



INSIDE THE DIE

from Freeman Manufacturing & Supply Company



www.DieBoard.com

Dieboard Inventory Update

Recent news on Russian Birch Dieboard

It has been a while since we've sent out a message to the industry. Although the dieboard situation isn't quite as crazy as it was last summer, it is still a long way from being stable.

As you may have read, the US government is in the process of imposing additional economic sanctions against Russia. This only makes sense as we are investing billions to aid Ukraine's efforts to defend itself. So we thought we'd provide an interim update on the Russian birch situation.

The good news is that, so far, Russian birch dieboards don't seem to be affected by this latest round of sanctions. However, based on how last year transpired, we aren't counting on anything. Everything is fluid. As usual, we have some product on the water heading our way, but we can't be certain that it won't cost us significantly more before it ever lands in our warehouse. Or it could be just fine...time will tell.

Dieboards are just a small sliver of the wide variety of applications for baltic birch, so our industry won't factor much in what our politicians decide to do, or when.

Future Allocations

Regardless of how this year goes or how our stock levels or costs are affected by changes in the political landscape, we **WILL NOT** be placing any Russian birch product on allocation. **So please plan your own purchases and stock levels accordingly.** Last year, we placed our birch on allocation to minimize hoarding and stockouts. This resulted in some frustration (understandably) and a competitive and financial loss to us as some customers simply hoarded from elsewhere. So we will not be allocating our birch dieboards this year, regardless of circumstance. It will remain first come, first served. While we are still purchasing Russian birch, we are doing so in smaller quantities because of the changes in customer preferences and our investments in alternatives.

Long-Term Outlook

Obviously, the ideal situation would be for a ceasefire and an end to the Ukraine conflict. The men and women in Russia actually making our dieboards have little to do with Putin and his political objectives, but facts are facts...the more business we do with them, the more money becomes available to their war effort.

In the meantime, Russian birch faces some strong headwinds:

1. **Refusal to buy** - More US companies are indicating to us that they refuse to buy Russian dieboard, regardless of price.
2. **Loss of capacity** - We have to at least consider the probability that Russia might begin losing capacity as some of their labor may be relocated into the war effort.
3. **Port security** - when the fighting ramps up in May (after the heavy mud dries and tanks can once again traverse the terrain) the remaining active ports may become a military target.
4. **Limited vessels** - most international shipping companies are refusing to allow their vessels to dock at Russian ports.
5. **Insurance** - as of January 1, many shipping insurance companies are refusing to insure vessels carrying Russian goods.

We remain committed to finding as many alternatives to Russian birch as our industry requires and we have other options in the pipeline.

So again, please plan accordingly. Please contact your sales rep at your soonest convenience to discuss inventory, pricing, and logistics. And we will continue managing our supply chain to serve steel rule diemakers to the best of our abilities.

Thank you,

*The Freeman Team
Freeman Manufacturing & Supply Co.*