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Re: **AHFA Comments on the ATCM for Composite Wood Products**

The **American Home Furnishings Alliance (AHFA)** is the world's largest and most influential trade association for the home furnishings industry. Founded in 1905, the AHFA actively represents more than 475 leading furniture manufacturers, importers, distributors, retailers and supplier members. Members of the AHFA account for over 200,000 employees and 75% of total furniture shipments in the U.S. AHFA members are located in 32 states with 30 members residing in California¹.

Total U.S. sales of household furniture for fiscal year 2006 were \$34.77 billion and sales in California were \$4.6 billion or 13.2%.² Based on 2006 sales data, California is the largest single market for household furniture in the U.S. AHFA estimates that approximately 1.1% of furniture sold in California originates from "non-store retailers."³ Clearly, California is a critical market for AHFA members and the economic impact of the proposed ATCM can not be ignored.

AHFA agrees with CARB staff that the focus of the proposed ATCM is on the "raw board" use to make composite wood component parts and not on finished goods (furniture). It is important to realize that all furniture will contain a mixture of various composite wood component parts. The complexity of design and diverse mix of component parts does not lend itself to finished product testing.

¹ 2007 AHFA Membership Directory

² 2006 AHFA Sales Planning Guide

³ 2006 AHFA Sales Planning Guide

As it is currently drafted, the ATCM will regulate emissions from raw board in two phases. The proposed Phase I limits will dramatically reduce formaldehyde emissions. It is understood that there are emerging resin technologies that will enable the board manufacturers to meet the requirements of Phase 1. However, we are concerned that Phase II is overreaching and suggest the “de-listing” of current UF resin technologies without evidence of feasibility and benefit. While it is understood that Phase I will “drive” emerging technologies, it is premature to rely on anecdotal evidence or academic research to promote as “technically feasible” presumed theoretical solutions to achieve the reductions proposed in Phase II. We simply can not assume the transferability of any unproven technology broadly across the entire wood products industry. We strongly advocate the common sense approach of conducting a **“Technical and Feasibility Review”** of Phase I with all concerned stakeholders before implementing Phase II. This would give CARB staff the opportunity to do an informed analysis of best available control technology (BACT) and evaluate the impact of Phase I.

AHFA is concerned that the Board will be voting on a proposed regulation that clearly has not defined the scope or details of an enforcement strategy. While meaningful dialogue has occurred and a **“place holder”** has been established, it is still unclear how this mechanism will work. While we agree with the overarching premise of the language on page A-45, **“Chain of Custody Requirements,”** we feel clarification is need to ensure that the compliance demonstration does not require the tracking of individual component parts manufactured with composite wood products in finished goods. As we have discussed, this would not be practical and the language is a bit misleading. The intent of the chain of custody mechanism is to verify that the component parts of finished goods are compliant by providing the fabricator certification from the manufacturer that the composite wood product(s) meet the prescribed emission requirements of 93120 (2) (a). It is not intended to track each individual composite wood component part of the finished good. We would suggest that the language of (i) be changed to the following:

“... made with complying composite wood products to verify through the distribution chain that the composite wood products used in the manufacture of component parts used in the assembly of finished goods comply with the appropriate emission standards.”

The AHFA feels that it is important to draw a distinction between the composite wood products purchased verses the individual component parts used in the assembly finished products. We in no way want the language in (i) to be an open door requiring fabricators to track each composite wood component part through the manufacturing process.

Since we are introducing a new term in the suggested language, it will be necessary to define "**component part**" and include that definition in 93120.1 – Definitions.

Component Part ... a manufactured part that could have in its construction one or more composite wood products used in the assembly of finished goods.

The AHFA realizes that the details of the chain of custody mechanism have not been detailed and additional work remains to bring clarity. However, we don't want the "straw man" language of (i) to incorrectly become the working language of a possible enforcement protocol. We welcome the opportunity to work with staff to "flesh out" the details of the chain of custody mechanism and recognize the necessity of the "place holder" in the proposed rule. As a point of clarity, the letter designation is unclear as to how this fits in the rule. Looking at the document organization, it looks like this was just "stuck in somewhere". We suggest that this actually become **Appendix 4** of the document. This would better secure it as a "place holder" in the rule and provide a clear home for this important compliance mechanism

The AHFA agrees with the labeling provisions⁴ of the rule and even suggested the use of a "sticker"⁵ on finished goods containing component parts manufactured with composite wood products. It has been our position that sticker become the first step in the chain of custody mechanism and we have even suggested that this be the "first cut" in the finished product screening method. While we have been supportive of using the bill of lading or invoice approach, it is our opinion that the rule should provide the fabricator, importer, distributor, or retailer the option of either labeling the finished product or use of the bill of lading but not require both. We feel this is duplicative and requiring both will not enhance compliance. As we have discussed, the furniture industry has an understanding of this process in California in demonstrating

⁴ 93120.7(d)(1) & (2)

⁵ See AHFA Documents: Chain of Custody & Logic Chart (08/06)

compliance to the state's flammability standard,⁶ the Upholstered Furniture Uniformed Law Label requirements,⁷ and the Upholstered Furniture Action Council (UFAC) flammability labeling requirements for upholstered furniture. We would suggest that on page A-17 you insert "or" at the end of (d) (1) and in the language found on page A-45 (i); this would read:

"This number must appear on any label or on the bill of lading or invoice ... "

We would suggest to the agency that this language be consistent throughout the document.

CARB staff has identified the proper mechanism for verifying the use of compliant composite wood products in finished goods. Chain of custody with a labeling requirement is an adequate approach to prevent "cheating" and ensure compliance. It is our opinion that suggesting and broadly painting off-shore production of finished goods as being non-compliant is largely misplaced and unfounded. The furniture industry has a long standing history of complying with domestic US product regulations for its imported finished goods. There is no reason to believe that this rule will be any different. While there are clearly some hurdles to overcome, we believe the playing field is level and the ATCM clearly provides an adequate mechanism to ensure and demonstrate compliance. The AHFA will work to establish partnerships with and identify testing labs that meet the specific criteria prescribed in the rule for 3rd party certification. This is critical to the structure of the chain of custody mechanism and will be necessary to provide verifiable and credible data.

As part of the enforcement protocol, CARB staff has suggested a field screening method and finished product testing to verify the validity of chain of custody. We feel there is too much variability and uncertainty in field screening. We can support staff if their intention is to "catch the most obvious offenders" but strongly recommend that the use of the field screening method for enforcement is not considered. Field screening should be used as a pass/fail "bright line" that would trigger further investigation of the chain of custody. The AHFA welcomes the opportunity to work with CARB staff to develop this screening method.

⁶ See California Bureau of Home Furnishings and Thermal Insulation Technical Bulletin 117 and 133.

⁷ See Manual of Labeling Laws for Bedding & Upholstered Furniture, (ISPA, 2006-2007)

There has been a lot of discussion about how CARB staff would verify the use of compliant board in finished goods. We support the idea of employing a **deconstructive small chamber test**⁸ of finished goods to accomplish this. It is imperative that an accurate correlation be established with this test and the large chamber⁹. AHFA strongly suggest conducting a “round robin” testing program to accomplish this and adequately establish a clear correlation between the two tests. Again, AHFA welcomes the opportunity to work with CARB staff to develop this test and participate in the round robin.

The AHFA strongly recommends the rule have the same sell through provision for both domestic and imported finished goods. We suggest that the sell through period be 18 months. This will give us the needed time to do adequate outreach to the membership and allow sufficient time for the necessary inventory turns.

AHFA members will not maintain two separate inventories. As you can imagine, that would simply be too costly and the room for error would be too great. It is anticipated that AHFA members will use only compliant composite wood products. Again, trying to maintain and keep separate thousands of component parts through the manufacturing process would not be practical and the risk of noncompliant component parts being introduced into the state too great. A period of 18 months would give us time to work through the current “work in process” inventory and integrate compliant composite component parts throughout the manufacturing process.

While there has been a lot of work accomplished and progress made during the last 4 ½ years, there are a lot of unanswered questions and details to work through. The AHFA encourages CARB staff to stay engaged with key stakeholders and work on the enforcement mechanism with the same focus and attention to detail used to establish the “front end” of the ATCM. There is simply too much at stake and the potential impact too great to relax and develop a marginal and ineffective enforcement program. Let’s stay the course and be as diligent on the “back end” of the ATCM.

⁸ ASTM D 6007-02

⁹ ASTM E 1333-96

Finally, the AHFA would like to thank you and staff for your willingness to work with all parties concerned in crafting this rule. It has been difficult at best. You have been considerate to listen and work to understand the impacts of this rule across the entire spectrum of the wood products industry. It will be important going forward to maintain this working relationship. We are committed to the ongoing strategic partnership with CARB and key stakeholders to evaluate emerging alternatives and to develop a workable enforcement strategy that balances economic viability with risk to human health and the environment.

Regards,

A handwritten signature in black ink, appearing to read "Bill Perdue", with a long horizontal stroke extending to the right.

Bill Perdue
VP Regulatory Affairs

c.c: Andy Counts, CEO AHFA
Tom Julia, CPA/CWIC
John Bradfield, CPA/CWIC
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