



STRUCTURAL BUILDING COMPONENTS ASSOCIATION

POSITIONS

Representing Manufacturers of Engineered Roof, Wall and Floor Structural Components

sbcindustry.com

Structural Components Industry

The structural component manufacturing industry can be a valuable bell weather of our nation's economic health. Component manufacturers are primarily small businesses who create products that are purchased and used in almost every community in the United States.

Our customers are primarily single- and multi-family residential, light commercial and agricultural builders. As such, we play an integral role in creating safe, efficient, functional and affordable buildings for Americans.

Our highly engineered products are designed with cutting-edge software, manufactured using state-of-the-art production equipment in quality-controlled environments, and shipped just-in-time to jobsites for installation.

The component manufacturing industry's success is inextricably tied to our nation's construction market. It is very sensitive to labor shortages. When raw material supply and costs are uncertain or highly variable over a short period of time, our businesses can quickly become unprofitable. This has a direct and harmful effect every employee in this industry and the communities they support.

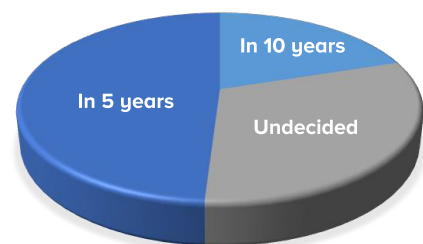
Achieving the American Dream

Homeownership continues to be a valuable investment and a key attribute of the American Dream.

Ten years ago, 30 percent of households rented; today, it's nearly 37 percent (each percentage point represents roughly one million households). A recent Harvard study on housing indicates millennials are expected to form 20 million new households by 2025. A 2016 nationwide study found that 80 percent of those millennials want to be homeowners.

It is not surprising then that a March Gallup poll found that 49 percent of American adults who are not homeowners expect to buy a home in the next five years. An additional 20 percent expect to buy a home in the next ten years.

% OF ADULT NON-HOMEOWNERS EXPECTING TO BUY A HOME



The structural components industry will be a significant contributor to the housing stock that will need to be constructed to meet this projected demand. However, our efforts will be severely hampered if labor shortages are not addressed effectively in the short term and if the reliable supply of lumber from Canada continues to be constrained. These issues can significantly damage our industry's ability to contribute to affordable and reliable construction.

**For data source references, go to <https://www.sbcindustry.com/policies2017>*

Immigration

Many of the skilled and unskilled workers who once were part of our industry, and the overall construction industry, were displaced by the extended depression. They have now taken jobs in other sectors of the economy.

The opportunities for young people to move up the career ladder within the structural building components industry are tremendous. Yet, according to recent studies, the number of America's young people entering manufacturing and engineering businesses such as ours continues to diminish.

Young workers are not attracted to and entering manufacturing jobs like ours because they do not view construction as a valuable career choice. There is much more our nation needs to do with regard to promoting professional framing and manufacturing as part of an emphasis on science, technology, engineering and mathematics (STEM) careers in our education system.



Building more and better housing can begin by encouraging high schools to re-start shop classes and by promoting community college courses focused on professional trades.

In addition, immigrant populations are generally eager to fill manufacturing and technical jobs like those in our industry. These workers often perform the jobs well and find these career opportunities valuable as they strive to achieve their own American Dream.

Despite our industry's best efforts to build relationships with high schools, technical and community colleges, and returning veterans groups, our industry faces a very real threat if we can't find workers to produce the products needed to meet the growing construction demand.

With 11 million undocumented workers currently residing in the U.S. but unable to legally contribute to solving our workforce problems, it is clear our immigration system is broken.



Our industry supports efforts to increase opportunities for immigrants who want to live and work here. We support tools like E-Verify that help employers ascertain whether someone can legally be employed. We oppose any approach that requires employers to act as law enforcement and that enacts harsh penalties on employers who don't catch falsified employment documents.

Trade Policy

Lumber

Softwood lumber accounts for over forty percent of the cost to manufacture structural building components. Consequently, our industry is very sensitive to short-term cost fluctuations of lumber. For instance, a cost increase of 20 percent can reduce our revenue by nearly 10 percent if we cannot pass the increased lumber cost on to our customers. Very often, due to fixed construction budgets, we are unable to pass along that cost.

In 2016, a third of the softwood lumber consumed in the U.S. came from Canadian forests. This is due in large part because 2016 estimates indicate U.S. mills have the capacity to meet only 65-70 percent of total U.S. demand.

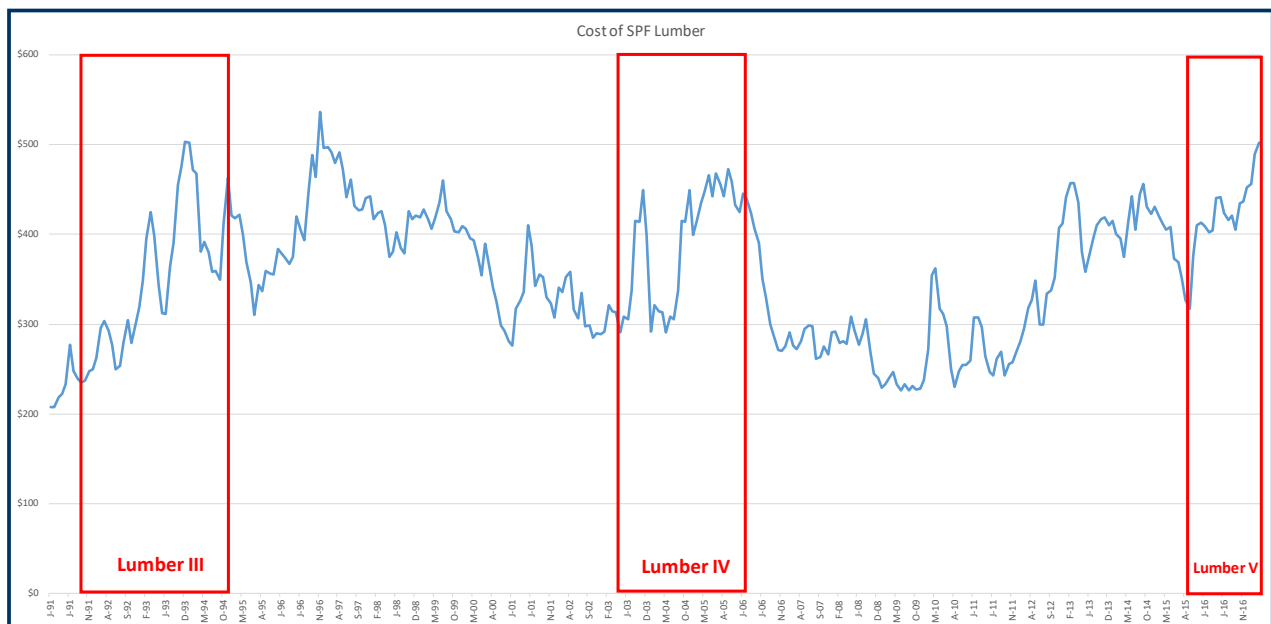
Since the last softwood lumber trade agreement (SLA) expired in October 2015, free lumber trade between the U.S. and Canada resulted in a stable lumber market. The cost of lumber rose naturally and systematically as supply and demand conditions dictated. As such, both producers and consumers of lumber were able to adjust to cost fluctuations.

The current lumber dispute with Canada is not good for component manufacturers and other lumber consumers. U.S. policy allows, even incentivizes, U.S. producers to seek countervailing and anti-dumping duties (CVD and AD). In the case of softwood lumber, U.S. lumber petitioners have repeatedly taken this course of action every time an SLA has expired.

Anticipation of the resulting trade sanctions caused significant market volatility and uncertainty during the first half of the year, which threatened the economic viability of many component manufacturers.

To make matters worse, these trade sanctions only apply to softwood lumber, not the products made from them. This means U.S. manufacturers near the U.S./Canada border are at a significant cost disadvantage because their Canadian competitors do not have to pay the tariff on the lumber they purchase.

If a tariff on Canadian softwood lumber is finalized, it will ensure Canadian component manufacturers will be shipping their products into US markets at a profit due to lower lumber costs. This has the very real possibility of putting U.S. component manufacturers out of business.



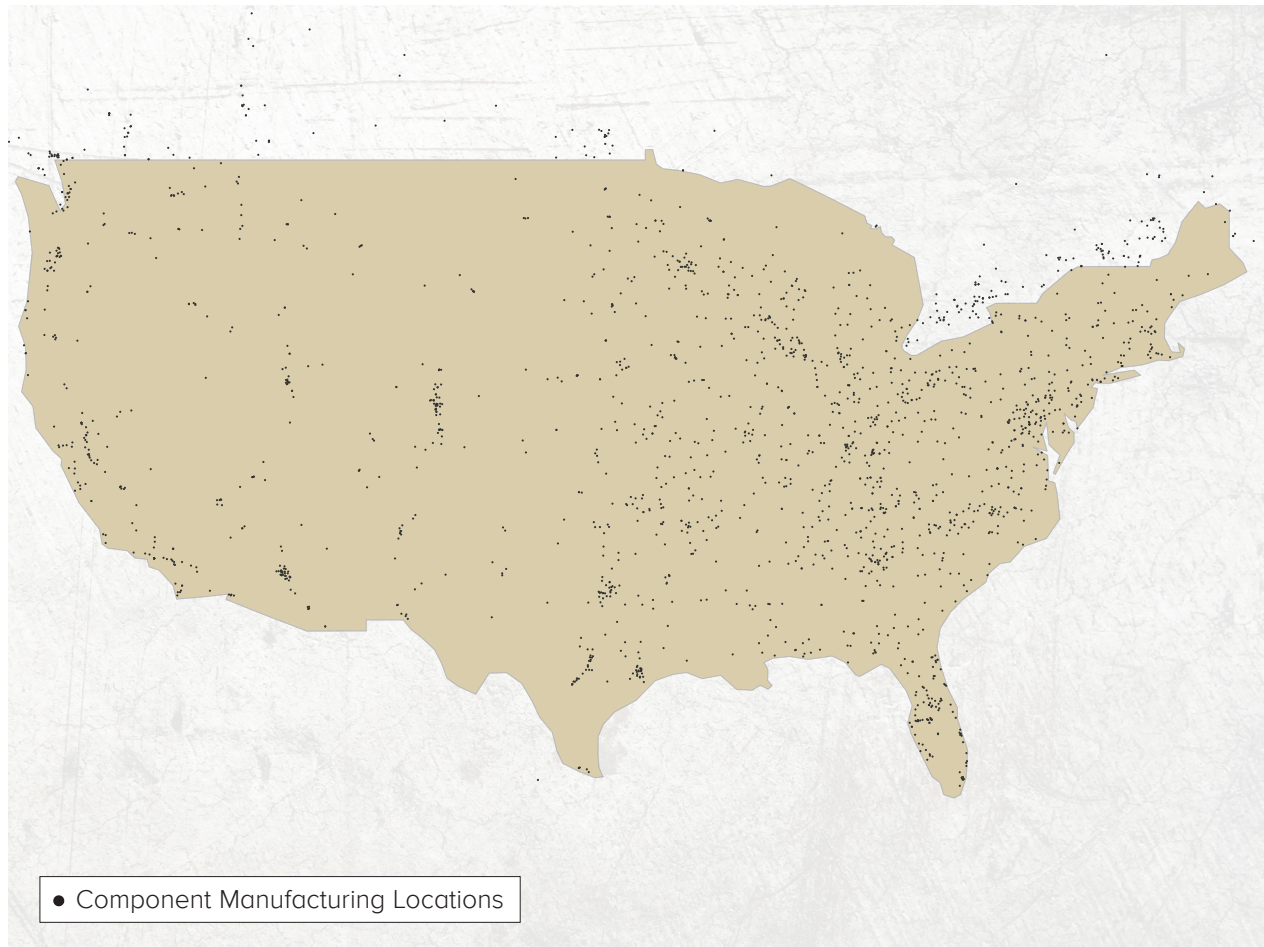


Our industry supports efforts to modify U.S. trade policy so that any future trade actions that mitigate impacts on users of commodities like lumber and steel. In our industry's case, the best scenario is the creation of a border tax equivalent to the raw material trade tariff on all value-added products made from the targeted foreign sources (Canadian lumber or Chinese steel, for example).

2016 U.S. Statistics

Number of Locations: 1761
Employees: 82,784

Payroll: \$2,248,039,870
Total Sales: \$6,187,565,870



SBCA is a national trade association representing the interests of over 600 wood and steel truss and wall panel manufacturer and supplier members across the United States. Our industry manufactures and distributes products worth more than \$6.2 billion annually in sales and provides over 83,000 manufacturing-related jobs.

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