**Trade**

**Background**

A 2018 economic impact study of the U.S. hardwood industry found that it employed 685,000 people, mostly in rural and underserved communities where employment opportunities are limited. The direct economic impact of the industry approached $136 billion. The U.S. Hardwood sector relies on robust revenue streams generated by the export of lumber, logs, timber, and value-added products such as flooring and mouldings, to support high quality manufacturing jobs at home. The U.S. is the world’s largest hardwood exporter with approximately 30% of the global market share. In 2020, U.S. hardwood producers shipped approximately $2.6 billion worth of U.S. products to global markets, with Asia, Latin America and Europe being the key destinations. As an industry we also support federal efforts to prevent the importation of illegally harvested timber that competes unfairly with U.S. grown fiber.

**Issue**

Although largely receding in the rear-view mirror, the trade dispute between the U.S. and China caused by illegal Chinese trade practices and the resulting tariffs on U.S products, including hardwoods, caused severe market disruption and tremendous damage to hardwood companies across the country.  More recently, the European Union (EU) passed a burdensome regulation mandating geo-location of the origins of wood product imports as a pre-condition to access the E.U. market. These twin actions initiated by international competitors serve as a cautionary tale and underscore the need for aggressive export promotion. While the long-term trajectories for trade with various regions around the globe remain unknown, the hardwood sector relies on export authorities within USDA, including the Foreign Market Development (FMD) and Market Access Programs (MAP), as a powerful tool to diversify international markets. These USDA programs, when properly funded and implemented, serve as a strategic backstop to aggressive trade policies pursued by overseas competitors.

**Hardwood Federation Position**

The Market Access (MAP) and Foreign Market Development (FMD) programs work well and have been instrumental in expanding international markets for U.S. hardwood lumber and products. Increased funding will facilitate further growth of global markets for the sustainable materials and products produced by the U.S. hardwood industry. We support including the Expanding Agricultural Exports Act (EAEA) of 2023 to double MAP and FMD funding in the 2023 Farm Bill. This bicameral, bipartisan legislation would increase MAP mandatory funding from $200 million annually to $400 million annually and would increase FMD mandatory funding from $34.5 million annually to $69 million annually. The Senate bill is S.176 and the House bill is H.R. 648. The Federation supports Administration and Congressional efforts to negotiate free trade agreements containing market-opening and barrier­ reducing opportunities for U.S. made hardwood products.