



April 21, 2009

The Honorable Mary D. Nichols, Chairman
Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Dear Chairman Nichols:

The International Wood Products Association (IWPA) respectfully requests your consideration of regulatory relief from the implementation of the Airborne Toxic Control Measure (ATCM) to reduce formaldehyde emissions from composite wood products. The proposal included in this letter assists those businesses suffering severe economic hardship due to the current national and international economic conditions that are depressing the market for composite wood products.

IWPA supports the efforts of the state of California to safeguard consumers and reduce their exposure to emissions that could affect their health and safety. Our intent in submitting this request is to work with state officials to advance our shared goals of product safety and smart, effective regulation.

The regulatory relief requested consists of several components that when individually or collectively adopted by Air Resources Board (ARB) creates a smooth transition to the ATCM for importers, U.S. manufacturers and distributors during these unprecedented economic conditions.

IWPA respectfully requests ARB:

- (1) Grant a two-year sell-through extension for all stages (i.e. importers, distributors, fabricators and retailers). This simple extension allows businesses extra time to eliminate their non-certified stock while at the same time giving ARB staff adequate time to fully prepare enforcement and testing protocols.
 - (a) Create a voluntary registration program for non-certified material that was imported prior to January 1, 2009. Once registered, non-certified material would receive a waiver from the sell-through period allowing this product to be sold into California over whatever period of time the market allows.

Registration would protect both businesses and the state of California from fraudulent sale of stockpiles of non-compliant material. While slightly more complex than a simple two-year sell-through extension, registration would provide additional transparency to ARB enforcement staff.

Businesses are finding that clients in California and nationwide are refusing to buy any material that is not compliant to CARB phase II. This market requirement now makes it impossible to clear inventory that was purchased well in advance of the regulation's effective date.

California businesses have significant investment tied up in these legal inventories. If these stockpiles cannot be liquidated these businesses will not be viable, creating further pressure on California's unemployment and budget problems. Adjusting the sell-through period and/or creating a voluntary registration program provides downstream purchasers (e.g. distributors and retailers) of composite wood product greater legality assurance, allowing them to accept pre-CARB phase I and II product.

- (2) Authorize retro-certification of emissions compliant material that was produced prior to 1/1/2009 by mills not currently ARB third-party certified. Retro-certification currently allowed by ARB only includes material produced by mills that are now third-party certified.
 - (a) Testing would be conducted by an approved third-party certifier
 - (b) Approved testing methods should include the use of small scale desiccators.

Once "certified", all material would be permitted to be labeled as CARB compliant to appropriate phase with applicable sell-through period. Please note that "certified" material would meet the emissions requirements of ARB, accomplishing the environmental objectives of the ATCM.

The extended two-year sell-through extension, voluntary registration and retro-certification of emissions compliant material provides short term relief to companies that are unable to comply with the CARB regulation because of extreme economic circumstances. We note:

According to UCLA Anderson Forecast Senior Economist Jerry Nickelsburg, the current forecast (for California) *"reflects a deeper and longer recession than we previously thought." The UCLA Anderson Forecast for California is for a very weak first three quarters of 2009 and virtually no growth in the fourth quarter of this year. The economy will begin to pick up by 2010 and by the end of next year the state's economy will begin to grow at something resembling normal levels.*

Nickelsburg writes, *"The keys to California's recovery are (a) recovery in U.S. consumption improving the demands for imports from Asia and the demand from California's factories, the resumption of non-residential public works and multi-family residential construction growth and the return of growth to the retail sector."*

Composite wood products are literally critical components in all recovery scenarios as described by Nickelsburg. We ask the California Air Resources Board to recognize the intrinsic relationship between the demand for wood products and the economy, and provide relief for businesses that cannot reduce their non-compliant or uncertified inventory by the mandated sell-through dates due to unprecedented market conditions.

We urge the prompt and serious consideration of each our recommendations for regulatory relief. We believe this flexibility is essential for the survival of California businesses, both large and small.

Respectfully submitted,

Brent McClendon

Brent McClendon
Executive Vice President