

# Montana's Forest Industry Conditions & Outlook 2017

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# Forest Industry Research

- **State harvest & industry analyses**
- **Logging utilization studies**
- **Regional timber harvest reporting**
- **Quarterly Montana information**
- **Other forest economics projects**

# Montana's Forest Industry

- Forestry & logging
  - Wood & paper products manufacturing
  - Forestry support
- + Public sector



# Occupations & Wages in Montana's Forest Industry

Occupation	Employment	Median Wage	90 <sup>th</sup> P-tile Wage
Forest Worker	40	\$26,080	\$34,950
Logging Equipment Operator	390	40,110	50,080
Faller		45,340	70,390
Forester	190	52,620	72,220
Saw Operator	390	28,090	47,170
Cabinetmaker	660	29,490	47,100
Woodworking	480	35,880	47,840
Millwright	170	46,070	60,090

Source: Bureau of Labor Statistics

# Forest-related Occupations & Wages in Montana

Occupation	Employment	Median Wage	90 <sup>th</sup> P-tile Wage
Forest & Conservation Tech.	2,070	\$31,940	\$51,420
Cartographer	70	47,770	72,830
Environmental Engineering Tech.	100	52,410	71,980
Conservation Scientist	540	58,570	84,230
Natural Science Manager	330	88,910	124,010

Source: Bureau of Labor Statistics



# Montana's Forest Industry

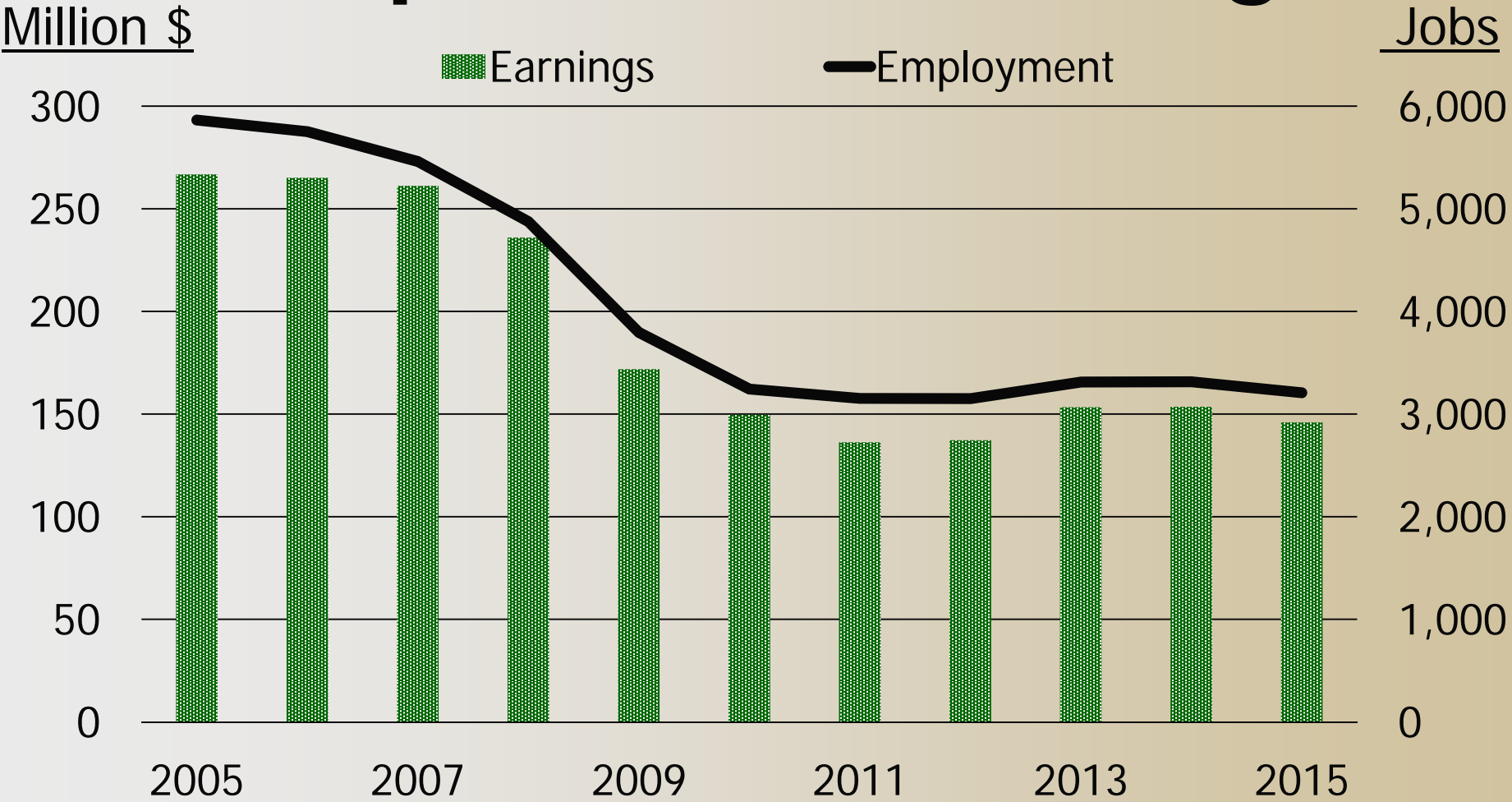
	<u>2005</u>	<u>2009</u>	<u>2015</u>
<b>Workers</b>	<b>9,821</b>	<b>7,620</b>	<b>7,556</b>
<b>Earnings (millions)</b>	<b>\$396</b>	<b>\$277</b>	<b>\$320</b>
<b>Primary sales (millions)</b>	<b>\$1,078</b>	<b>\$592</b>	<b>\$589</b>
<b>Lumber production (MMBF)</b>	<b>1,001</b>	<b>418</b>	<b>535</b>

Sources: Bureau of Economic Analysis, Western Wood Products Association, BBER

# Montana Wood Products 2016 Conditions

- Slow U.S. homebuilding growth continued.
- Lumber & panel prices were up slightly.
- Strong dollar, changing demand from China, and end of SLA were challenges to industry.
- Private & public timber availability constrained most Montana mills.
- Weyerhaeuser purchased Plum Creek and closed two mills.

# Montana Wood Products & Paper Manufacturing



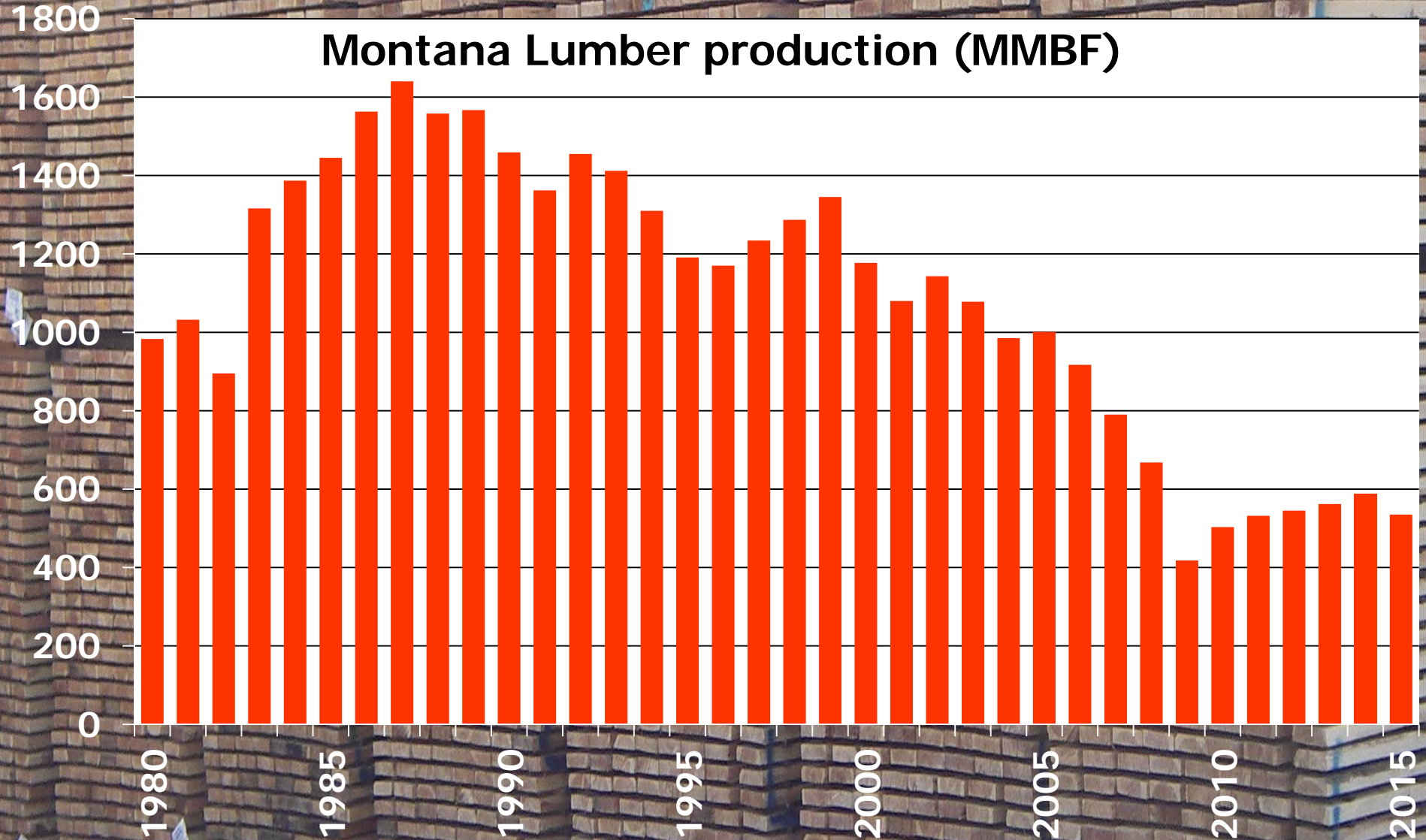
Source: Bureau of Economic Analysis



# Montana's Primary Wood Products Industry

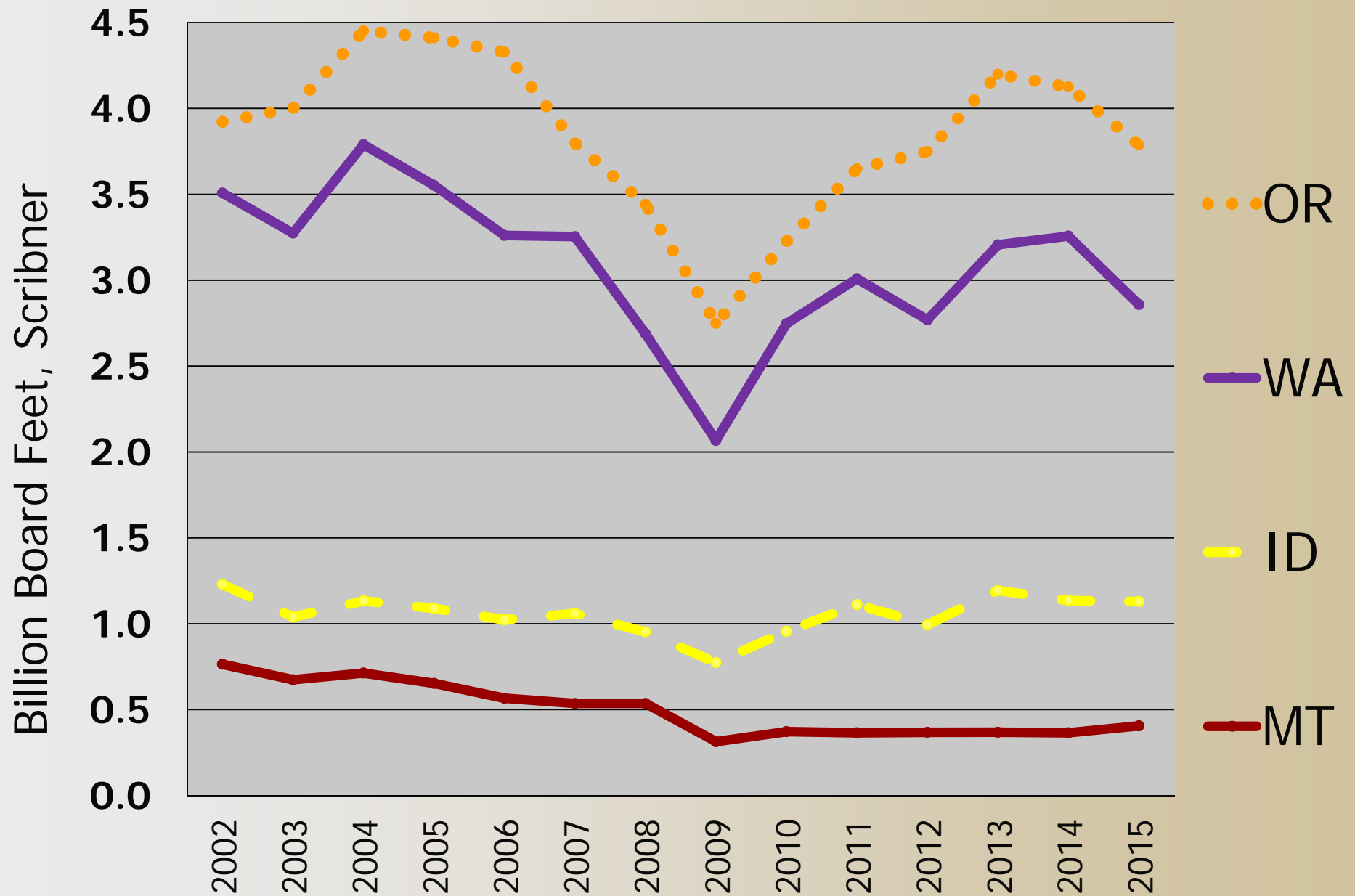


# Softwood Lumber



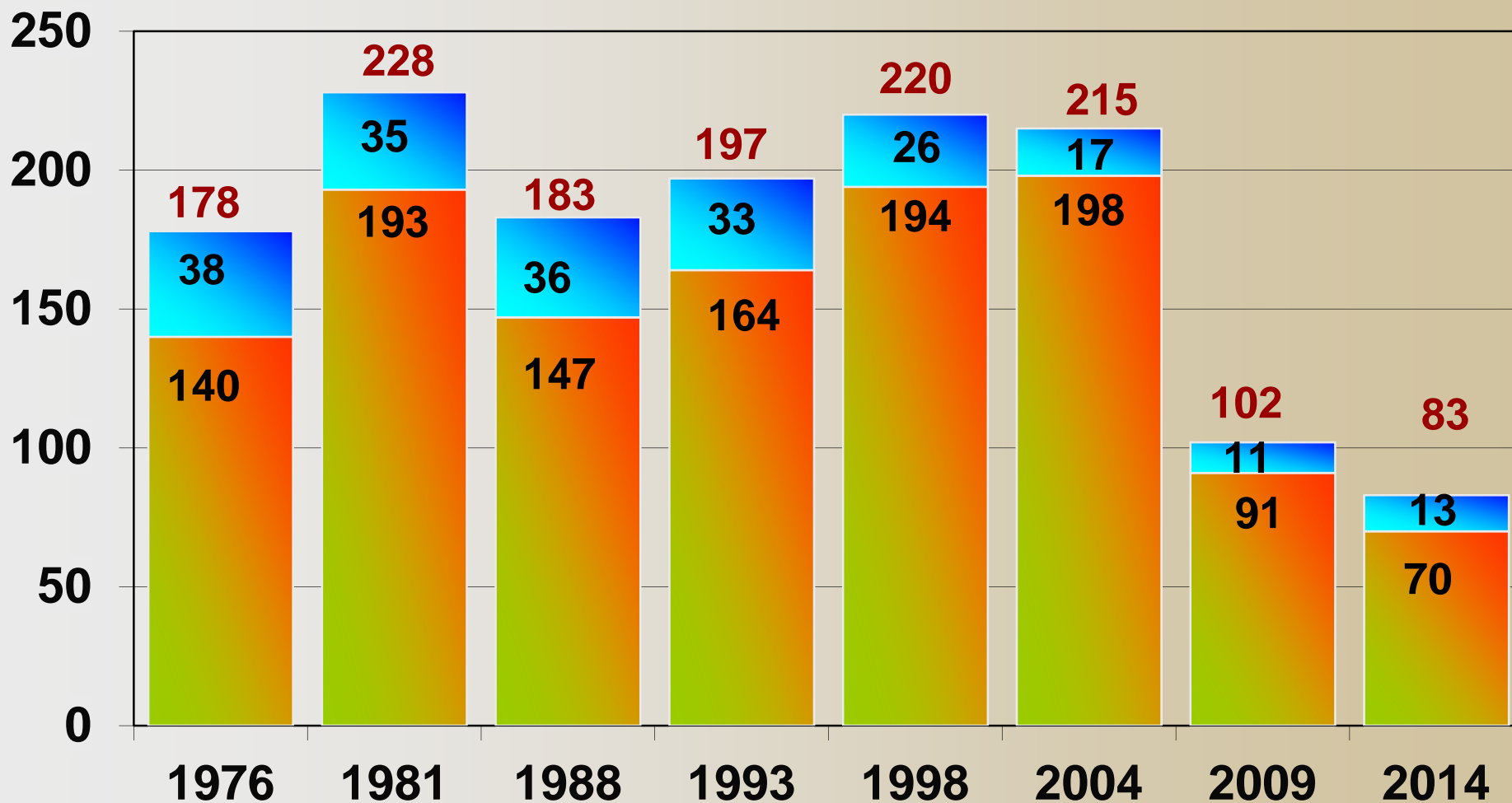
Source: WWPA

# Regional Timber Harvest

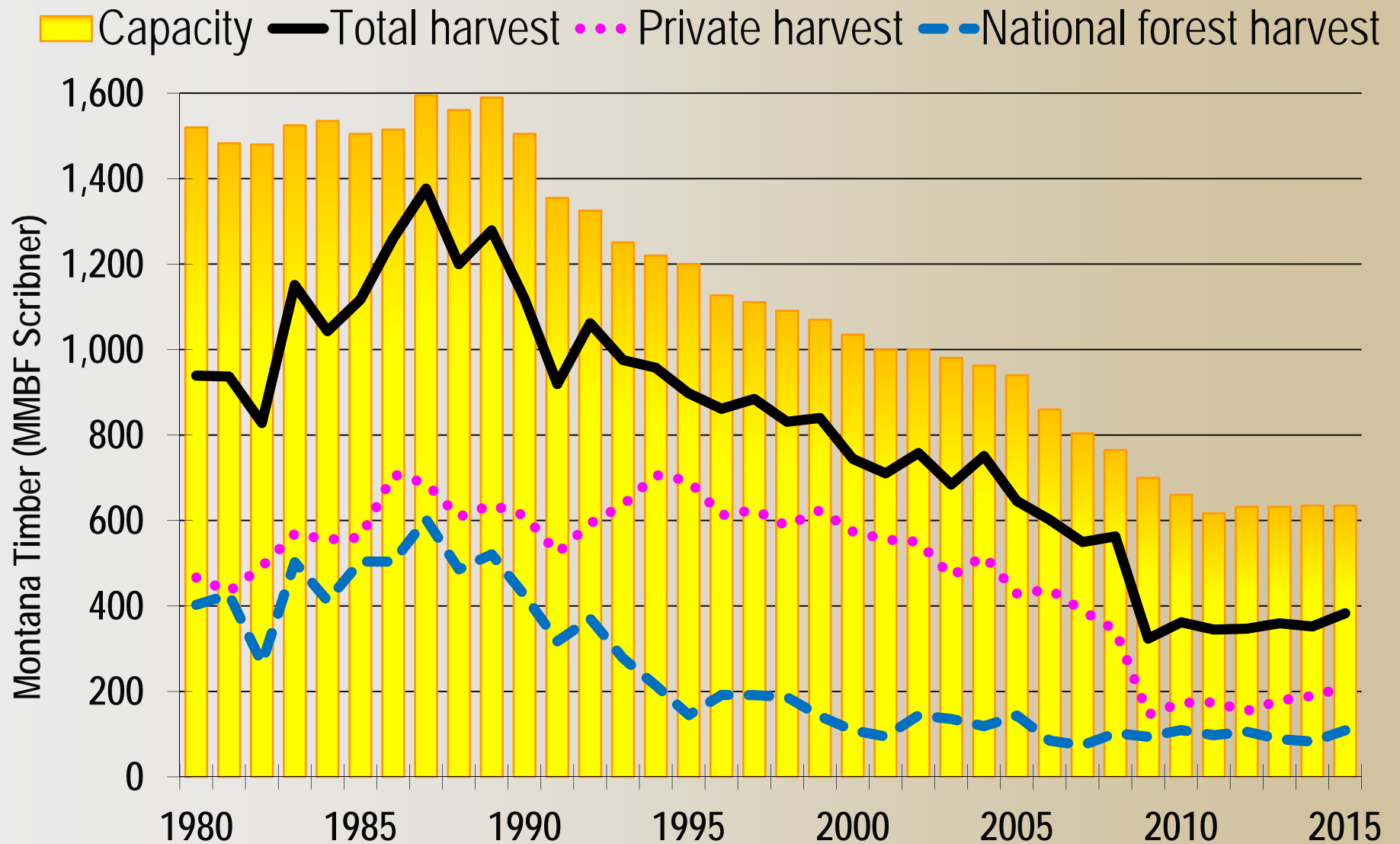


# Montana Timber-Processing Facilities by Size Class

■ Under 10 MMBF Annual Use ■ Over 10 MMBF Annual Use



# Montana Timber Capacity & Harvest, 1980-2015



# Issues for Montana's Forest Industry



- **Timber availability**
- **National forests**
- **Wildfire**
- **Weyerhaeuser**
- **Canadian lumber**



# Montana Forest Ownership

Source: USDA Forest Service FIA Program

**19.8 million acres of productive, non-reserved timberland**

**61% National Forest**

25% NIPF & Tribal

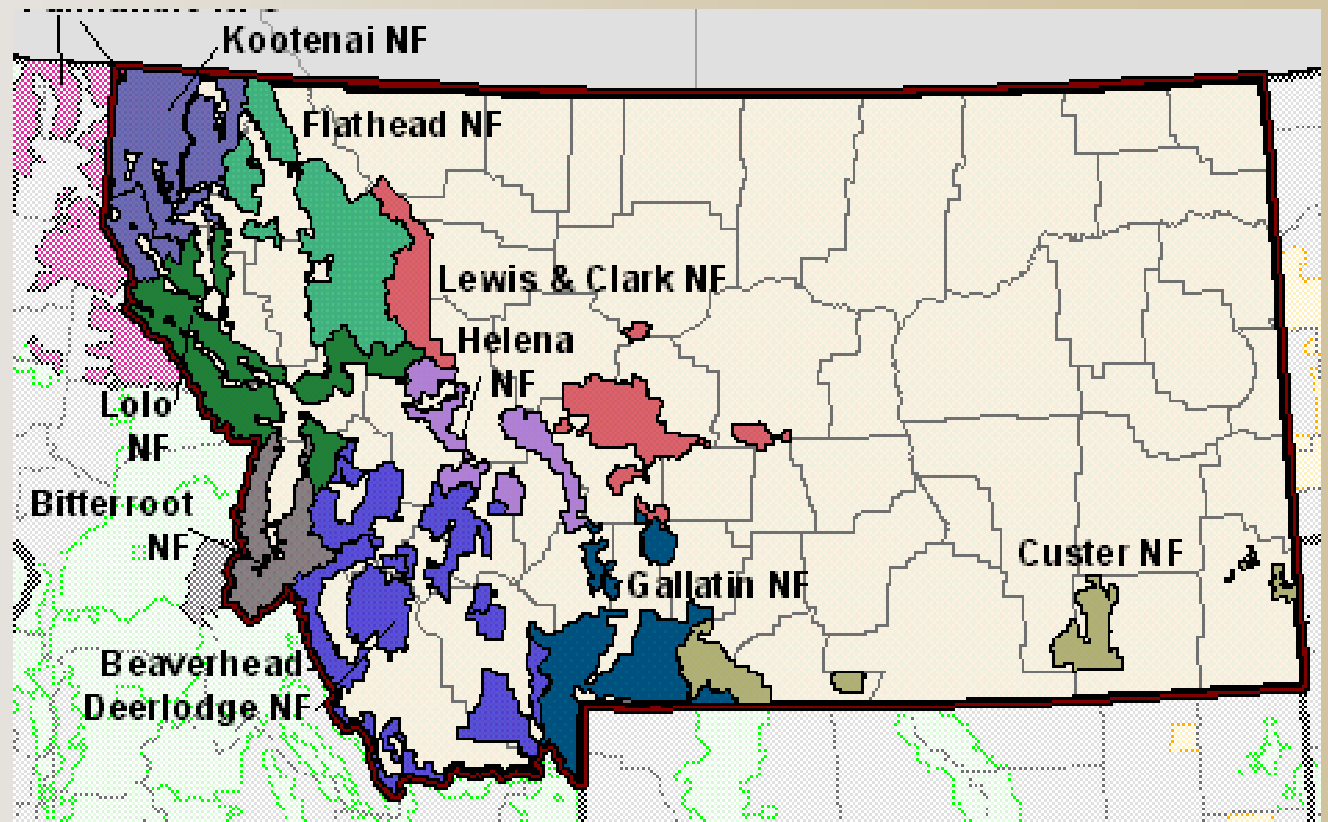
5% Industry

5% State

4% BLM

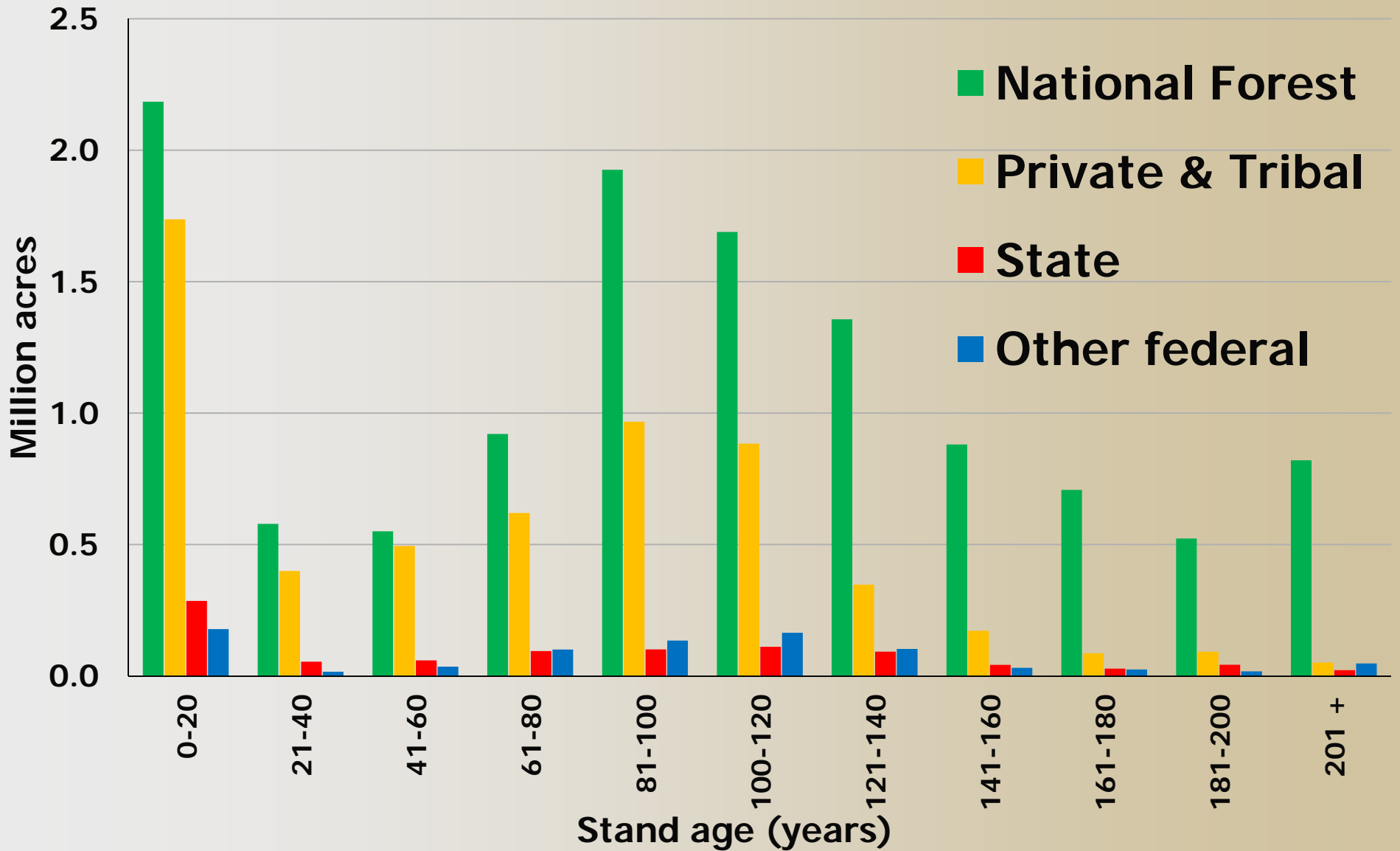
**3.8 million acres reserved** from harvesting (National Parks & Wilderness)

**2.1 million acres non-productive**



# Montana Timberland Age

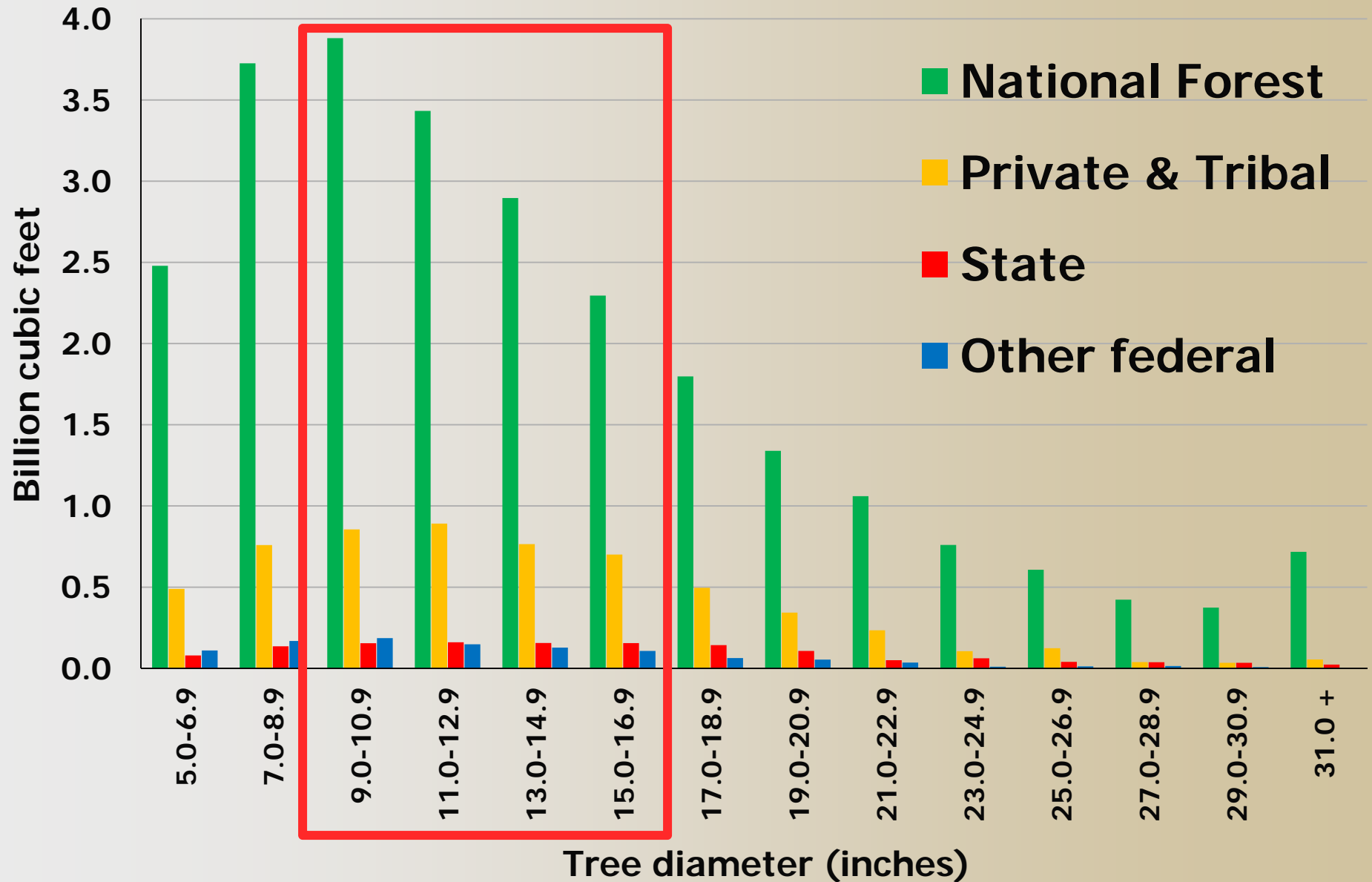
Source: USDA Forest Service FIA Program



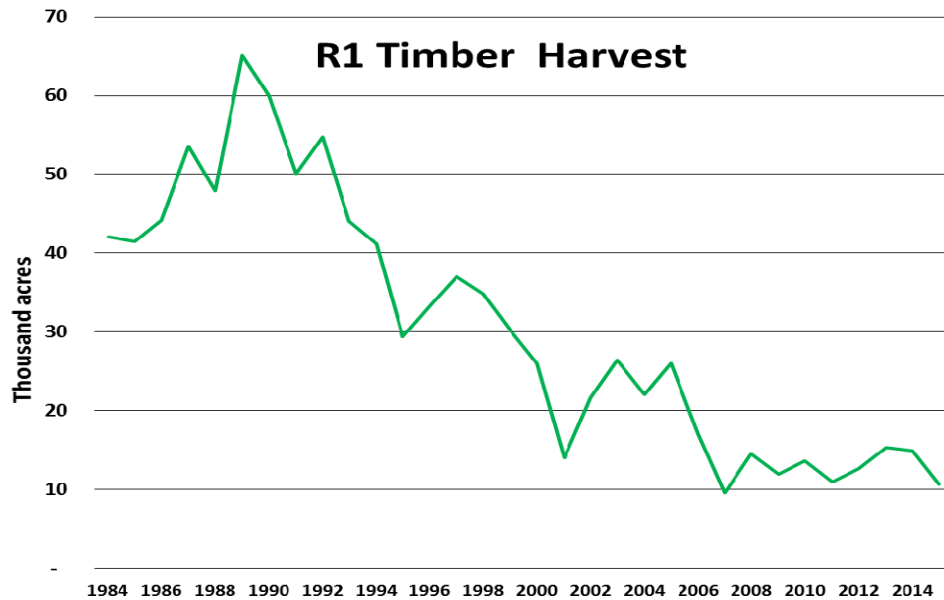


# Montana Timber Volume

Source: USDA Forest Service FIA Program



# National Forests Wildfire vs. Harvest

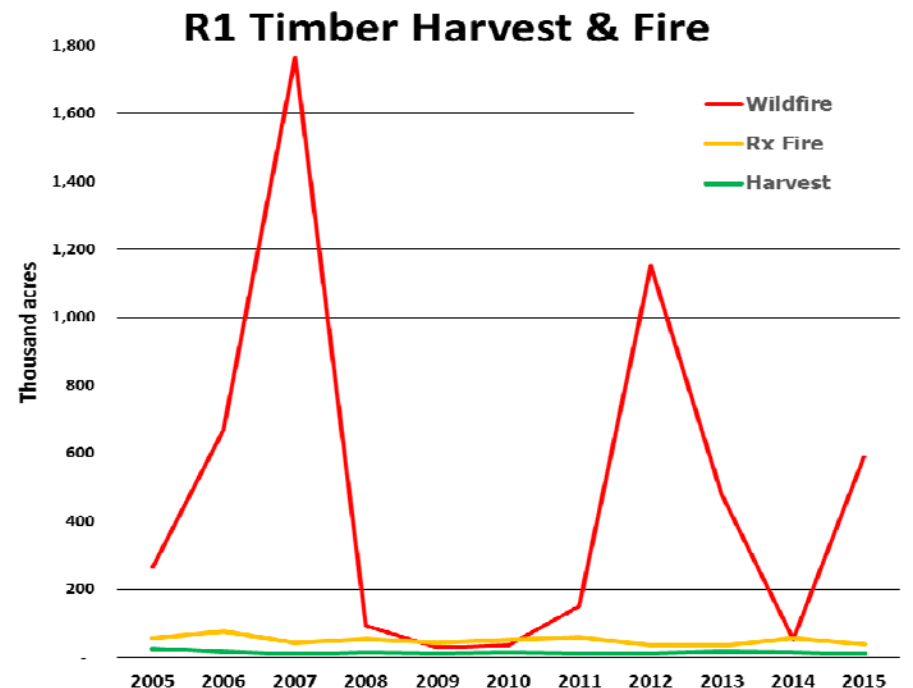


## Region One

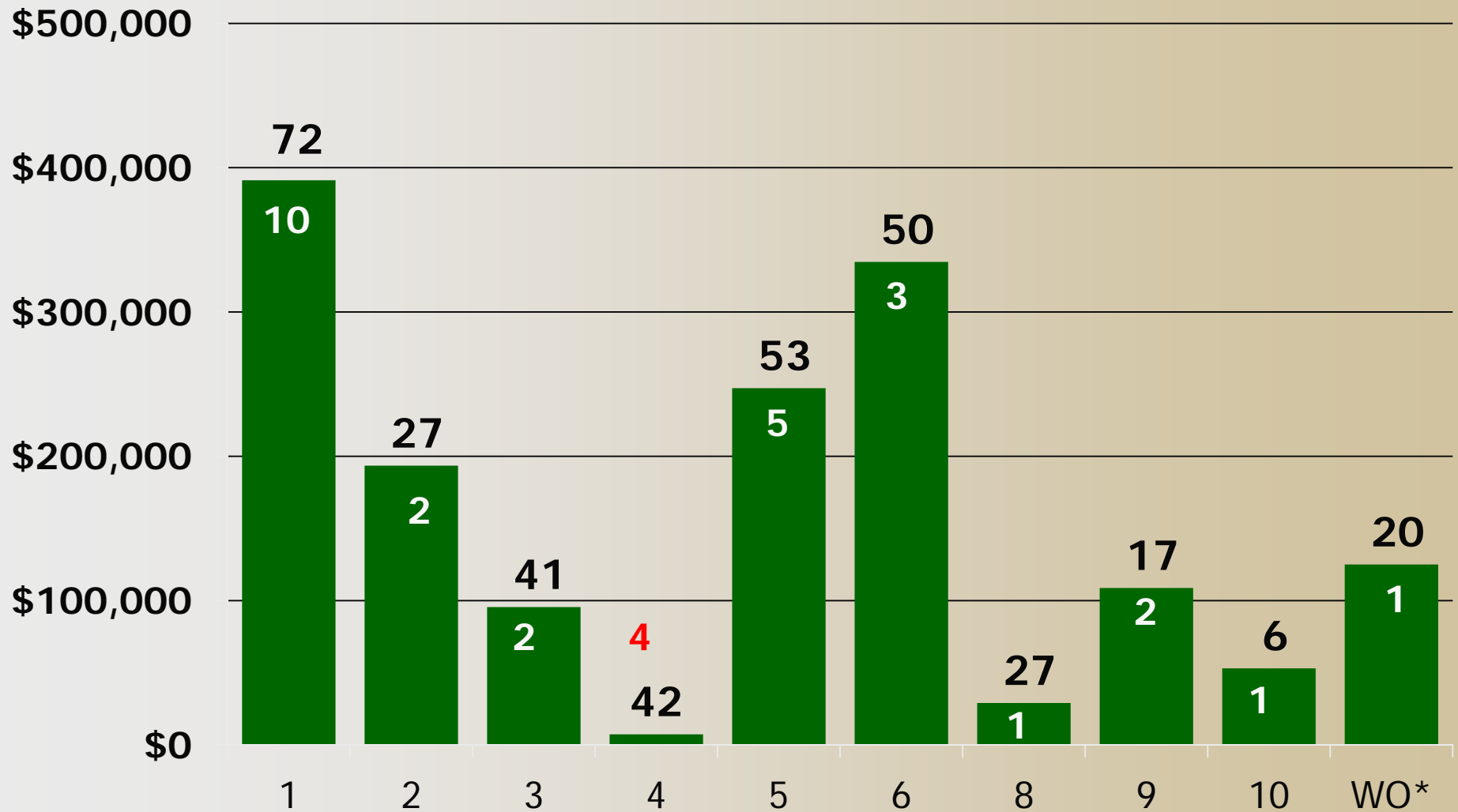
- Montana & north Idaho
- Harvested acres are down
- Less than 0.05% of timberland with harvesting annually
- Includes commercial thinning

## 2006 – 2015

- 13,000 ac/yr of harvest
- 49,000 ac/yr of Rx fire
- 501,000 ac/yr of wildfire =
- 5 million acres (16%) of R1 forestland were affected by wildfire in past 10 years.



# Number of cases and attorney fees by National Forest Region, 2008-2013



\* WO = Washington Office & multi-region cases

# National Forest Litigation Impacts

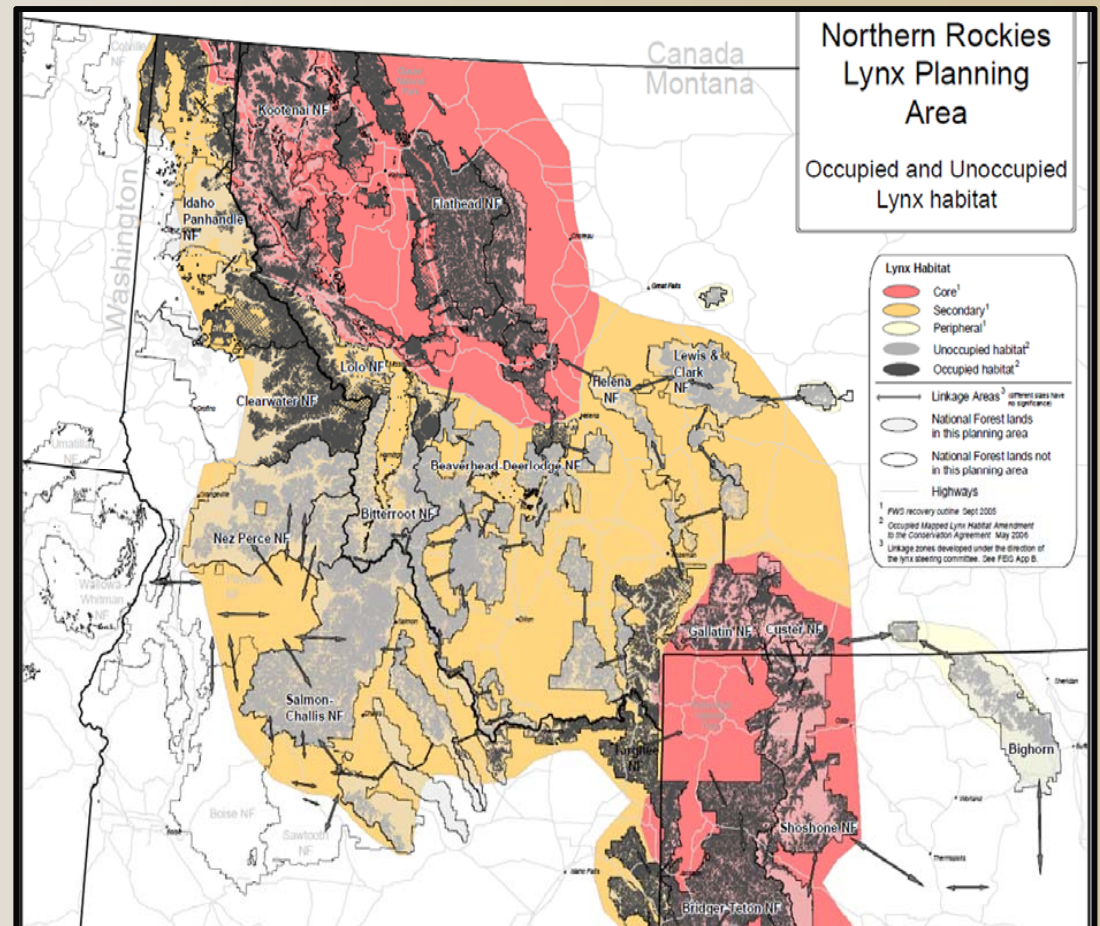


- Agency wins more than loses, projects get delayed seldom cancelled.
- EAJA fees are the **tip of the iceberg**, small compared to NEPA costs.
- Community economic impacts are largest \$ value.
- Impacts extend beyond specific litigated projects.

Image from: Dale Wilson/Getty Images

# Cottonwood Decision

- 9<sup>th</sup> Circuit ruling conflicts with 10<sup>th</sup>
- Millions of acres & dozens of projects impacted
- Canada lynx... and beyond!



- Legislative fix



# Weyerhaeuser

- **Real Estate**

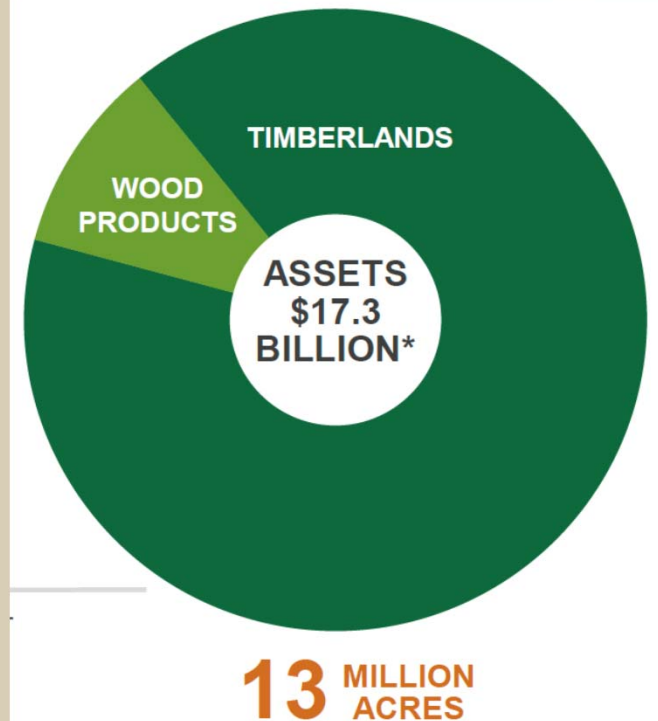
- Maximize value of each acre
- Highest value use

- **Timberland**

- “We produce logs”
- Divest less productive & non-strategic land

- **Wood products**

- Reduce costs & improve productivity
- Align with timber supply & strategic markets



**Focused on value for shareholders**

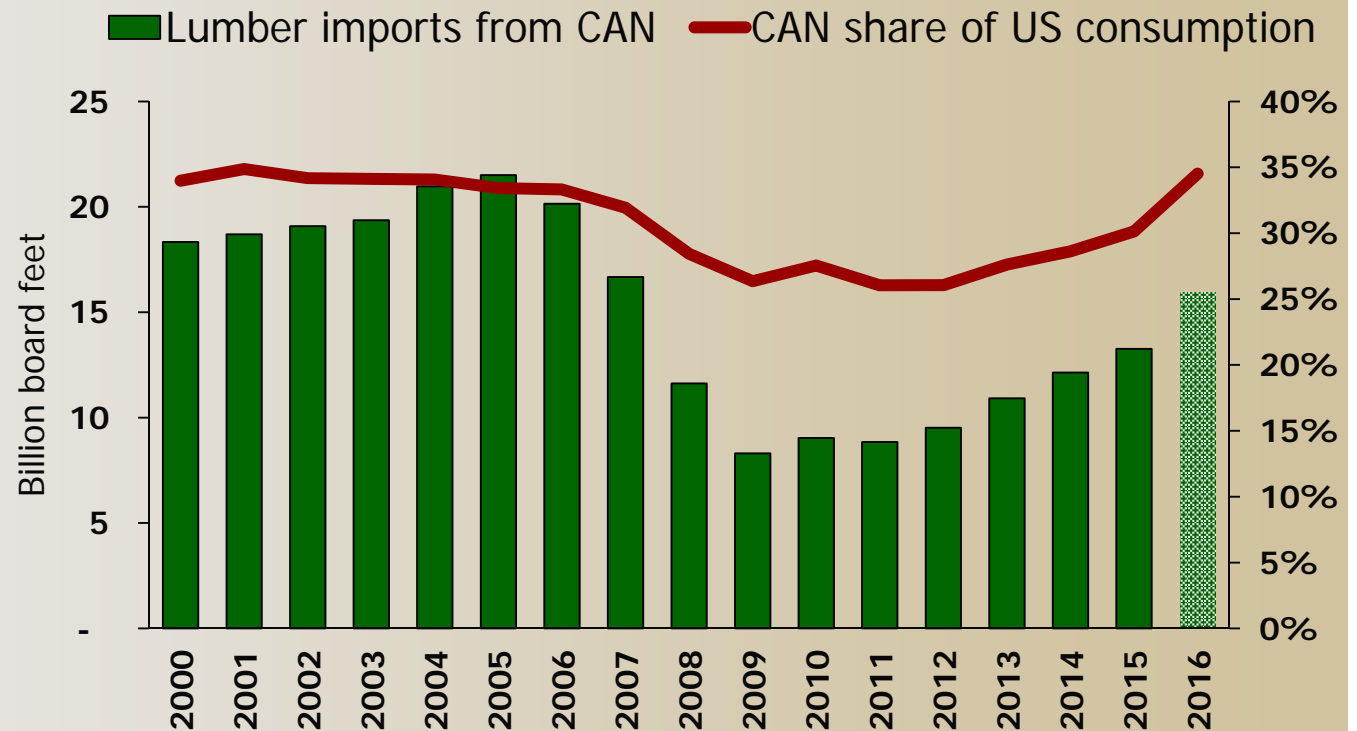
# Canadian Lumber

## Rising volume & share of US market

- Volume up 20-30% from 2015 & rising
- Over 30% of US consumption & rising
- Keeping a lid on lumber (& log) prices

### Situation will change:

- ITC & DOC investigations & decisions
- Bark beetle impacts on BC timber supply



Source: WWPA

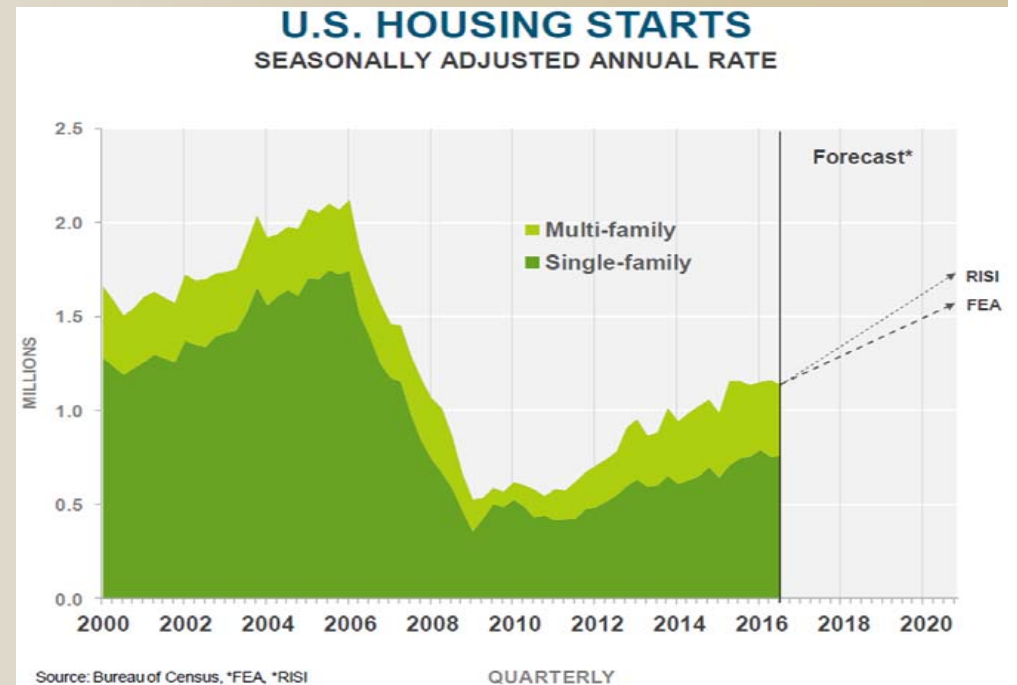
# Major Issues for Montana's Forest Industry in 2017

## Timber supply & availability

- Private forest inventory & ownership
- National Forest management

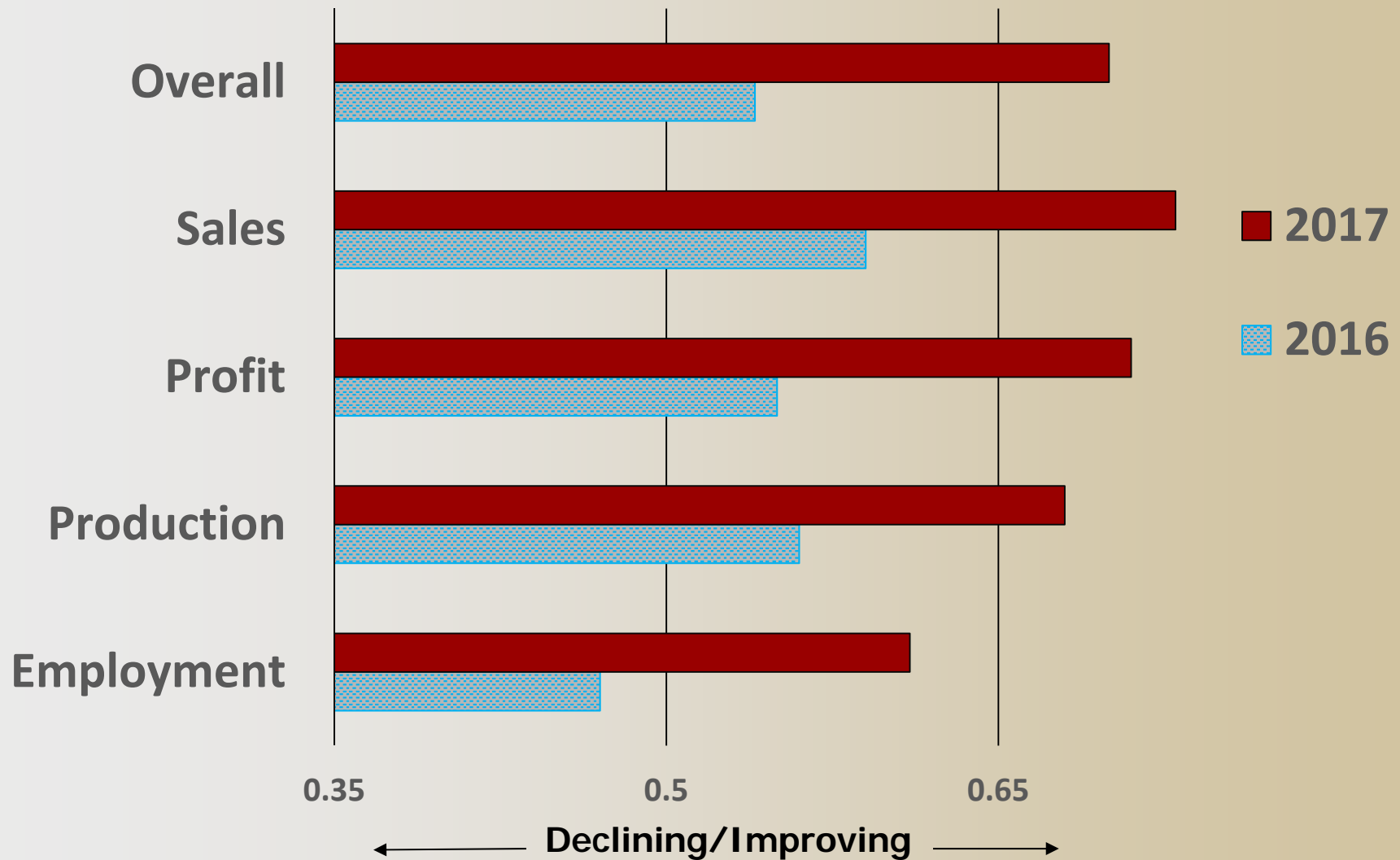
## Demand for wood products

- US Housing
- Canadian lumber
- Chinese economy
- Agriculture markets





# Montana Wood Products Outlook 2016 & 2017



# Thank you!

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