

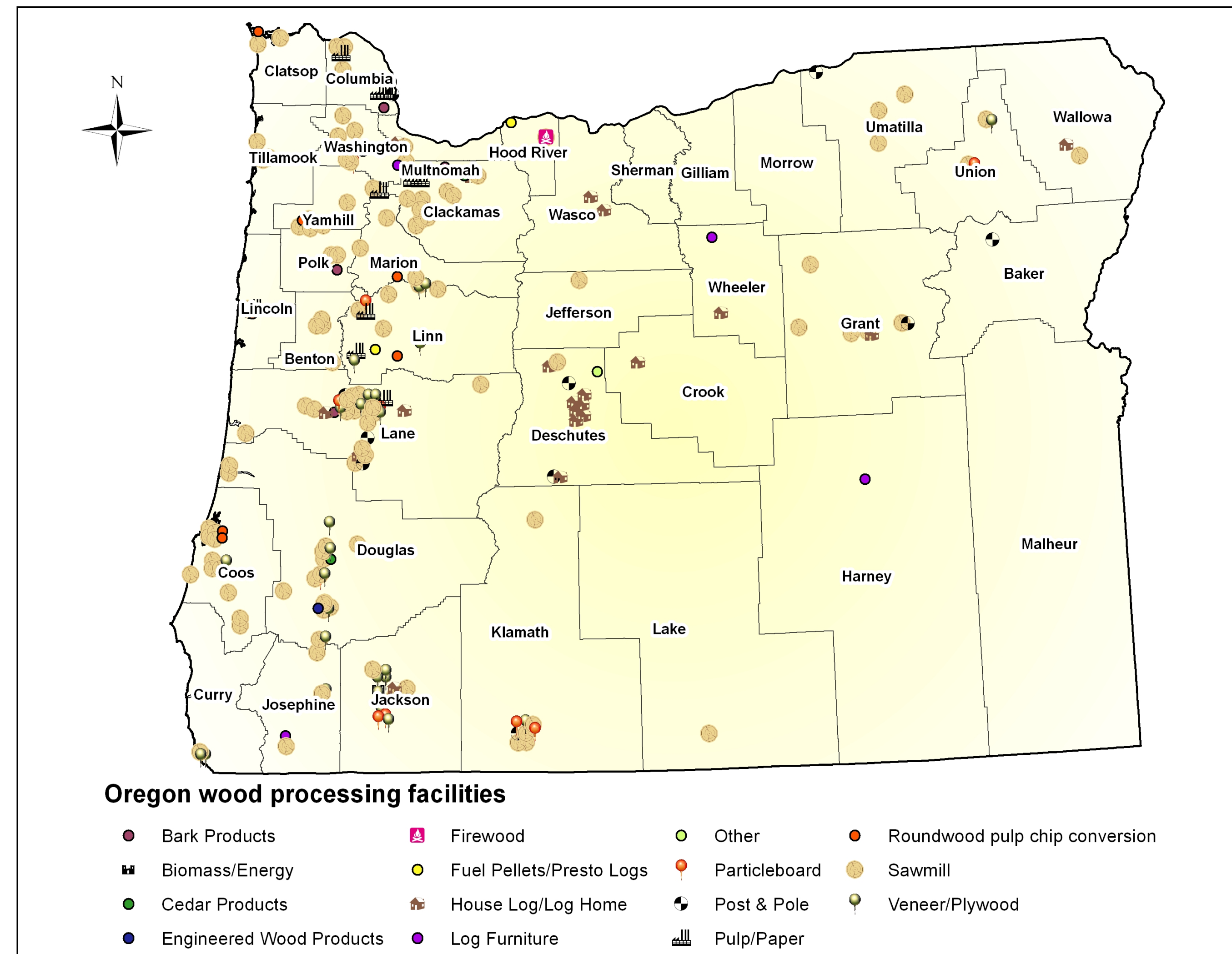
Oregon's Wood Product Industry 2008-2010: Timber Harvest and Industry Trends of the Great Recession

By
Charles B. Gale, Charles E. Keegan, Erik C. Berg, Colin B. Sorenson, Todd A. Morgan, Paul Polzin,
Jean Daniels, and Glenn Christensen

Introduction:

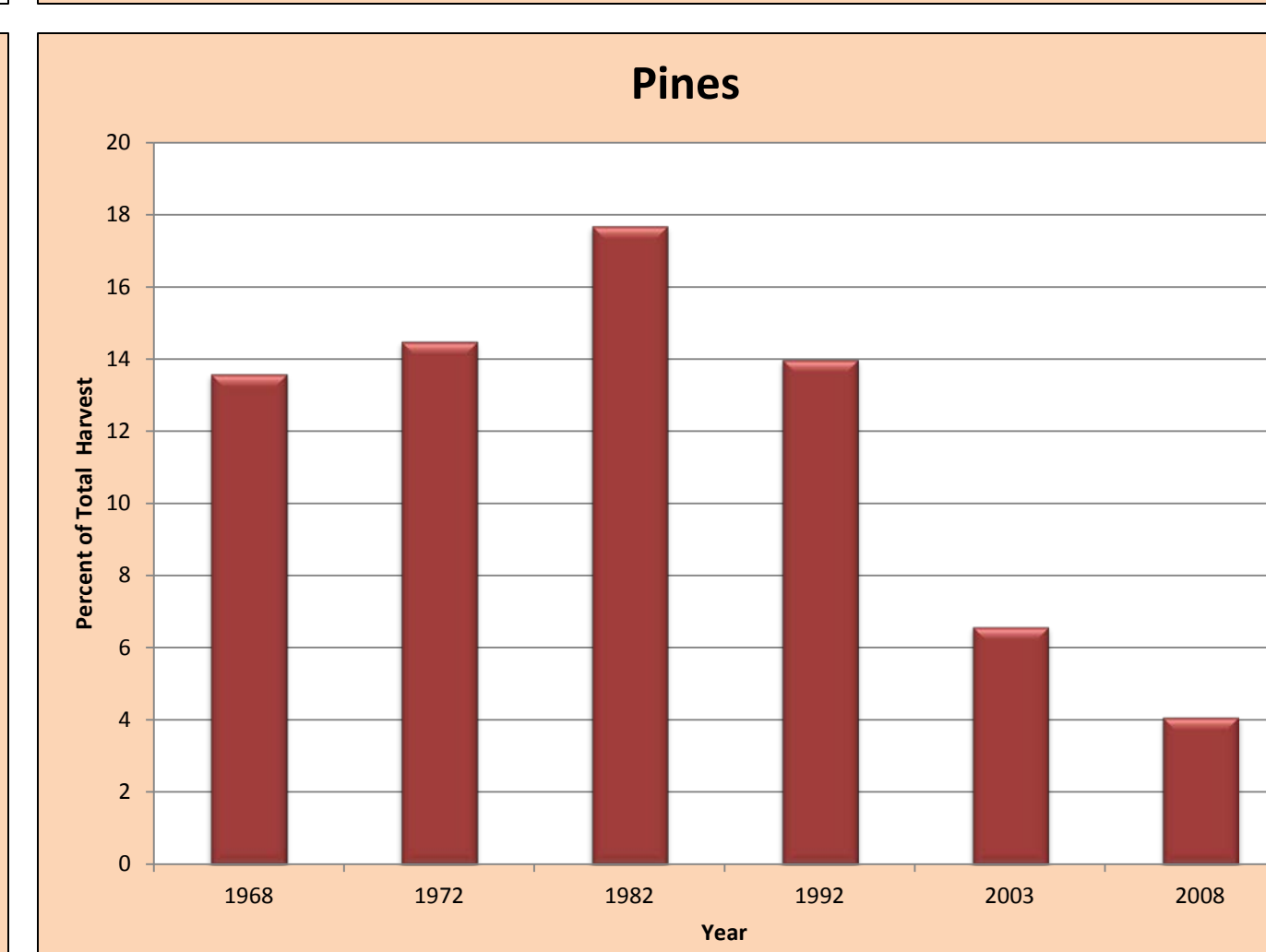
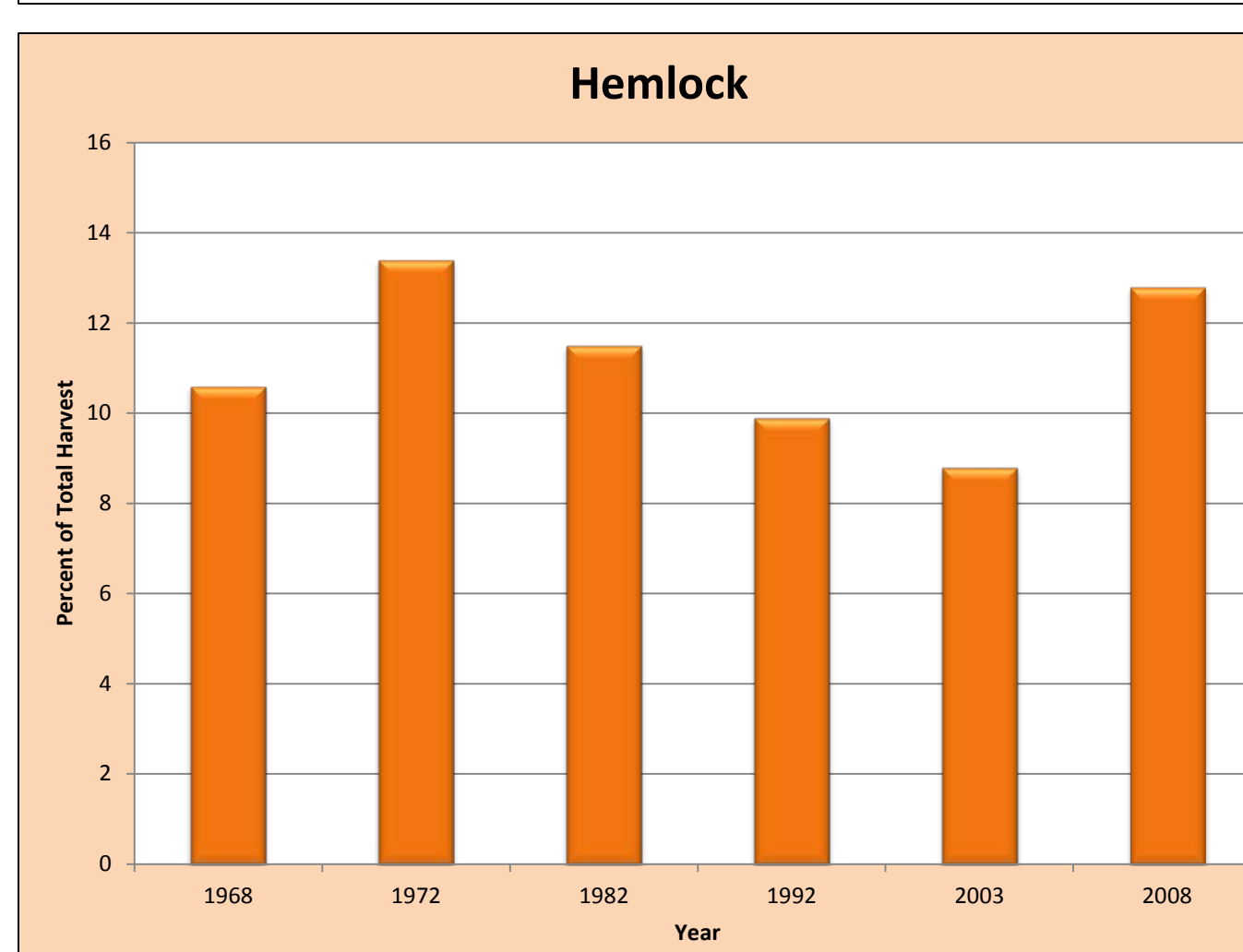
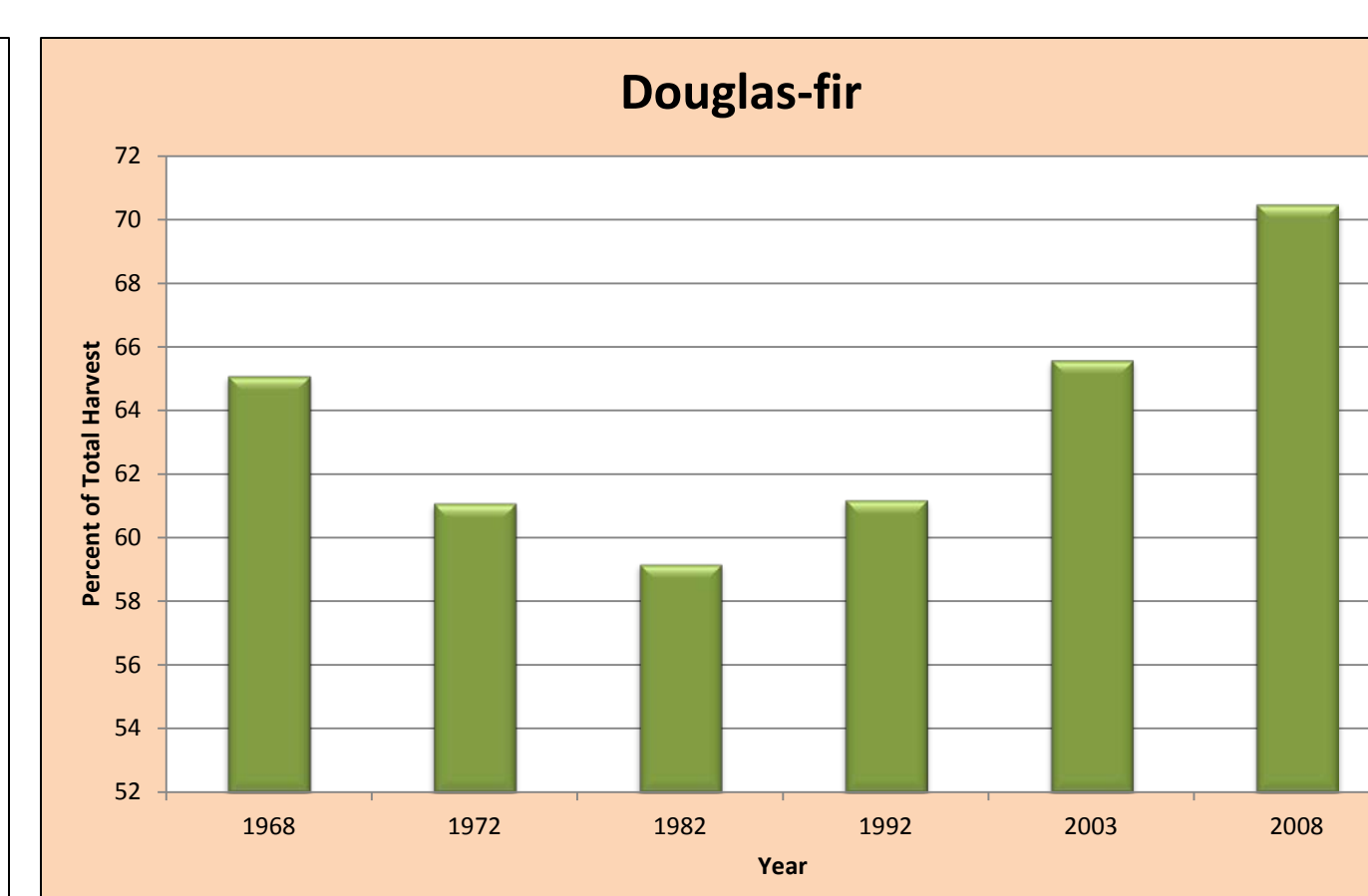
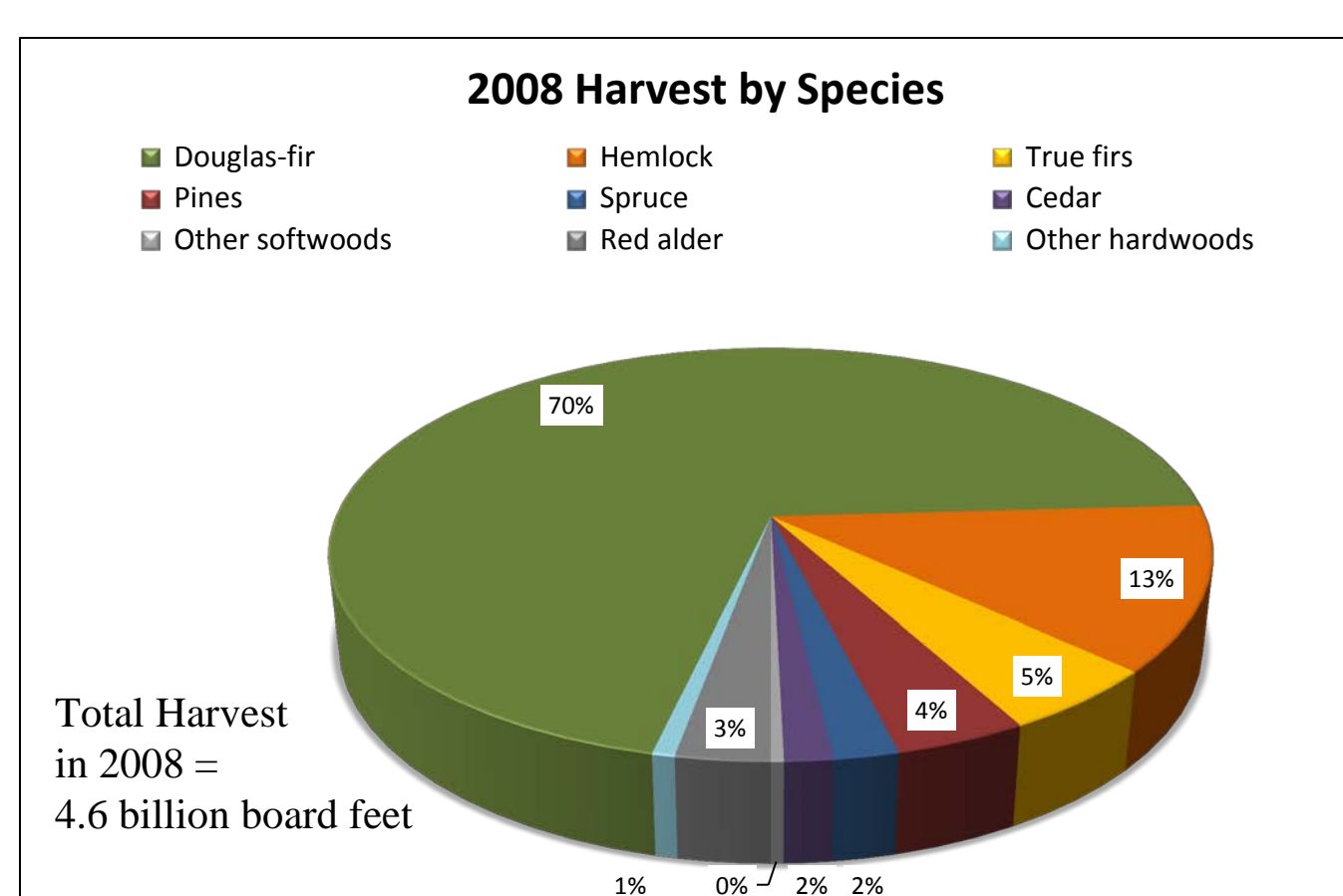
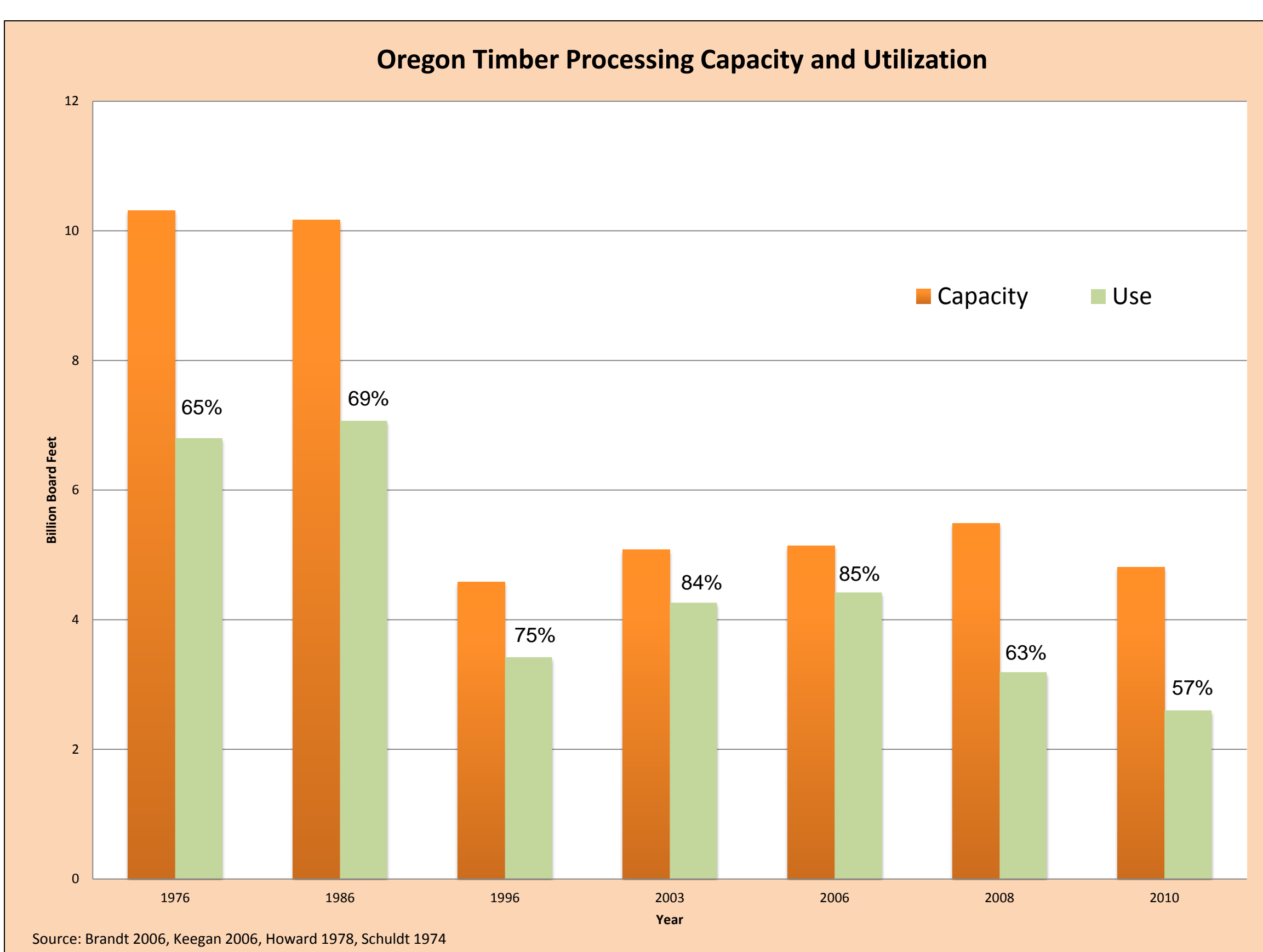
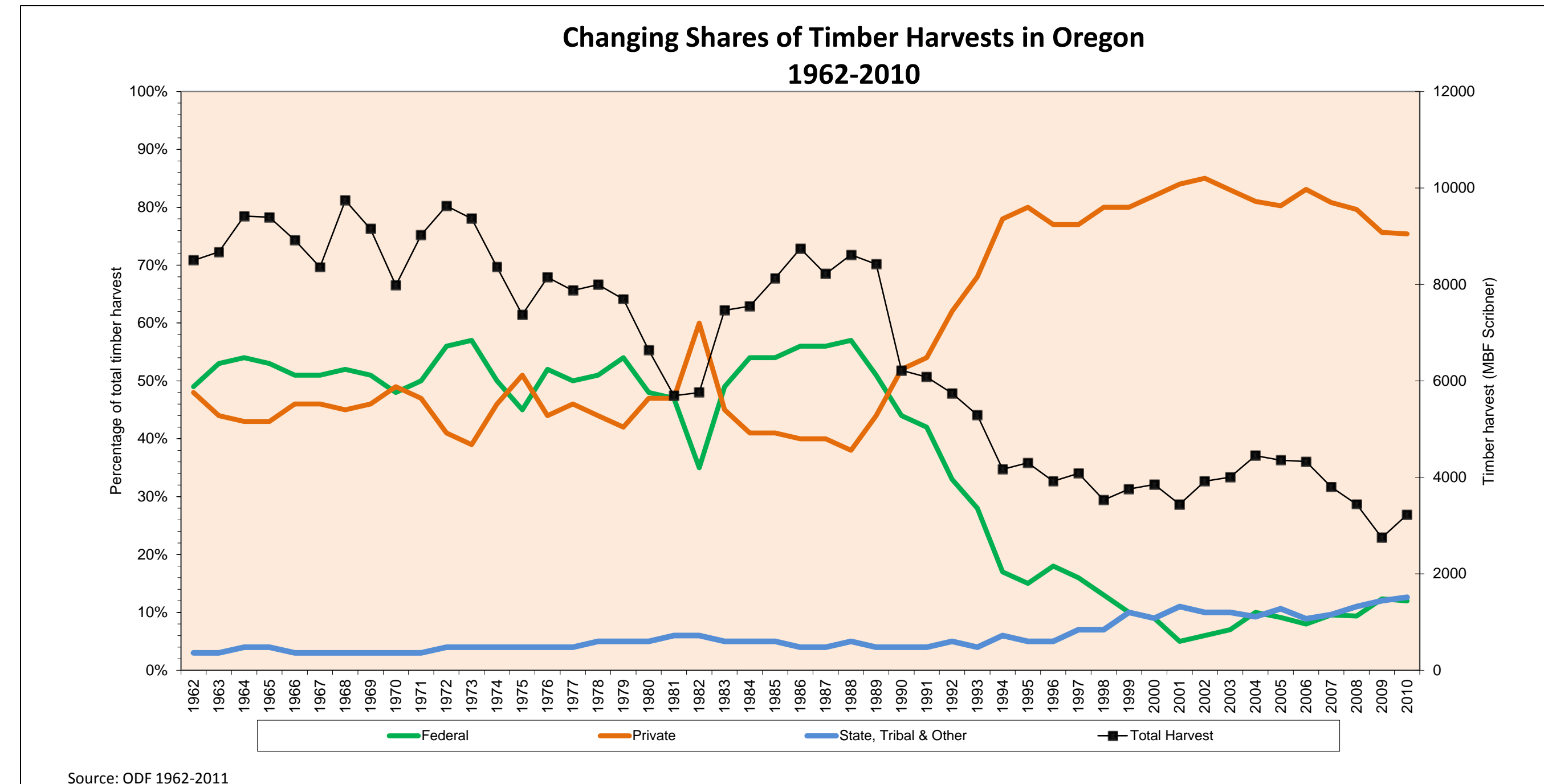
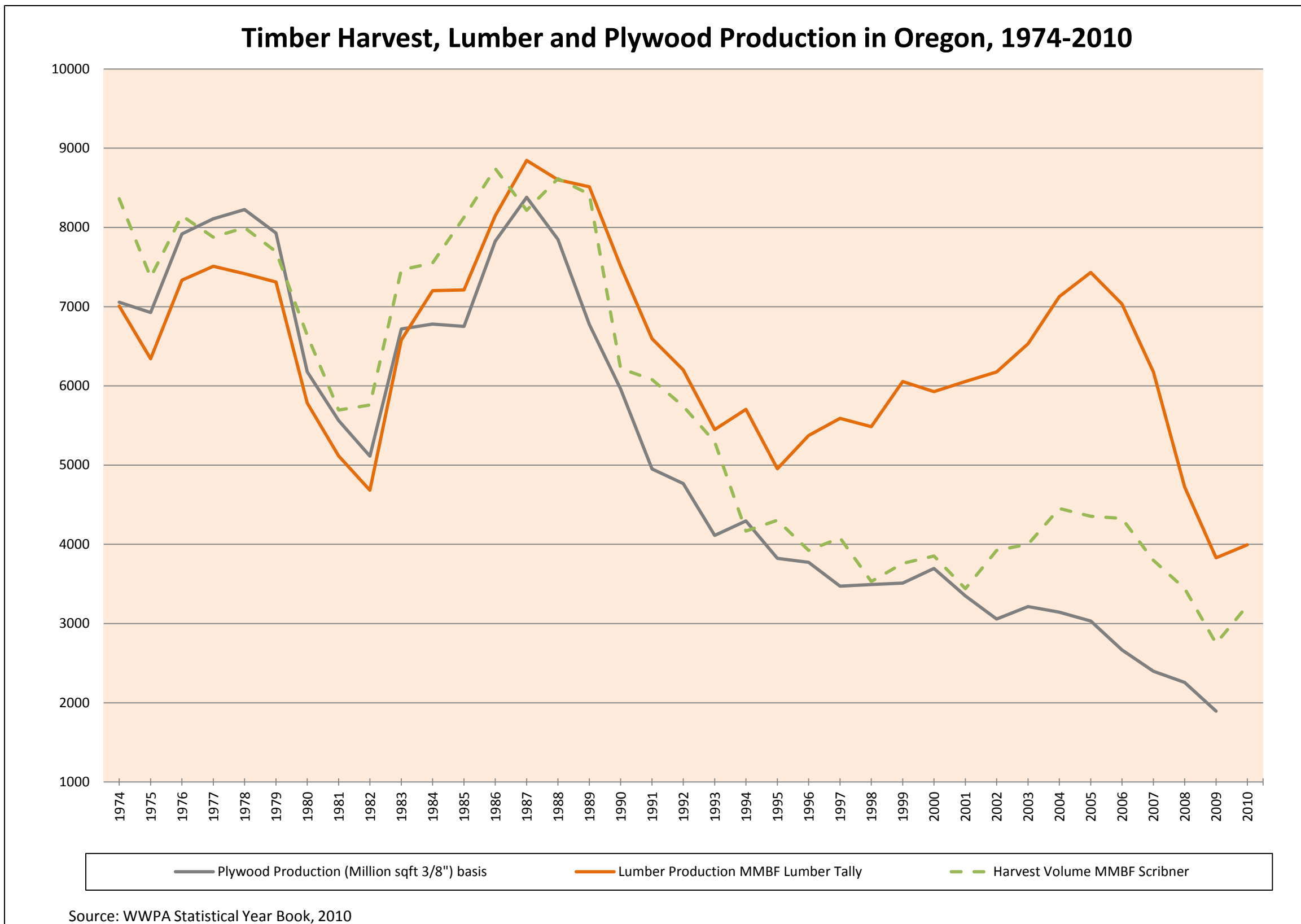
This census of Oregon timber processors is a cooperative effort between The University of Montana's Bureau of Business and Economic Research (BBER) and the PNW-FIA Program. The BBER, in cooperation with the FIA programs in the Rocky Mountain and PNW Research Stations, developed the Forest Industries Data Collection System (FIDACS) to collect, compile, and make available state and county-level information on the operations of the forest products industry. The FIDACS is based on a census of primary forest product manufacturers located in a given state. Through a written questionnaire or phone interview, manufacturers provide the following information for each of their plants for a given calendar year:

- Plant production, capacity, and employment
- Volume of raw material received, by county and ownership
- Species of timber received and live/dead proportions
- Finished product volumes, types, sales value, and market locations
- Utilization and marketing of manufacturing residue



Results and Highlights:

- A total of 221 facilities were identified as operating in Oregon during 2008:
 - 116 lumber facilities
 - 28 plywood and veneer plants
 - 22 house log manufactures
 - 20 pulp and board facilities
 - 15 chipping, bark products, fuel pellets, and energy plants
 - 10 post, pole, piling, and utility pole manufacturers
 - 10 log furniture, cedar products, export, and engineered wood products manufacturers
- The pulp and reconstituted board sectors accounted for 50 percent of total 2008 sales just under \$3.2 billion. The lumber sector accounted for almost \$1.5 billion (23 percent) of the total. Plywood and veneer sectors made up 18 percent of the sales value with slightly less than \$1.2 billion in total sales.
- The Oregon forest products industry employed about 50,598 workers and paid approximately \$3.05 billion (2008 dollars) in labor income in 2008. The primary sector accounted for about 70 percent of these employees (35,000 workers) and the secondary sector employed the remaining 16,000 workers.
- With the fall off in U.S. housing markets beginning in 2006, the global financial crisis in 2008, and record low housing starts in 2009, the value of wood and paper products from Oregon producers fell sharply from over \$9 billion in 2005 to \$6 billion in 2008, and to approximately \$4.6 billion in 2009 with 2010 estimated at just over \$5 billion
- By the end of 2010 more than a dozen large mills and numerous small mills had closed permanently. Operations at most other facilities were curtailed in both 2009 and 2010. Timber processing capacity dropped from 5,142 MMBF in 2006 to 4,531 MMBF in 2010. Capacity utilization which normally exceeds 80 percent in good markets dropped to 62 percent in 2008 and under 57 percent in 2009 and 2010.
- Oregon lumber production dropped from 7.4 billion in 2005 to 3.8 billion in 2009.
- The annual harvests from 2008 through 2010 were the three lowest since the Great Depression with 2.7 billion board feet in 2009, the lowest harvest since 1934. Oregon lumber production declined drastically with the collapse of the U.S. housing starts, production in 2008 dropped to 4,700 MMBF and then to 3,800 MMBF in 2009 (WWPA 2010).
- While there has been a modest loss in timber processing capacity in the last few years, Oregon's industry retains 90 percent of its pre-recession (2006) capacity with just over half of that capacity utilized in 2010. This low utilization of capacity suggests the possibility of additional mill closures but offers the possibility of large and rapid increases in output when overall markets improve.



Literature Cited:

- Brandt, J.P., T.A. Morgan, T. Dillon, G. J. Lettman, C.E. Keegan, Azuma, D.L., 2006. Oregon's Forest Products Industry and Timber Harvest, 2003. Gen. Tech. Rep. PNW-GTR-681. Portland, OR: USDA, Forest Service, Pacific Northwest Research Station, 53p.
- Oregon Department of Forestry [ODF]. 2011. Complete harvest data 1962-present. http://www.oregon.gov/ODF/STATE_FORESTS/FRP/annual_reports.shtml. Last accessed February 2011.
- Ward, F.R., G.J. Lettman, and B.A. Hiserote. 2000. Oregon's forest products industry: 1998. Portland, OR: USDA, Forest Service, Pacific Northwest Research Station. Oregon Department of Forestry, 82 p.
- Western Wood Products Association [WWPA]. 2010. 1964-2009. Statistical yearbook of the Western Lumber industry. Portland, OR.

Contact us:

Bureau of Business & Economic Research
www.bber.umt.edu

Charles B. Gale
Charles.gale@business.umt.edu

Erik C. Berg
Erik.berg@business.umt.edu

Todd A. Morgan
Todd.morgan@business.umt.edu