Hardwood Supply in the Pacific Northwest

The challenges and opportunities confronting the PNW hardwood supply were discussed at the Washington Hardwoods Commission annual meeting earlier this month. More alder is being harvested than is sustainable, even though the growing stock is much greater than the harvest. The problem rests in the regulations that prohibit logging, from riparian set asides to endangered species protection to other government rules and regulations.

Speaking to landowners and land managers, an impressive list of expert presenters laid out solutions that would make economical, environmental and social sense. The scientific community was well represented and challenged to bridge the gap between science and economics.

A Hardwood Conversion Template would allow the forest landowner to bypass an expensive forest practices application in favor of an environmentally proven template resulting in greater harvest in restricted areas without harming the environment.

The small forest landowner is critical to the alder supply. With over 100,000 smalls in Oregon and Washington, just managing the current hardwood on their land and planting more hardwood would assure a sustainable supply in about 25 years. In the meantime, more harvest on state and federal lands would not only supply the hardwood needs but would aid in the removal of debris on the forest floor helping to supply the growing bioenergy market and reducing forest fire risk.

A new management tool was unveiled to help project the growth and yield of alder. Twenty years in the making, with hundreds of plots measured, thinned, and recorded, the Alder Growth and Yield Model can also show the economic return through proper management.

Long term market opportunities look bright through the prism of silviculture, management, science, and a just plain common sense approach. Add a big dose of a national hardwood promotion plan and sustainable hardwoods from the northwest will be a viable industry for the long run.
FIRE POLICIES REVIEWED

On June 14th, the Senate Energy and Natural Resources Committee held a hearing to probe the wildfire management programs of the Forest Service and BLM. The timing of the hearing coincided with the ongoing fires in the southwest, in particular the Wallow Fire which has burned over 500,000 acres in Arizona.

Chief Tidwell was asked about the lack of use of the Healthy Forests Restoration Act that promoted treatments across 20 million acres using expedited authorities. To date less than one-third of this acreage has been treated and lawmakers criticized the slow pace of treatments in the face of large fires like Wallow.

WASHINGTON LEGISLATIVE SUMMARY

The Washington Legislature adjourned their special session on May 25th after reaching an agreement on the operating and capital budgets of $32.2 billion. Lawmakers had to close a projected deficit of more than $5 billion for next biennium’s budget. The final budget makes nearly $4.6 billion cuts to real and projected state spending.

OCTOBER FLY-IN

Mark your calendar for October 4-5, 2011 and plan to attend the Annual Fly-in in Washington, DC. If you care about the future of your business and your industry, we know you’ll want to do everything possible to attend this event. Hardwood Federation members (all WHA members are HF members) will participate in meetings with key Members of Congress from their state and Members sitting on key committees, enjoy important networking with industry leaders from around the country, and hear from important policy makers in the Obama administration and Congress. Members of Congress constantly tell HF that setting up meetings with constituents is one of HF’s most valuable services.

This year’s Fly-in will be held at the Phoenix Park Hotel. For more information on the Fly-in, please contact Cary Moon at cary.moon@hardwoodfederation.com or (202) 463-5186.

HARDWOOD SPECIES FORECASTS

The economic recovery will eventually pick up steam…but probably not this summer. Instead, companies throughout the hardwood supply chain will continue to feel the effects of slow housing starts, limited commercial construction, and sluggish remodeling activity. Unfortunately, most companies will have to maintain the “hunker down and ride it out” mentality a while longer.

Relatively strong exports and recent weather-related production declines have kept hardwood lumber prices firm to rising despite subpar demand from most domestic markets. Over the next couple of months, however, this delicate balance will shift. Shipments to Europe will be...
seasonally slower and most indications are that Chinese markets will be quieter—possibly much quieter. Moreover, production is set to increase, even if only marginally. After a brief period of stability, hardwood supply will edge past demand by midsummer.

**Alder**—Domestic demand for Alder dropped off in the late 2000s, largely due to the slump in cabinet sales. Likewise, U.S. exports of Alder lumber fell almost 60% between 2005 and 2009. During that time, Alder production also plunged, as several mills either closed or reduced operating hours. Domestic Alder sales are still highly dependent on purchasing by cabinet makers—whether mill direct or from distribution yards—whose business will show little or no improvement this summer. U.S. Alder lumber exports to China in 2010 increased 75% year-on-year and another 21% in Q1 2011, during which time China accounted for 72% of the species’ export volume. While Alder’s versatility should keep Chinese buyers interested, they may curb purchases in the summer because they’ve received so much in recent months.

**Cottonwood**—Major end-users of Cottonwood know that its production is routinely disrupted by wet weather and flooding in the spring and early summer, so they keep large inventories and write long-term purchasing contracts with sawmills to avoid running out. That strategy has been especially helpful this year, as the Mississippi River and other rivers in Cottonwood producing regions have crested well above flood stage. Reserve supplies of Cottonwood logs are such that buyers with purchasing contracts should receive their expected allotments this summer. Buyers that haven’t made arrangements in advance may go wanting. - excerpted from Hardwood Review Express
WEST COAST CONDITIONS

Distributors, wholesalers, and end users all continue to report mixed conditions on the West Coast. As the rebuilding efforts begin in Japan and large quantity orders begin to come in production is expected to suffer with log shortages causing additional downtime for the mills. Improved weather conditions in surrounding states seem to be helping increase domestic demand. One source noted that “costs associated with production are also increasing. Virtually all raw material costs are rising; so then are the prices of most products. The past fifteen months have seen growing and visible improvements in the economy as we came back from the depths of the recession.”

In a National Association of Home Builders (NAHB) Construction Forecast Webinar, participating economists agreed that while the housing market is on the road to recovery, several factors in the coming months could contribute to a bumpy ride.

Many factors continue to drag on housing at this time—including the critical shortage of credit for new and existing projects, competition from short sales and foreclosures, and regional economic disparities,” said NAHB’s Chief Economist David Crowe.

GREAT NEWS FROM THE FOREST SERVICE LAB

A recent post by Robert Hudson Westover, Public Affairs Specialist, USDA Forest Service, in May reports a study by researchers at the U.S. Forest Service, Forest Products Laboratory (http://www.fpl.fs.fed.us/). The report shows that the lowest rates of deforestation and forest carbon emissions occur in global regions with the highest rates of forest product output.

Counter intuitively global regions with the highest rates of deforestation and forest carbon emissions rank lowest in forest product output or what is referred to technologically as industrial roundwood harvest.

These findings are significant when looking at forest management not only in terms of sustainable timber supply and demand, but also from a climate change perspective. Global deforestation is a major contributor to carbon emissions and greenhouse gases, while forest management and growth is a major factor in the reduction of carbon dioxide in the atmosphere. The study is available at http://www.treesearch.fs.fed.us/pubs/37326.

MORE FORESTS...MORE WOOD PRODUCTS

Credit the USDA Forest Service for recently becoming more public and proactive to promoting the wood industry. For the second time in three months, agency personnel have extolled the virtues of using more wood. This is a welcome development and another step towards getting a federal endorsement of U.S. hardwood sustainability, which was a key goal identified at the 2010 Hardwood Leaders Forum.
Back on March 30, U.S. Secretary of Agriculture Tom Vilsack announced a new federal green building policy that included the recognition of a broad range of green building certification standards (not just LEED) and the promotion of wood use in construction. “Our country has the resources, the work force and the innovative spirit to reintroduce wood products into all aspects of the next generation of buildings,” he was quoted in a USDA press release. “As we move forward with restoring America’s forests, we are getting smarter and more efficient in how we use wood products as both an energy and green building source, which helps maintain rural jobs.” - excerpted from Hardwood Review Express

Get Motivated

THE UN-COMFORT ZONE

with Robert Wilson

WHAT'S THE WORST THAT CAN HAPPEN?

"Who wants to give their oral report first?" Asked Mrs. Davis, my sixth grade teacher.

The dreaded day had finally arrived when each of us would have to stand in front of the room and speak to the class. The butterflies in my stomach were flapping a tornado.

Not a single hand went up. In fact, there was no movement in the room at all. There wasn't a desk creaking under the shifting weight of a single body, no paper rustling, no pencils scratching, not even a cough. Nothing. The room had never been quieter. Every kid was sitting as still as a statue. The anxiety in the classroom was palpable.

"If someone doesn't volunteer, then I will start..."
picking you at random."

Every student suddenly wished for invisibility. I saw a few heads bow in the hopes of achieving it. But, mostly I saw wide-eyed fright - the deer in the headlights look - predominate the room.

She started scanning the room and said, "Okay, then I'll choose..."

I couldn't take it anymore; I just wanted to get it over with. Almost involuntarily, my hand shot up. Then to my surprise, unexpected benefits started coming my way immediately.

Mrs. Davis began praising me for my courage. She said that I would set the standard by which everyone following me would be judged. Her praise gave me instant confidence, and I could feel the nervousness melt away. I stood before the class and delivered my report with authority and self-assurance. I then got to sit down and relax, and enjoy everyone else's presentation without the fear that I would be called on next.

It was a seminal moment - a life changing experience - I discovered that being bold could have enormous rewards. It was a lesson I have carried ever since.

A few years would pass before I tested my boldness again. I was interested in student government in high school, and on several occasions ran for office. Each time, however, I chose to run for the lesser offices and each time I lost. My last opportunity to run came at the end of eleventh grade. This time I threw all caution to the wind and went after the big prize: President of the Student Council.

I won. As a result I enjoyed a full year of confidence building responsibility. The rewards I enjoyed for that moment of daring were enormous. I went from being just another kid in the school to being treated like an adult by the teachers and administration. It opened more opportunities than I could have imagined.

Tennis star, Billie Jean King, once said, "Be bold. If you're going to make an error, make a doozy, and don't be afraid to hit the ball."

I have also learned that when you go for the big prize, you will not face a lot of competition. I'm not saying the competition isn't tough - there just aren't as many competitors. That's true in business too. Go for the higher paying job. Pitch your product to the biggest client. Ask the most beautiful girl or handsome guy for a date.

Emily Dickinson said, "Fortune befriends the bold."

So, the next time you have an opportunity to take a bold step, ask yourself this, "What's the worst that can happen?" Then go for it!

Robert Evans Wilson, Jr. is a motivational speaker and humorist. For more information, visit http://www.jumpstartyourmeeting.com.