



COMPOSITE PANEL ASSOCIATION

Advancing the wood-based panel and decorative surfacing industries

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GUIDANCE DOCUMENT ON SELL THROUGH PROVISIONS OF THE CALIFORNIA AIR RESOURCES BOARD (CARB) AIR TOXIC CONTROL MEASURE FOR COMPOSITE WOOD MAY 2008

As manufacturers and fabricators prepare for the implementation of the CARB composite wood products formaldehyde emission rule on January 1, 2009, one of the more vexing issues has been the interpretation of the product sell-through provisions in the rule. Fed by misinformation and misinterpretation of the provisions, many producers are struggling to understand just what they need to do to stay in compliance with the regulation.

This informational guidance document, prepared by the Composite Panel Association, was developed to clarify the compliance requirements for the sell-through provisions and assist manufacturers and fabricators in managing their CARB-compliant inventory.

Applicability of the Sell-Through Provisions

Just as with the rest of the CARB rule, the sell-through provisions apply only to those composite wood panels and products containing composite wood products destined for California. Non-CARB compliant composite wood products may be sold and used outside of the state of California without restriction even after January 1, 2009.

Explanation of the Sell-Through Provisions

To help clarify the sell-through provisions, it is useful to remember that the CARB emission standards become effective on January 1, 2009. That date is the key to understanding the sell-through provisions and what can and cannot be done with products.

Beginning January 1, 2009, particleboard and MDF panels manufactured for sale or use in California must comply with the formaldehyde emission limits in the regulation.

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However, CARB recognized that there was a need to build time into the regulation to permit non-compliant products in inventory to work through the supply chain, so the agency incorporated sell-through provisions into the rule. These provisions provide the time needed for products to work their way through the manufacturing-to-retail commerce chain.

The sell-through allowances described below apply first to the rule's Phase 1 compliance deadlines for composite wood panels and finished goods containing composite wood products, and **then again** to the Phase 2 compliance deadlines.

Sell-Through Provisions for Composite Wood Panel Manufacturers and Importers

- Composite panels manufactured on or after each of the Phase 1 and Phase 2 deadlines must be CARB-compliant.
- Composite panel manufacturers have **3 months** following each of the Phase 1 and Phase 2 deadlines to ship any non-compliant panels produced before the effective date out of their inventory.

Example 1: A manufacturer produces a non-compliant particleboard panel on November 22, 2008. This panel does not comply with the regulation. Even if non-compliant, this panel may be sold out of inventory through March 31, 2009.

Example 2: A particleboard manufacturer produces a panel on January 2, 2009. This panel must comply with the CARB requirements.

Sell-Through Provisions for Distributors of Composite Wood Panels

- Distributors have **5 months** after each of the Phase 1 and Phase 2 deadlines to move any non-compliant panels produced before the deadline out of their inventory.

Example 1: A distributor has an inventory of non-compliant MDF panels produced before January 1, 2009. These panels do not comply with the regulation. Even if non-compliant, these panels may be sold out of inventory through May 31, 2009.

Example 2: A distributor purchases an MDF panel made on January 2, 2009. This panel must comply with the CARB requirements.

Sell-Through Provisions for Composite Wood Panel Retailers

- Composite panel retailers have **12 months** to sell non-compliant panels produced before any of the Phase 1 and Phase 2 deadlines off their store shelves.

Example 1: A retailer has an inventory of non-compliant particleboard panels produced before January 1, 2009. These panels do not comply with the regulation. Even if non-compliant, these panels may be sold out of inventory through December 31, 2009.

Example 2: A retailer purchases a particleboard panel made on January 2, 2009. This panel must comply with the CARB requirements.

Sell-Through Provisions for Fabricators

- Fabricators have **18 months** after each of the Phase 1 and Phase 2 deadlines to use up any inventory of non-compliant composite panels made before the effective dates and sell those finished goods made with non-compliant composites.

Example 1: A fabricator has an inventory of non-compliant particleboard panels produced before January 1, 2009. These panels do not comply with the regulation. Even if non-compliant, these panels may be used in the production of finished goods as long as the finished products are sold by July 1, 2010.

Example 2: A fabricator uses non-compliant particleboard panels produced before January 1, 2009 to manufacture finished goods. These finished goods do not comply with the regulation. Even if non-compliant, these goods may be sold through June 30, 2010.

Example 3: A fabricator purchases an MDF panel made on January 2, 2009. This panel must comply with the CARB requirements.

Example 4: A fabricator manufactures a finished good using particleboard panels produced on January 2, 2009. This finished good must comply with the CARB requirements.

Sell-Through Provisions for Distributors, Importers, and Retailers of Finished Goods

- Finished goods retailers have **18 months** after each of the Phase 1 and Phase 2 deadlines to sell their inventory of finished goods made with non-compliant composite panels.

Example 1: A finished goods retailer has an inventory of finished goods made with MDF panels that were produced before January 1, 2009 and are non-compliant. These goods do not comply with the regulation. Even if non-compliant, these goods may be sold through June 30, 2010.

Example 2: Taking advantage of an allowable product sell-through from a fabricator, a finished goods retailer purchases finished goods after January 1, 2009 that were made with MDF panels produced before January 1, 2009 and are non-compliant. These goods do not comply with the regulation. Even if non-compliant, these goods may be sold through June 30, 2010.

Example 3: A finished goods retailer purchases a finished good made with an MDF panel produced on January 2, 2009. This finished good must comply with the CARB requirements.

For more information, contact the Composite Panel Association at (703) 724-1128 or visit us on the web at www.pbmdf.com.

Additional information can be found at these websites: www.CARBrule.org and www.ITCClab.org.

Effective Dates in CARB rule:

January 1, 2009: Phase 1 limits for particleboard, MDF, Hardwood Plywood (Veneer Core)

July 1, 2009: Phase 1 limits for Hardwood Plywood (Composite Core)

January 1, 2010: Phase 2 limits for Hardwood Plywood (Veneer Core)

January 1 2011: Phase 2 limits for particleboard, thick MDF

January 1, 2012: Phase 2 limits for thin MDF

July 1, 2012: Phase 2 limits for Hardwood Plywood (Composite Core)

Sell Through Example for January 1, 2009 Phase 1 Effective Date

