax cut. In such a case, the top rate cut, which is the cut that benefits businesses the most, is the prime candidate for elimination. Therefore, if “triggers” or “circuit breakers” are not included, say good bye to the top rate cut.

Before the Senate votes on any tax relief plan, some healing has to take place. It looks to us as if Senator Kennedy will put the outrage over the ergonomics disapproval and need for tax relief together to create an opportunity to pass a minimum wage increase. We would not be surprised to see him bring the minimum wage issue to the Senate floor. Right now, Senator Kennedy has a minimum wage bill in the hopper. We would assume that it is the blueprint for an increase. S. 277, The Fair Minimum Wage Act of 2001, increases the federal minimum wage from \$5.15 to \$6.65 per hour in three annual increments. The first 60-cent increase would go into effect 30 days after the law passes. A year later, the minimum wage would increase 50 cents, and the final 40-cent hike would go into effect the following year.

An increase in the minimum wage may be a small price to pay if we can secure a major tax cut. It is nice to be working a pro-business agenda!

## IWF 2002

### *The International Woodworking Machinery & Furniture Supply Fair-U.S.A.®*

August 22-25, 2002

Georgia World Congress Center

Atlanta Georgia, USA

e-mail: [info@iwfatlanta.com](mailto:info@iwfatlanta.com) or call 770-246-0608

For more information, go to [www.iwf2002.com](http://www.iwf2002.com). On this site, exhibitors and buyers can go online and keep up-to-date with the latest information on exhibiting, attending, travel and hotels, registration, and related news items.

*Editor's Note: This is the third in a series of features discussing WMMA programs and services available to the membership.*

### ***Did you Know...***

...that 11.4% of the 2000 WMMA expense activity supported the Association's meeting events, such as the WIC, Committee Chair meeting, and Anaheim Show?

Your input for WIC '01 or '02 is now needed. If you have suggestions or comments about this great networking Conference, please contact Kenny Moffatt at (602) 470-1911 or staff liaison Dana Klaus at (215) 564-3484 x243 or e-mail her at [dklauss@fernley.com](mailto:dklauss@fernley.com).

Another 2.7% of Association expenses covered WMMA's direct costs in governing, promoting, and supporting IWF. The WMMA appointed Directors to the IWF Board are George Delaney (931/506-2202), Russ McBroom (612/529-7791) and Frank York (910/273-8261 x230). Please contact them or staff liaison Ken Hutton at (215) 564-3484 x215 or e-mail him at [khutton@fernley.com](mailto:khutton@fernley.com) with any questions or concerns surrounding IWF.

## Brazilian Market Continues to Improve

*Harold Zassenhaus, WMMA Export Director*

The WMMA organized a member pavilion in FIMMA 2001, Brazil's largest woodworking equipment and accessories fair, March 20-24, Bento Goncalves, Brazil. The following is a summary of the fair and the Brazilian woodworking market.

### **FIMMA Statistics**

No. of Participants (companies exhibiting): 609

Brazilian: 423

Foreign: 186

Sq. meters occupied: 50,000 gross

No. of Visitors, est. (per organizer) 32,000

All space was occupied. Per the organizer, 75 firms were on the waiting list to exhibit.

The fair was evenly divided between those exhibiting equipment or cutting tools and those showing accessories or supplies. Traffic was generally light for the first 3 days. However, most who visited the fair had a specific interest. Traffic on the last two days, Friday and Saturday, was heavy. This year, children were not permitted entry and the organizer significantly reduced invitations to schools. The result was that there were more buyers and more relevant buyers. The only exception came on Saturday afternoon when the crowd was dominated by the curious rather than the serious.

As an overall comment, FIMMA gets better each time. In addition to the increased attendance and quality of visitor, the fair was well run and support for foreign exhibitors improved. Exhibitors seem to take out more space and the booths, especially those of accessory manufacturers, were more elaborate. That said the number of foreign exhibitors has significantly reduced from 332 in 1999 to less than 200 this year.

There were 14 exhibitors from the US, all WMMA members. Three companies exhibited in the WMMA pavilion and four shared the WMMA booth.

***The next FIMMA will be held March 2003.***

### **WMMA Pavilion**

The pavilion was 75 sq. meters with 3 member companies exhibiting and 4 sharing the WMMA booth. It was located near the middle of the major equipment hall, Pavilion E, and could easily be seen by all entering the area.

### **Hotel Arrangements**

For those contemplating a trip in 2003, be sure to make hotel accommodations at least 6 months in advance. Hotels are scarce in and around Bento Goncalves. There

are satisfactory hotels in Caxias do Sul (about 30 minutes drive). Additionally, two hotels are opening or have recently opened around Bento Goncalves. However, demand far outstrips supply.

On a positive note, a cheap Real means hotels and food are bargains in Brazil. Good accommodations can be had for less than \$75/night and a very good dinner can run less than \$15.

### **Fair Organization**

#### **Good Points**

- The new 12,000 sq. meter building (Pavilion E), first used in 1999, is a welcome addition to the main building used for the fair. It held most of the machinery exhibitors. It has 10 meter high ceiling.
- Freight can easily be moved in and out.
- Organization was fairly good and has improved considerably over the past 4 years.
- Brazilian customs law has been improved since 1997 allowing goods to be exhibited without duty. Importers have 60 days to declare the goods and pay duties and taxes.
- The facility is well lighted and clean.

#### **Points to be improved**

- Air conditioning is much needed in the upper hall and proper ventilation is needed in the new building (Pavilion E).
- Electrical capacity is less than satisfactory. We lost power on the first two days for 1-3 hours.
- The organizers close the site to exhibitors the day before the event to paint floors and lay carpet. It is an inconvenience.
- The facility does not have storage room for empty crates, requiring exhibitors to find their own off-site.
- They need much more parking for exhibitors and visitors.

### **The Economy**

Contrary to conditions found in spring 1999, the Brazilian economy is on a second straight year of solid growth. Brazil's Gross Domestic Product is expected to grow 4.5% in 2001 (assuming no recession in the US), compared to 4.2% last year. The drivers will be investment and consumer spending, which should be stronger because of higher employment and wage increases. Inflation registered 5.9% for 2000, but should not top 4% this year. And, the Central Bank is taking a measured approach to economic growth in order to avoid quick expansion that could put pressure on inflation.

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# Export Development

## Brazilian Market Continues to Improve *(continued from previous page)*

### The Market

The Real has been allowed to float and is now at about \$1.00 = R2.15, compared to 1:1 in 1997. This makes Brazilian exports very marketable. Things are expected to fair well for the remainder of 2001.

Import duty rates have continued to fall. The rate for woodworking equipment is now 14% if a domestically made equivalent is available and 4% if not. Furthermore, the onerous "Custo Brasil" (red tape, extra costs, etc.) is decreasing (but not eliminated).

However, a word of caution. In the past two years, the country has done wonders to shore up its economy. Yet, it still has significant developmental problems to overcome. The bloated government needs to be curtailed and outdated public enterprises privatized. Its infrastructure (roads, communication, ports) is in desperate need of development. Most products reach Brazil by sea and must pass through Brazil's inefficiently run seaports. Costs are high and turn-around time is long. Bureaucracy and paper work can be a serious impediment. Internal transportation is primarily by truck. The increasingly privatized highway network is adequate, but only reaches first world standards in the state of São Paulo. Fuel costs are high, and add significantly to the cost of transportation. Rail transportation is limited. Geographical constraints and environmental concerns have limited river transport development.

### The Forestry Sector

Brazil covers over half the South America continent and has by far, its largest forestry sector. Mills in the north convert tropical hardwood, while those in the south process Radiata pine and Eucalyptus. There are about 790 million acres of timber in the north (about 12 billion cubic

meters of commercially available timber) and 12 million acres of pine and Eucalyptus plantations in the south (60% Eucalyptus, 40% pine). The forestry sector output is about \$26-28 billion, \$5-6 billion of which is furniture. Aside from rural fuel and charcoal, the great bulk of output is for pulp and paper, followed by logs, sawn wood and plywood. Eucalyptus is mostly harvested for the pulp and paper industry. However in the past few years an increasing amount has been used for outdoor furniture,



mostly for export. Continued genetic altering of the species will lead to increased use for interior finishing and furniture. With the world's largest plantations of Eucalyptus, Brazil is in a good position to reap the benefits.

There are from 13,000 to 15,000 local furniture firms, about 10% large and from 100-200 that are routinely exporting. The industry employs about 300,000. Almost 90% of furniture manufacturers are located in the southern 5 states of the country: Sao Paulo, Rio Grande do Sul, Santa

Catarina, Parana and Minas Gerais. The market for WMMA members for the near term will be those that are exporting and thus able to afford foreign made equipment.

There are also about 400 plywood mills. Within the last 5 years Brazil opened 3 MDF plants and within the next year will open one OSB plant. 100% of output is earmarked for domestic consumption.

Brazil exported \$504 million of furniture in 2000, a 24% increase over 1999. Bedroom furniture accounted for \$150 million and furniture components \$177 million. The U.S. is now the most important market for Brazilian furniture, importing \$92 million in 2000, according to Brazilian Government export statistics.

Brazil exported \$1.5 billion of round and sawn wood in 2000, a 6.2% increase over 1999. The main exported items were: sawn wood: \$520 million, plywood: \$374 million; windows, doors and frames: \$169 million and wood moldings: \$101 million.

There was a sense by many at the fair that Brazilian wood products exporters are now price competitive in the US and Europe with products coming from Southeast Asia, the Pacific Rim and elsewhere in Latin America. The market for finger jointed moldings and cut stock is very good. One foreign exhibitor sold 10 finger-jointers in 200 and expects to sell about the same number in 2001.

### Domestic Equipment Production

There are a number of Brazilian manufacturers of woodworking equipment, cutting tools and supplies. Local firms are now making an assortment of industrial wide belt sanders, profilers, edgebanders sliding table saws, finger-jointers, laminating lines and boring equipment to name a few items.

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# Export Development

## **Brazilian Market Continues to Improve** *(continued from previous page)*

Local competition can pose serious obstacles for members. Even though the "Custo Brasil" is decreasing, the time consumed in tracking down shipments and clearing them is very much a factor. Further, the strength of the U.S. dollar makes it difficult to justify the cost of purchasing a foreign made machine if a local "equivalent" is available. The Italians, Germans and Spanish have been in the market for some time and, as a whole, Brazilians are more comfortable with European sources of supply. As a final concern, finding capable representatives is very difficult. Many of the good ones are reluctant to add lines, especially if they are in competition with lines carried or if a Brazilian equivalent is available.

The WMMA publishes a list of foreign woodworking equipment and cutting tool representatives. It is available on diskette or via email. If interested, contact Harold Zassenhaus, tel.: 301 652 0693; fax: 301 986 1389 or email: zemg@erols.com. One of the comments I made about the market in 1999 was "...look to the long term for Brazilian market penetration and NEVER try to time the market." This still applies. Brazil has tremendous long term and even short term potential. Those exhibitors, which exhibited on the basis of taking a long-term approach to the market have been happy with Brazil over the past 2 years and expect good results from exhibiting at FIMMA 2001.

## **WMMA Booths at Ligna**

For the first time ever, the WMMA will have two booths at Ligna. One booth is the traditional information booth, which will be in Hall 23. We will have a telephone (+49-511/89-60262)/fax (+49.511.89.60809) and access to conference rooms. Members can use our facilities free and make outgoing telephone/fax calls at WMMA cost. Please contact the WMMA in advance to schedule use of the conference room(s).

Members can also alert their staff of our numbers and messages received will be available for pick up at the WMMA booth. Please note: the WMMA staff will not be able to deliver messages to members unless in an emergency.

The second booth is part of the USA pavilion from which five WMMA member companies will be exhibiting and/or using it as a base of operations. This area is Stand D04 in Hall 16; telephone is +49-511/89-65485; fax is + 49.511.89.69365 It is never too late to sign up for this opportunity.

A common misconception which many have is that Ligna is a trade show for Europe. While it is true that the majority of exhibitors are European, the attendees are truly from around the world. If you are at all interested in exporting, then you should attend or exhibit at Ligna yourself. You are not truly export oriented if you are not a participant at Ligna!

## **Foreign-Buyers Program: Nominations Open Until May 31**

*Harold Zassenhaus, WMMA Export Director*

In the February Cutting Edge, we announced this innovative program. The first round of nominations has been concluded, and I am happy to report that six dealers have been nominated. I am also happy to state that we are holding a second round. Members can nominate worthy representatives until May 31. Selected dealers will be reimbursed for all travel and related hotel expenses (up to \$2,000) to attend the AWFS Woodworking Fair August 2-5 in Anaheim, CA. To learn more about this program and get a nomination form, click or contact Harold Zassenhaus Export Director, WMMA at tel: 301 652 0693; fax 301 986 1389 or Email: zemg@erols.com

Now, it's time for members to step up. The Foreign Buyers Program benefits every WMMA member interested in expanding sales overseas. The nominating WMMA member benefits by strengthening his relations with the dealer while getting credit for sponsoring his representative; other WMMA members get the opportunity to meet face to face with capable overseas representatives.

## ***Still Time To Sign Up for Woodmac Asia***

The WMMA is organizing a pavilion in Woodmac Asia, September 4-7, 2001 in Singapore.

This event is Southeast Asia's largest. An estimated 900 companies will exhibit and 10,000 visitors from all woodworking regions of the area are expected to attend. The WMMA will design the area, your booth, provide furniture, lighting, electricity and air hook up, if needed, making it easy for you to participate. To learn more about exhibiting or sharing the WMMA booth, please contact Harold Zassenhaus, tel.: 301 652 0693; fax: 301 986 1389; email: zemg@erols.com. Time is limited, so act now.

## What's New?

**Charles G.G. Schmidt & Co.** is pleased to introduce another truly unique product to the woodworking industry, "SCHure Cut" True Helical Carbide Insert Surfacing Head. The heavy duty aluminum body and the patented carbide inserts are milled and ground on the latest CNC equipment for extreme accuracy. The results? A superior surface finish, noticeable noise reduction and extra long production runs in between sharpenings and/or tip replacement. Made with either straight or hydro-lock bores, they can supply a horizontal or vertical head for any moulder with 1 1/2," 40mm, 1-13/16" or 1 1/8" spindles.

## Congratulations

Grand Rapids, Michigan - **Carter Products Company** is proud to announce the top sales generator for the year 2000, Russ Bransford, President of Jericho Sales and Engineering based in Pinehurst, NC. Bransford, who also won this distinction three years ago, covers North and South Carolina and Georgia for Carter Products.



Have you visited  
[WMMA.org](http://WMMA.org) lately?

Get current information on:

- WIC attendance
- Contact table participants
- Foreign buyers program

and link to

*IWF 2002 Exhibitors Sign-up.*

PROFIT THROUGH AMERICAN TECHNOLOGY



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*The opinions expressed in any articles by outside consultants are their own views and not necessarily those of the WMMA®.*

# Member News

*WMMA would like to extend a Warm Welcome to these new members:*

## **American Fabric Filter Co.**

They custom design and manufacture dust collection bags and sleeves.  
29807 State Road 54  
P.O. Box 7560  
Wesley Chapel, FL 33543  
Phone: (813) 991-9400  
Fax: (813) 991-9700  
E-mail: sift@aol.com

## **CADCode Systems**

CADCode Systems is a division of Country Cabinet Shop, Inc. They publish software for design file to G-code conversion for CNC machinery and for bar-coded part labels.  
916 Route 601  
Skillman, NJ 08558  
Phone: (609) 466-0027  
Fax: (609) 466-0027  
E-mail: ccsi@cadcode.com  
website: www.cadcode.com

## **COMPX International**

COMPX manufactures hardware and fasteners for the woodworking industry.  
200 Old Mill Rd.  
Mauldin, SC 29662  
Phone: (864) 297-6655  
Fax: (864) 297-9987  
E-mail: info@nclnet.com

## **GSA Hardware Super Store**

GSA is the government's procurement agency. Their key product lines include woodworking and metalworking machinery and equipment, tools, appliances, lawn & garden equipment, sealants, adhesives, paint & fuels, ground maintenance and pest management.  
1500 E. Bannister Road  
Kansas City, Missouri 64131  
Phone: 816-926-7179  
Fax: 816-926-5019  
E-mail: larry.schmoll@gsa.gov or carol.clark@gsa.gov

## **KCDW SoFware for Cabinetmakers**

KCDW manufactures computers and manufacturing process controllers for the woodworking industry.  
18 Atlantic Avenue  
P.O. Box 268  
South Dennis, MA 02660  
Phone: (508) 385-8569  
Fax: (508) 385-8467  
E-mail: Lmurphy@kcdw.com  
Website: www.kcdw.com

## **Perceptron**

Perceptron manufactures scanning and optimization systems.  
P.O. Box 90927  
Atlanta, GA 30364  
Phone: (404) 763-8111  
Fax: (404) 763-8504  
E-mail: sonic@perceptron.com  
Website: www.perceptron.com

## **Thomas Manufacturing, Inc.**

Thomas Manufacturing designs and manufactures processing machinery, accessories and material handling equipment for companies who process wood and wood composite items.  
414 South Cherokee Street  
Girard, KS 66743  
Phone: (620) 724-6220  
Fax: (620) 724-4653  
E-mail: info@thomasmanufacturing.com  
Website: www.thomasmanufacturing.com

## **Zeetech Industries, Inc.**

Zeetech manufactures machinery and equipment for the woodworking industry.  
600 East Washington Avenue  
Zeeland, MI 49464  
Phone: (616) 772-4545  
Fax: (616) 772-6632  
E-mail: kboonstra@zeegroup.com

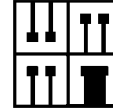




# Association of Woodworking & Furnishings Suppliers,

7768 Woodmont Ave.  
Suite 214  
Bethesda, MD 20814  
Ph 301 652 0693  
Fax: 301 986 1389  
Email: zemg@erols.com

## Wood Machinery Manufacturers of America



### Foreign Buyer Program Nomination Form

Return form and any attachments to: Harold Zassenhaus, Export Director, WMMA at tel: 301 652 0693; fax: 301 986 1389 or Email: zemg@erols.com.

*(Please copy this form if you plan to nominate more than one company)*

Your Name \_\_\_\_\_  
Company \_\_\_\_\_  
Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_ Email \_\_\_\_\_

I wish to nominate the following foreign representative

Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Country \_\_\_\_\_ Postal Code \_\_\_\_\_  
Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_ Email \_\_\_\_\_

Name (Your principal contact, the name of the person you wish to sponsor or principal company executive)

What Country/region does the Company cover? \_\_\_\_\_

What segment(s) of the industry does the company represent?

- Primary equipment
- Accessories
- Furnishings Components & Supplies
- Secondary equipment
- Casegoods Components & Supplies
- Other (identify)
- Cutting Tools

Number of years in Business: \_\_\_\_\_

Number of years the company has represented you \_\_\_\_\_

Have you been satisfied with your sales in the territory  Yes  No (explain)

To your knowledge, what other companies and lines does the company represent (list company name, country of business and product lines handled, if known)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please list the reasons why this company would be a good representative for other non-competing AWFS,/WMMA members. Include such things as ability to cover the territory, sales staff experience, technical knowledge, service capabilities, payment timeliness, responsiveness to your needs, commitment to its lines, knowledge of local industry, and "ease of doing business".

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Return form and any attachments to: Harold Zassenhaus, Export Director, WMMA at tel: 301 652 0693; fax: 301 986 1389 or Email: zemg@erols.com.