Economic Contribution of the Forestry and Forest Products Industries in Washington State

Source: www.trainweb.org/mmrhs/millpond.html

Forest Sector Competitiveness

BC Forum on Forest Economic and Policy

20 June, 2007 Vancouver, BC

Research Team: Dr. Ivan Eastin, Dr. Joe Roos, Daisuke Sasatani, Indroneil Ganguly, Larry Mason and Bruce Lippke

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Center for International Trade in Forest Products

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The CINTRAFOR Mission includes:

- Objective collection, analysis and timely distribution of economic, trade and marketing information related to domestic and international markets for wood products,
- Application of research findings to support the expansion of global and US forest products trade and promote the competitiveness of wood products and wood construction technology,
- Communication of research results, and
- Development of future industry professionals through the support of graduate students.

State-wide Economic Contribution of the Forestry and Forest Products Sectors

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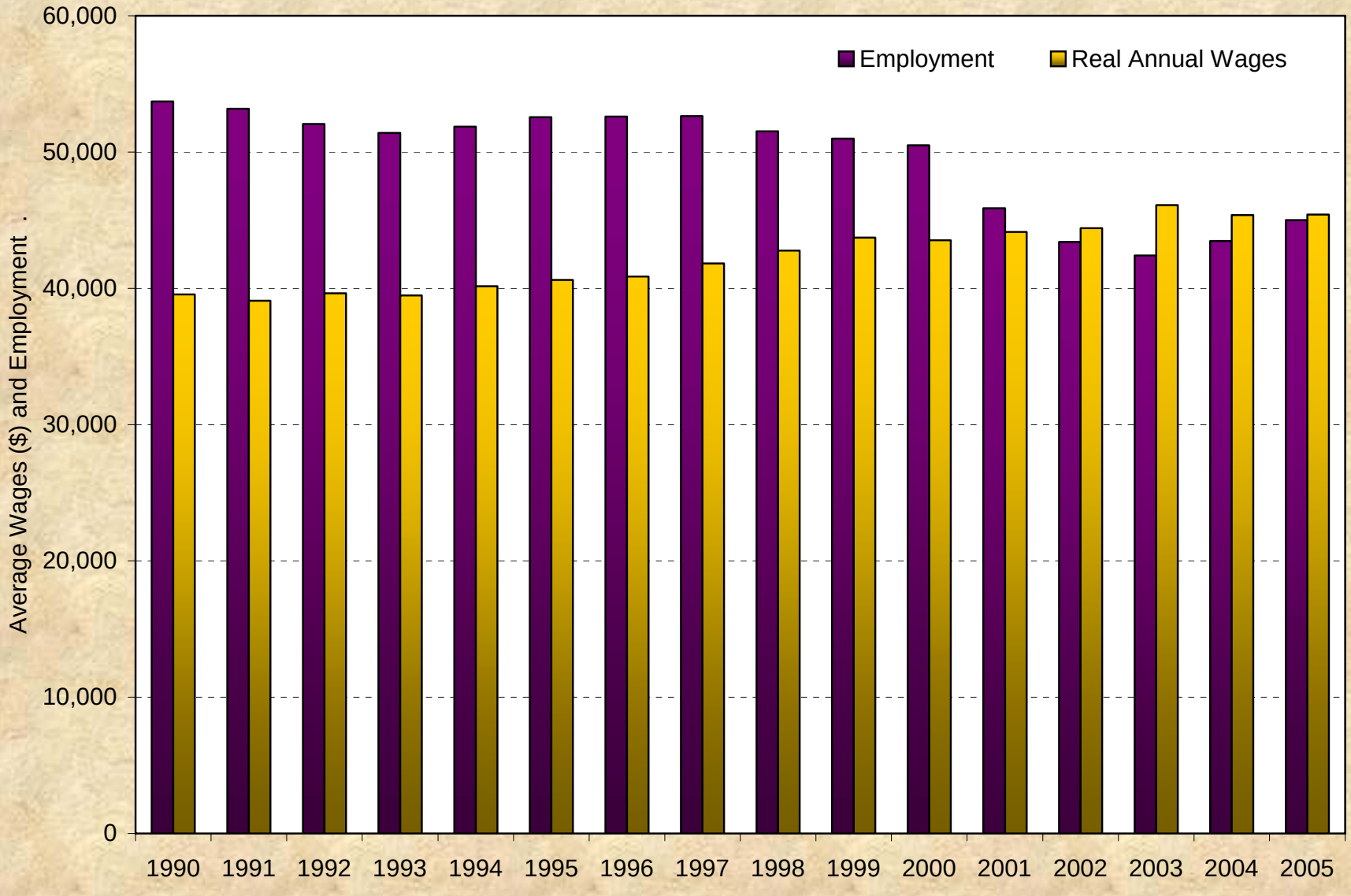
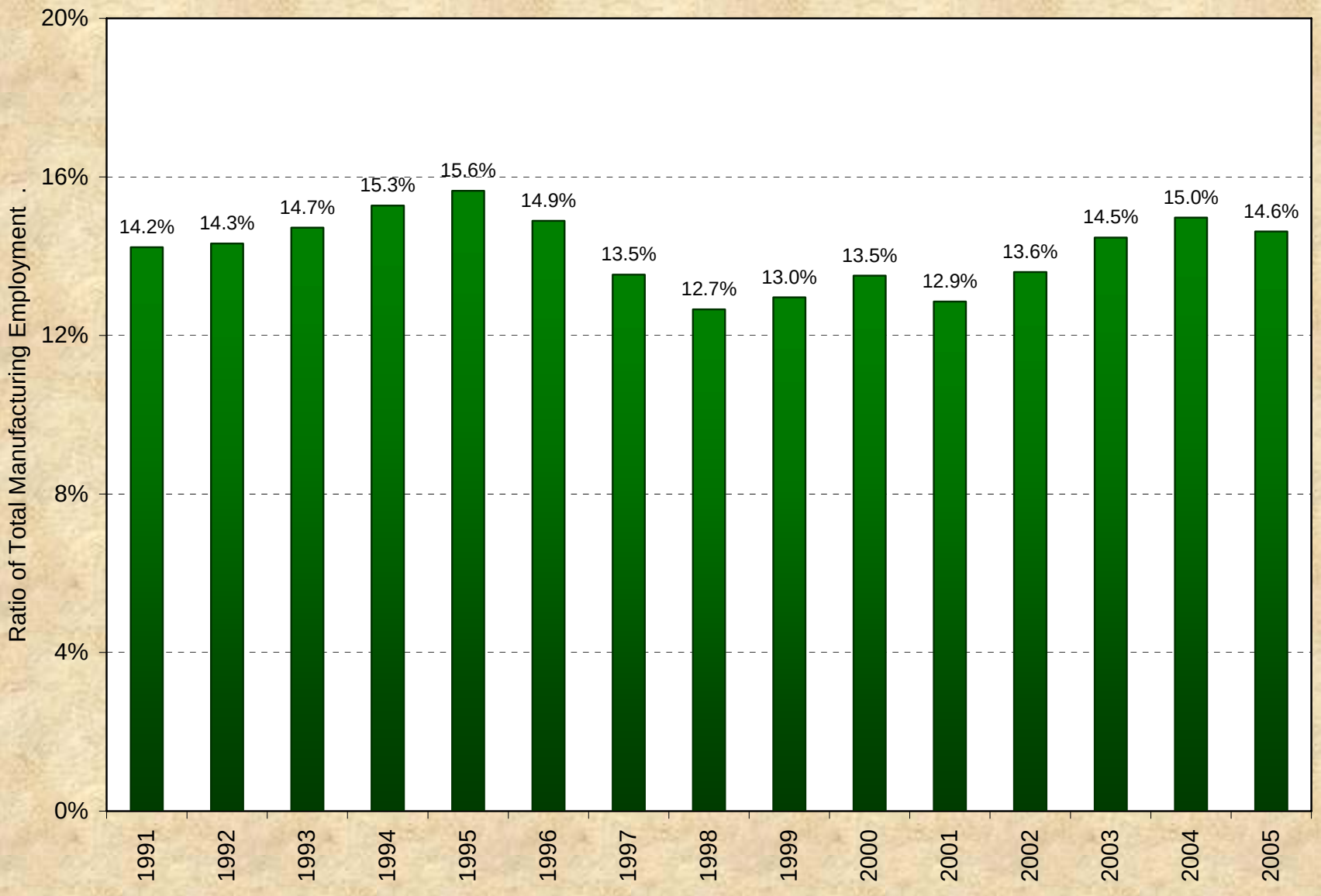
Average Annual Wages and Employment in Forest Sector



Ratio of Wood Products Manufacturing Jobs to Total Manufacturing Jobs In WA



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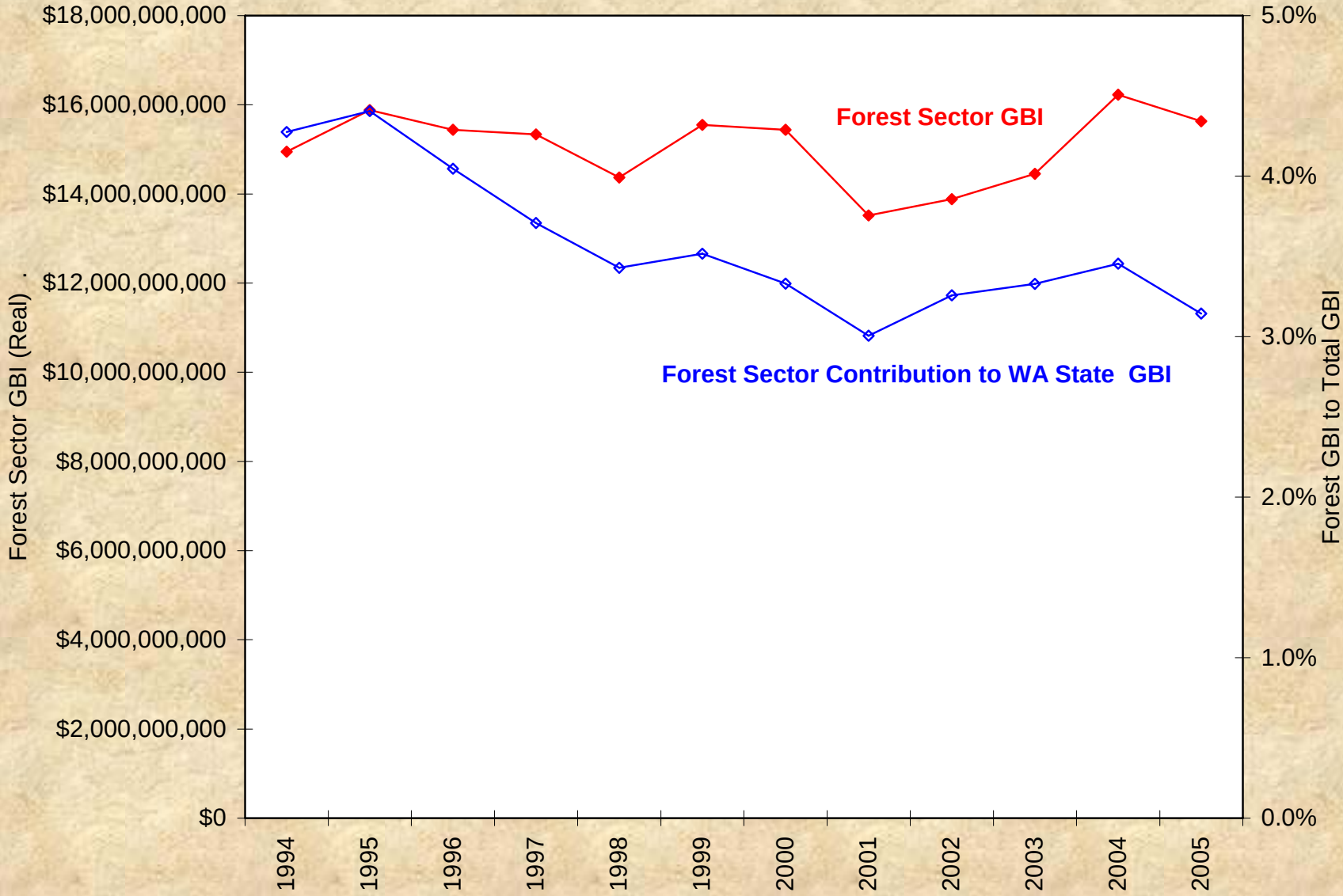
Forest Sector Contribution to State GB I



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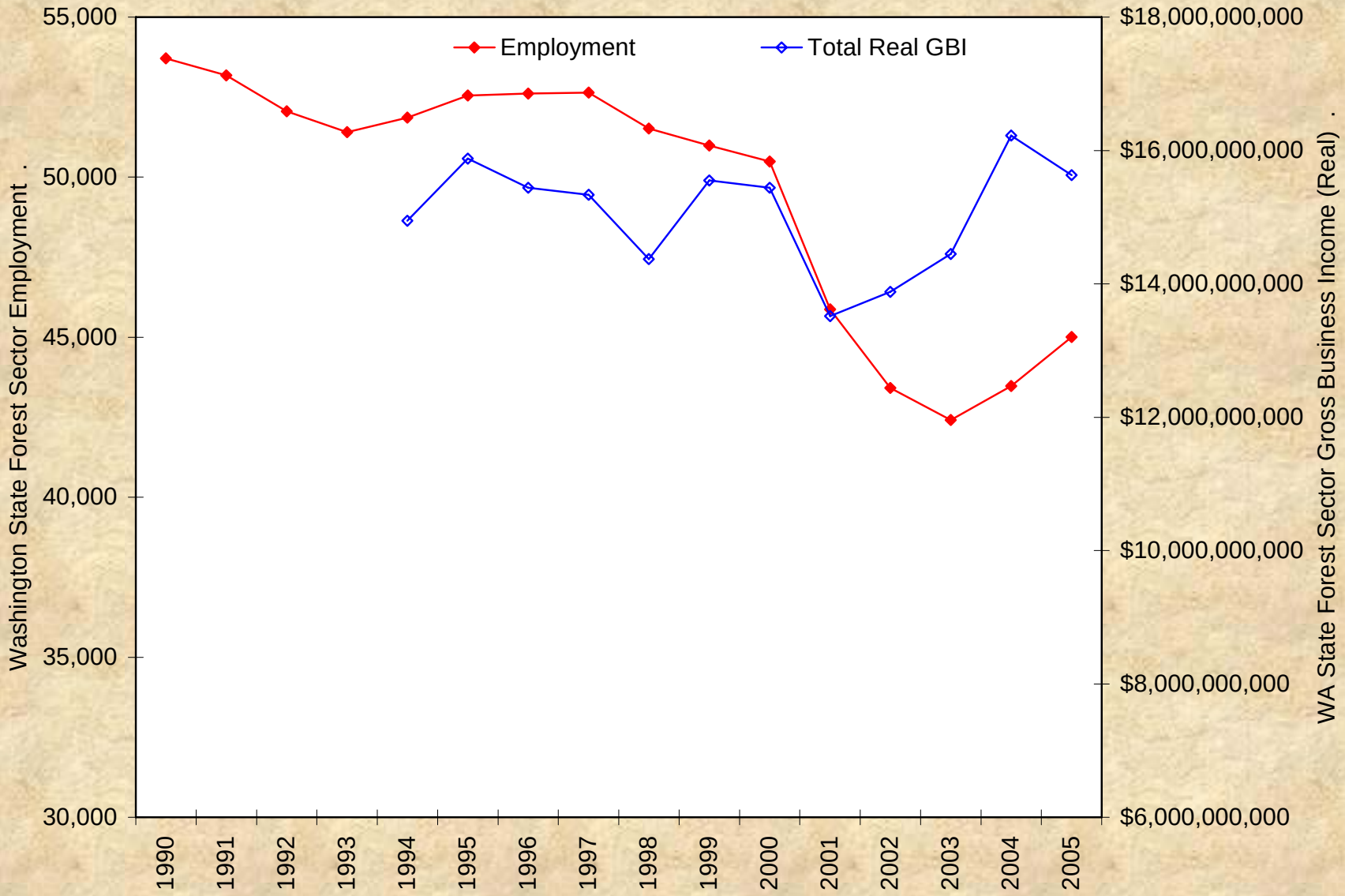
Employment and GB I Trends in WA



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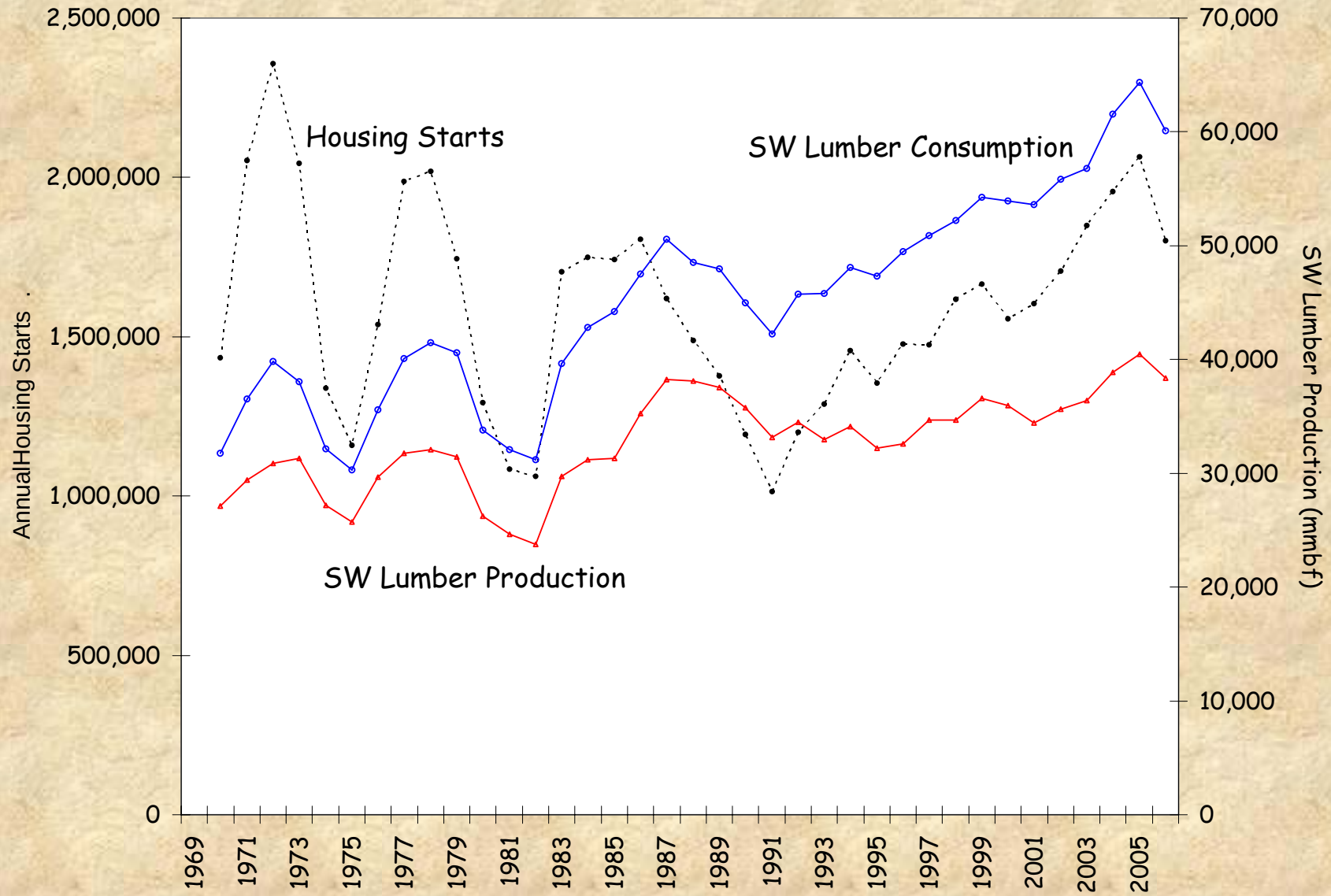
Focus on the Sawmill Industry

WA Lumber Production and Market Share



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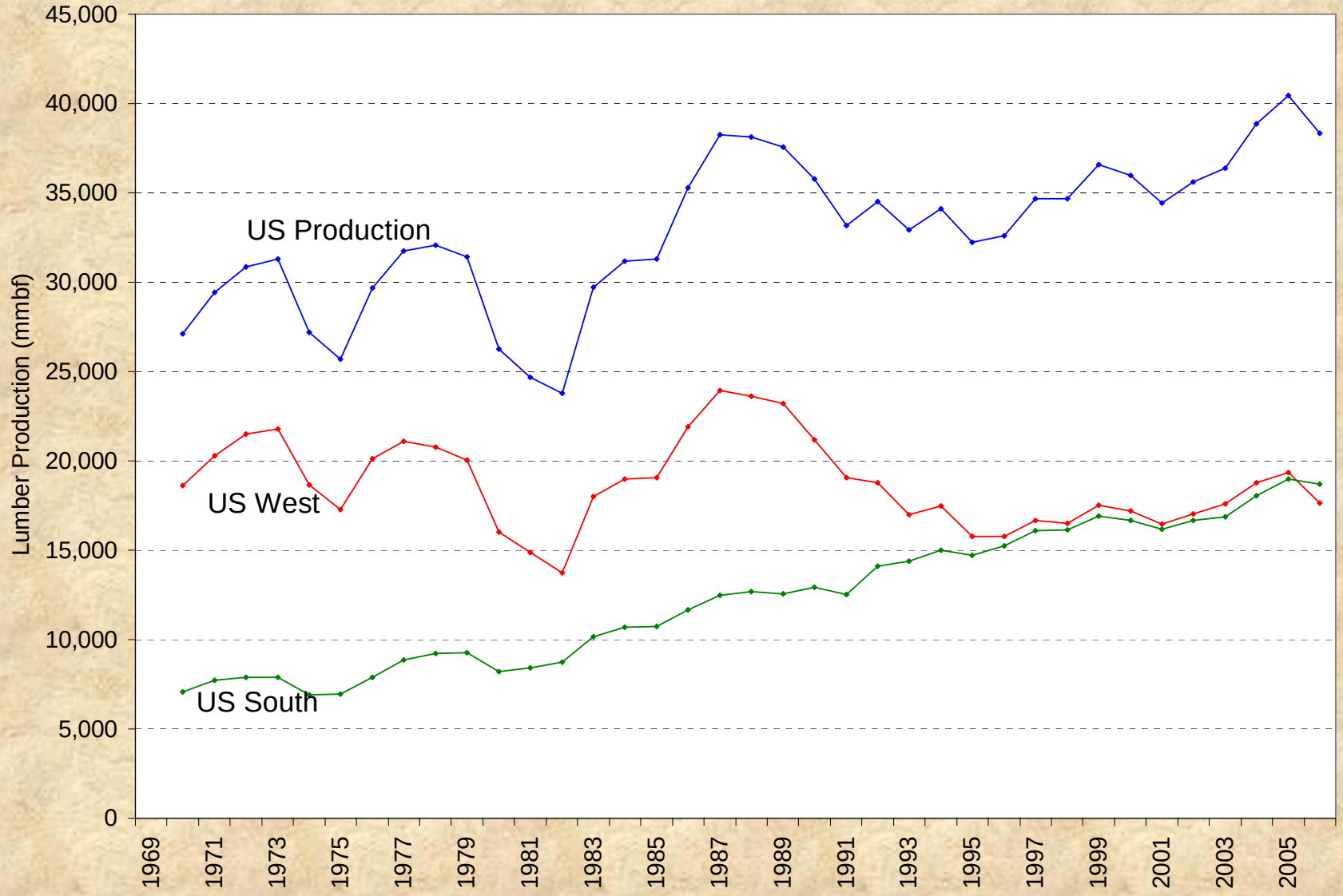
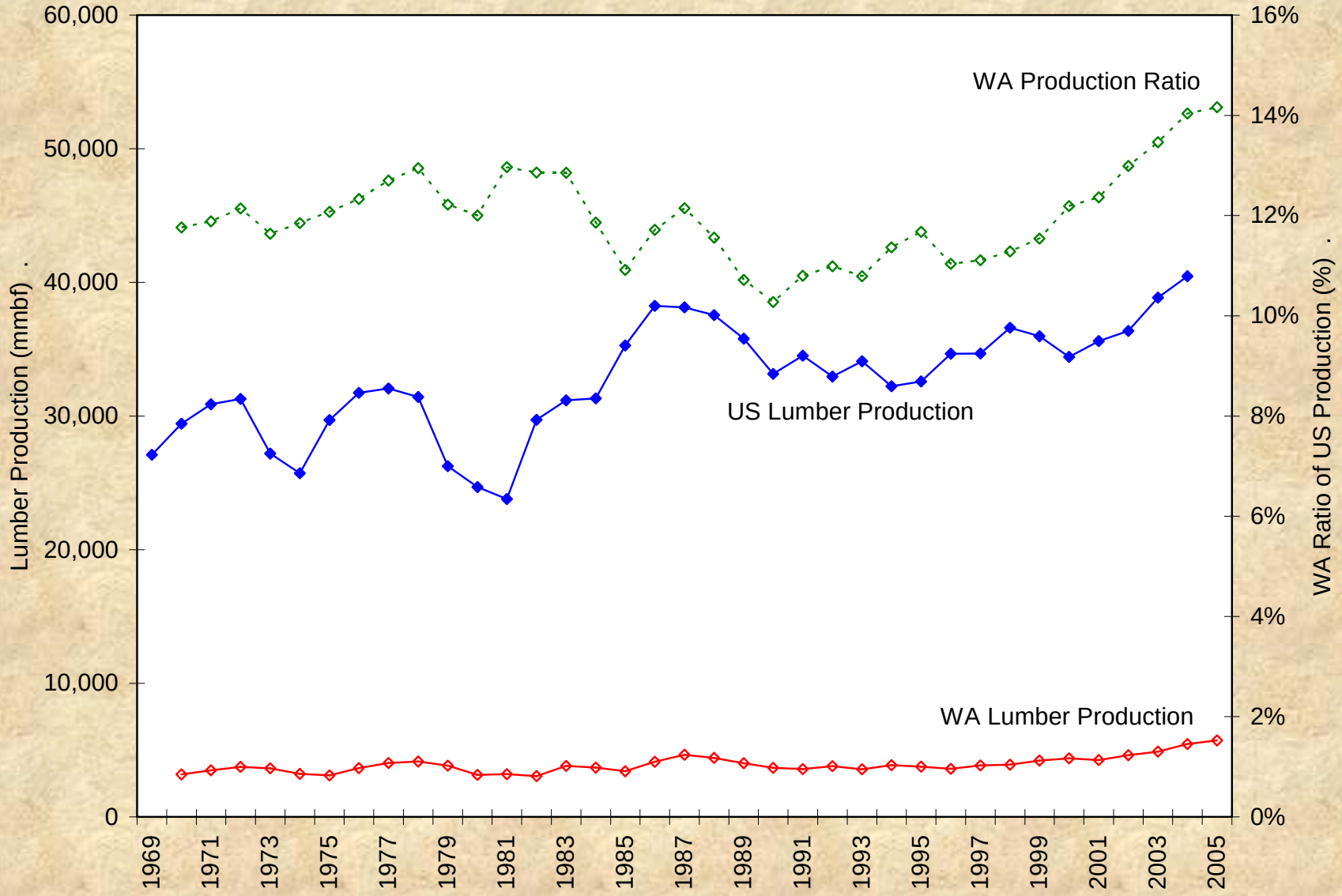
WA Lumber Production and Market Share



WA Lumber Production and Market Share



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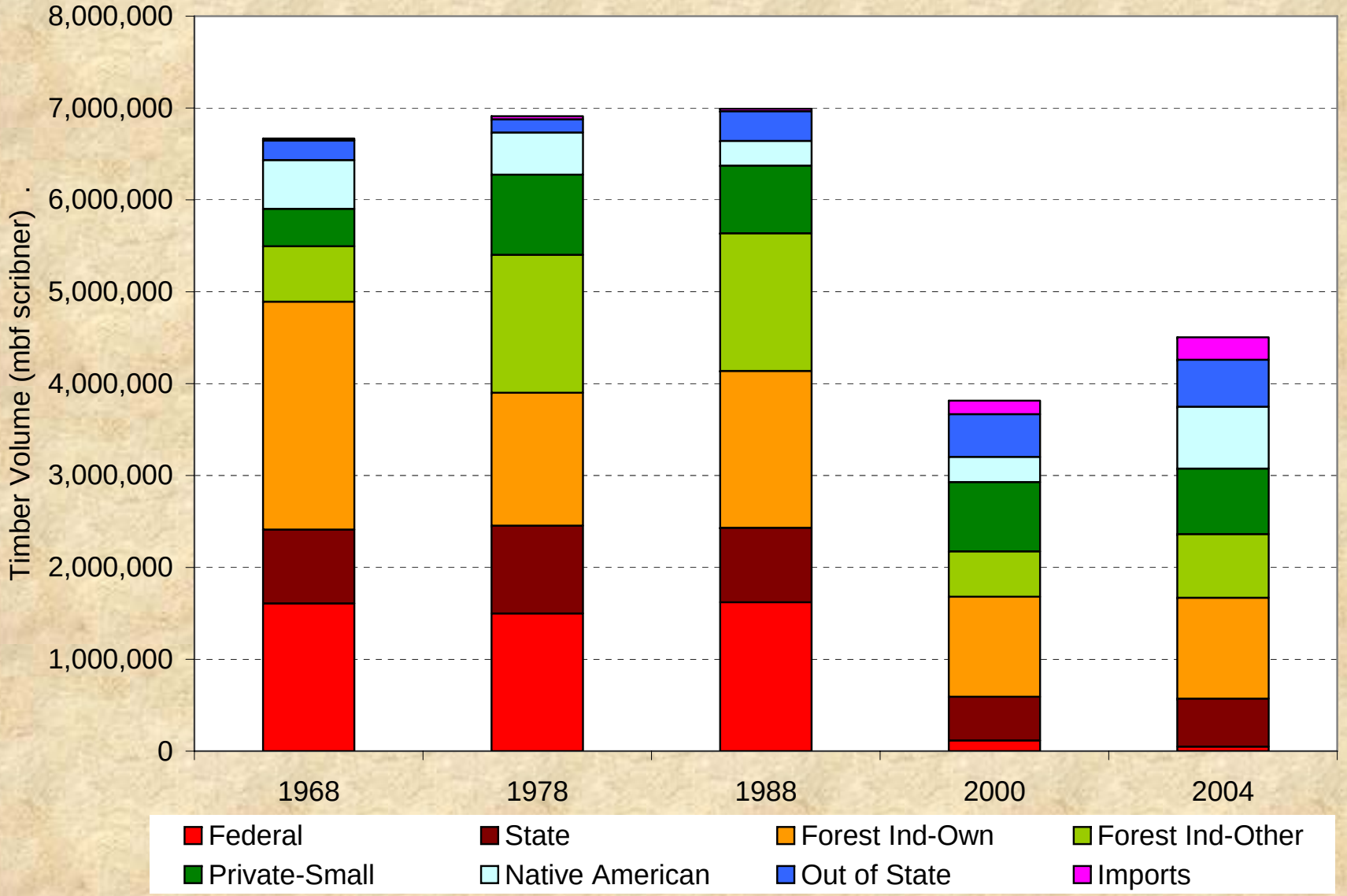
Timber Supply Trends



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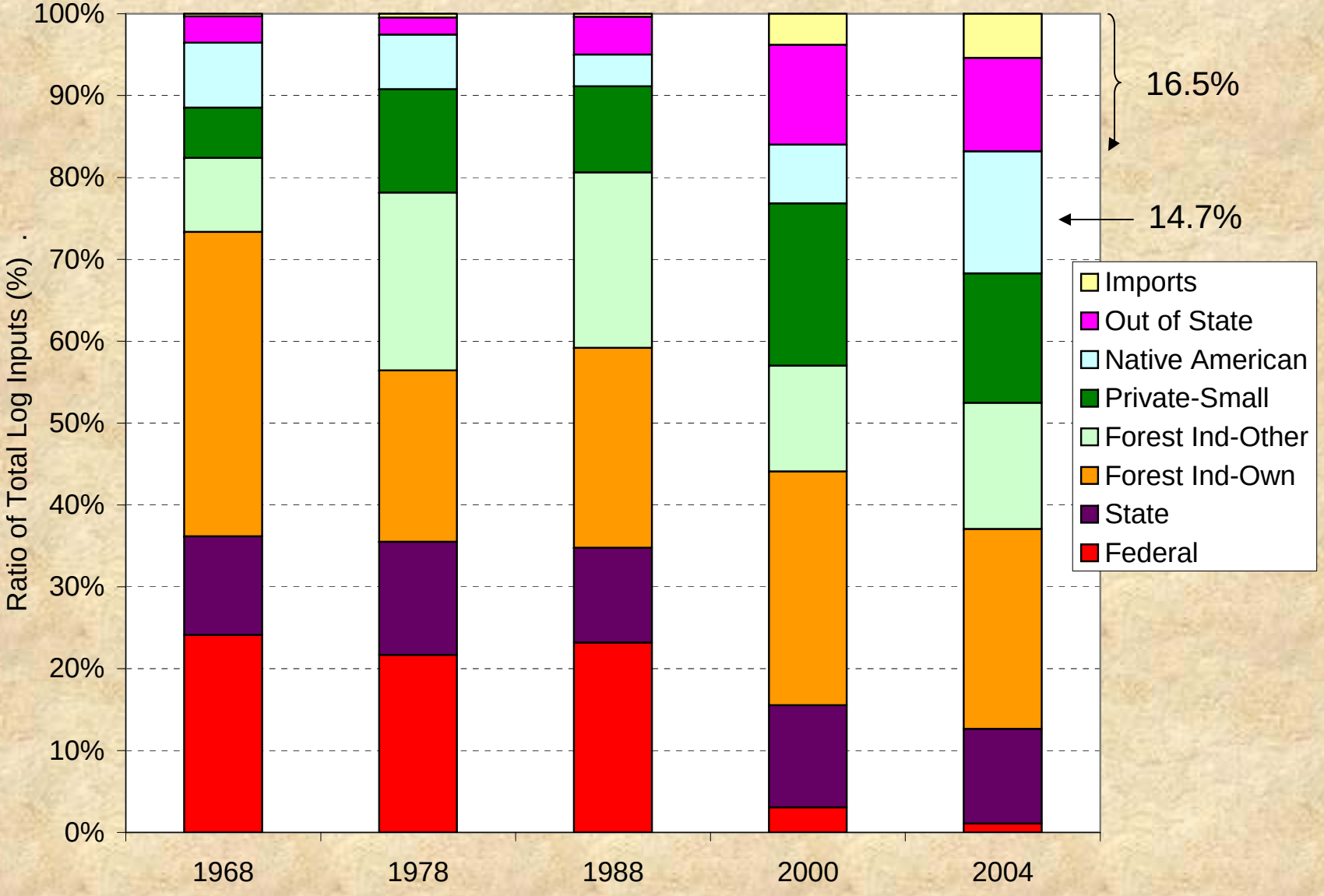
Timber Supply Trends



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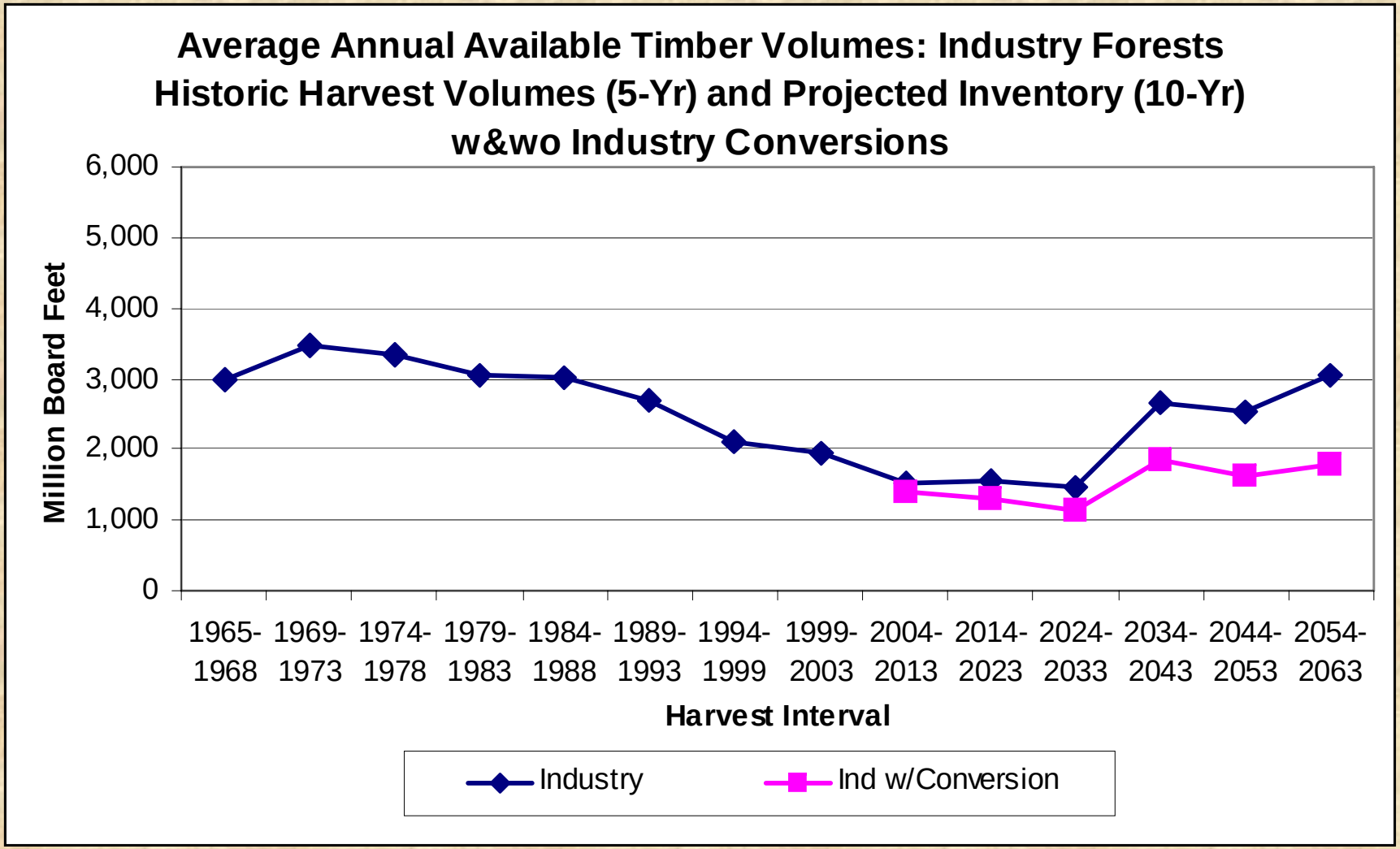
Primary Mill Trends, 1970-2005



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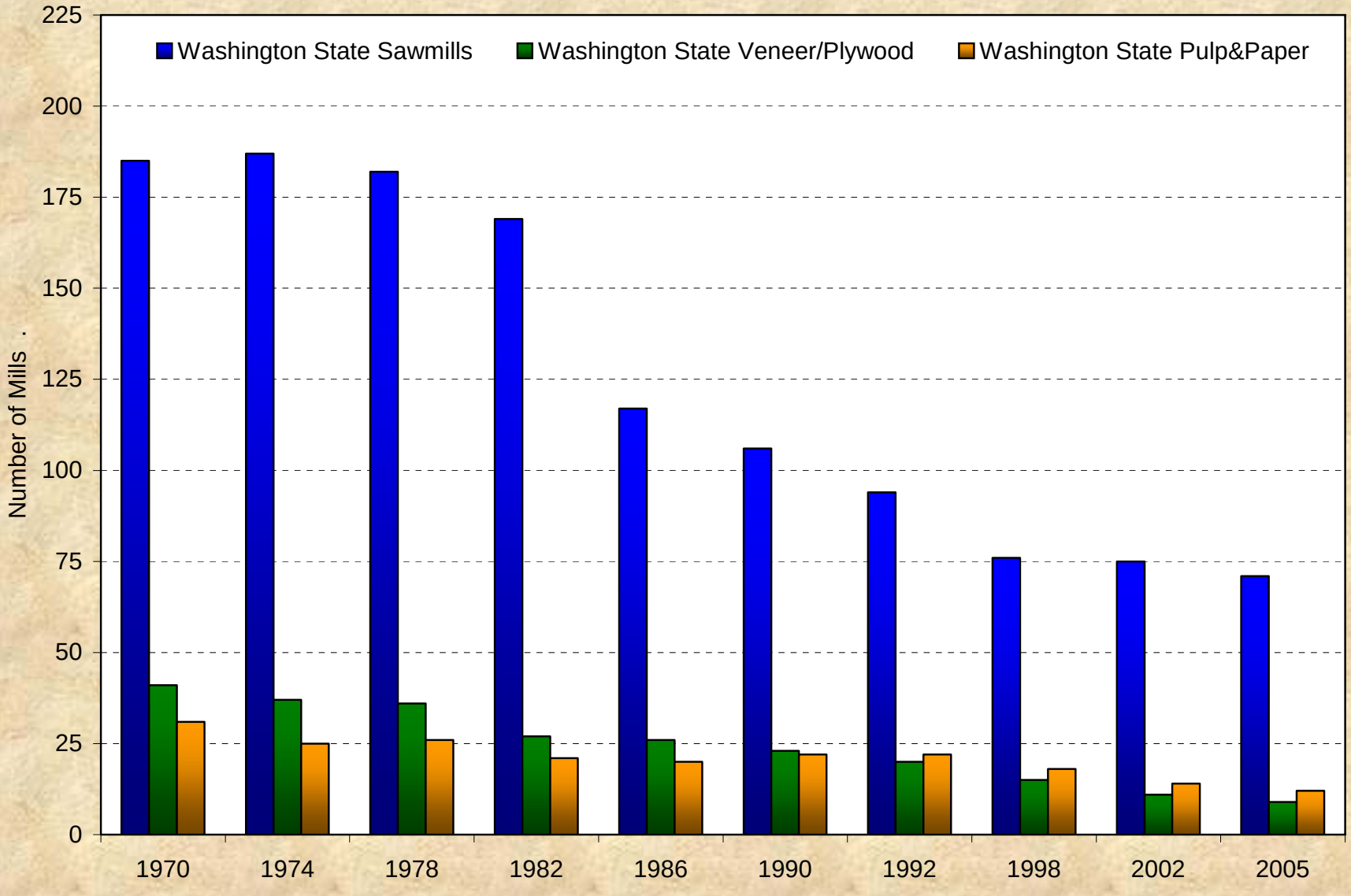

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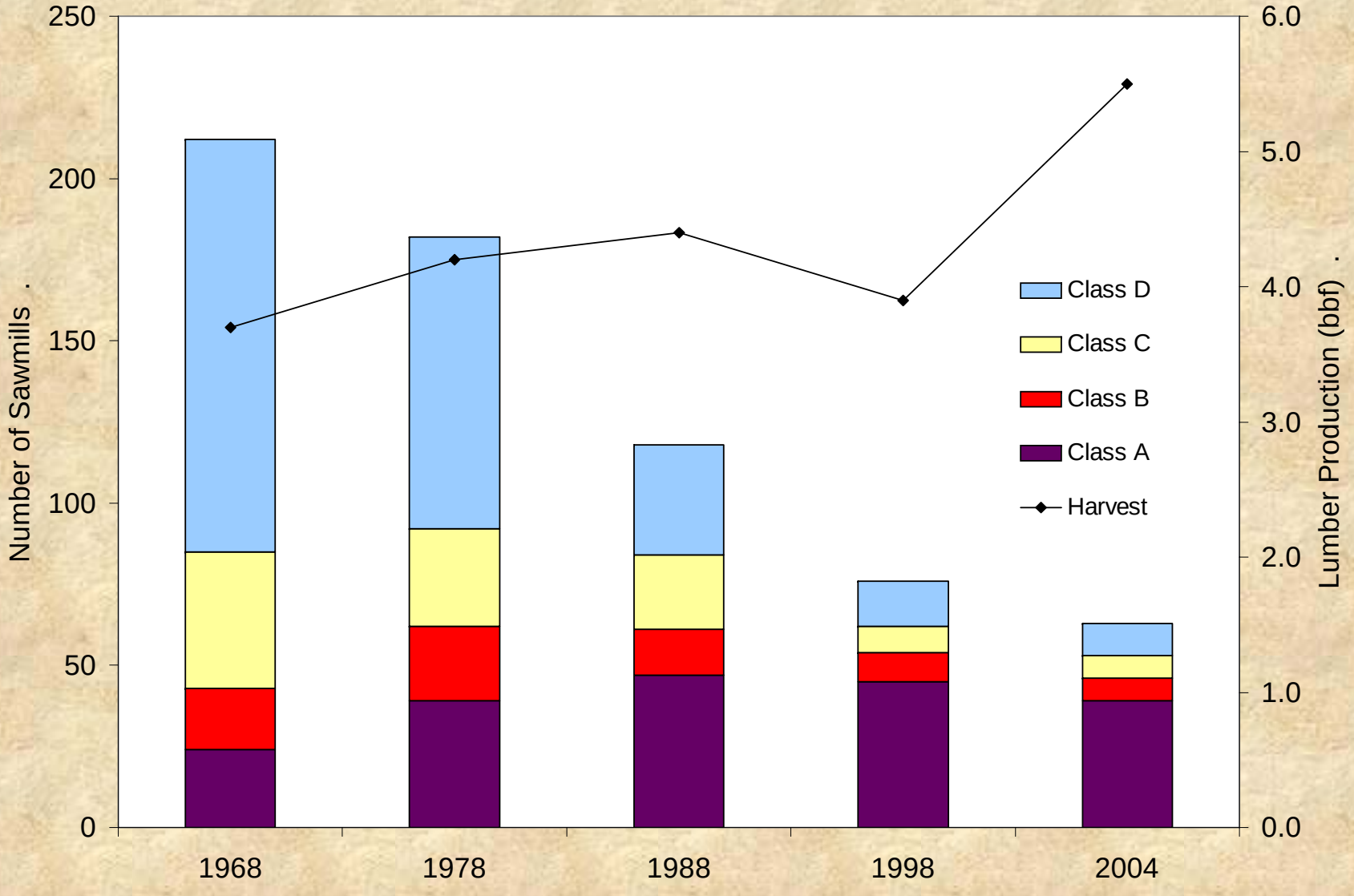
Primary Mill Trends, 1970-2005



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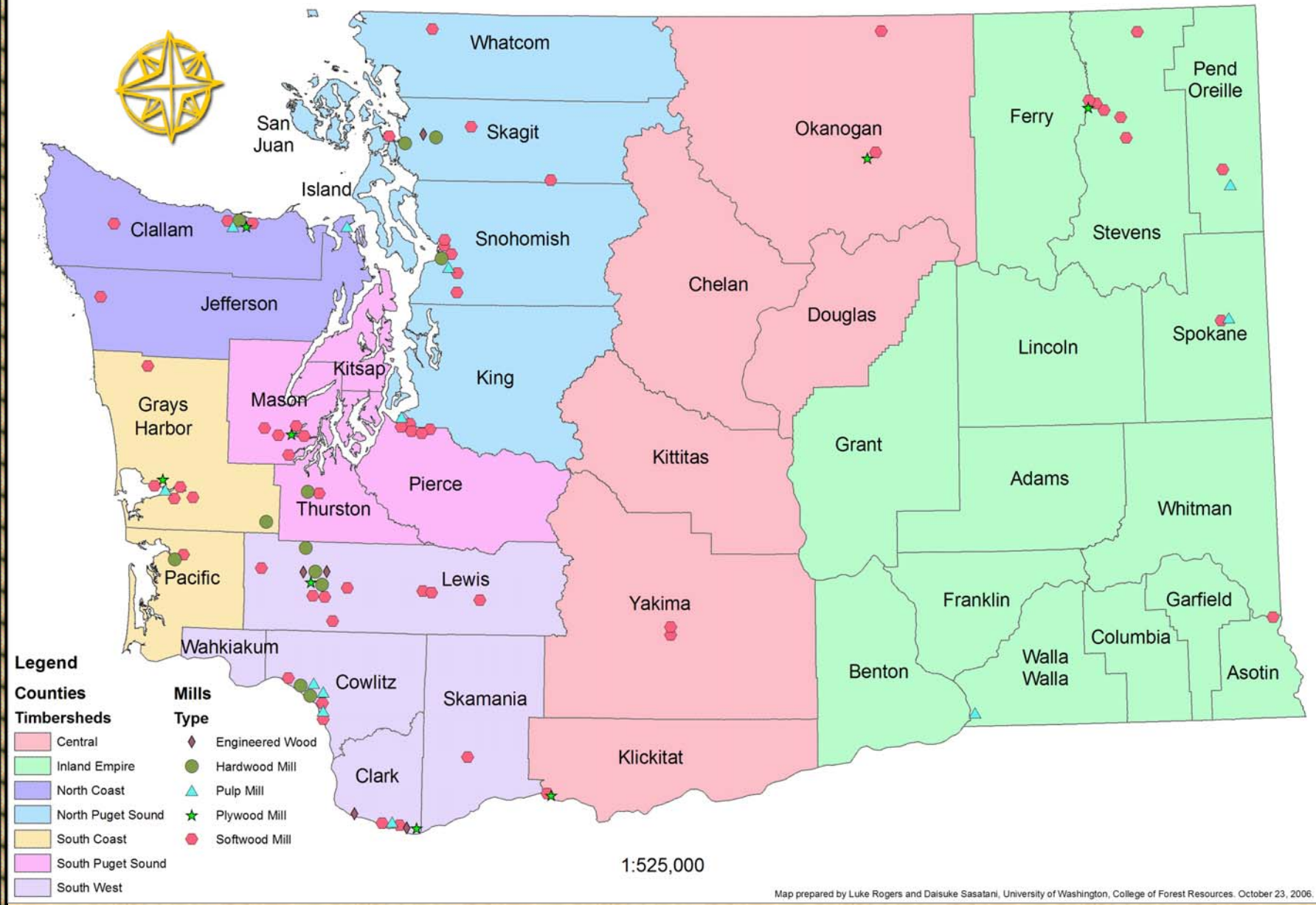
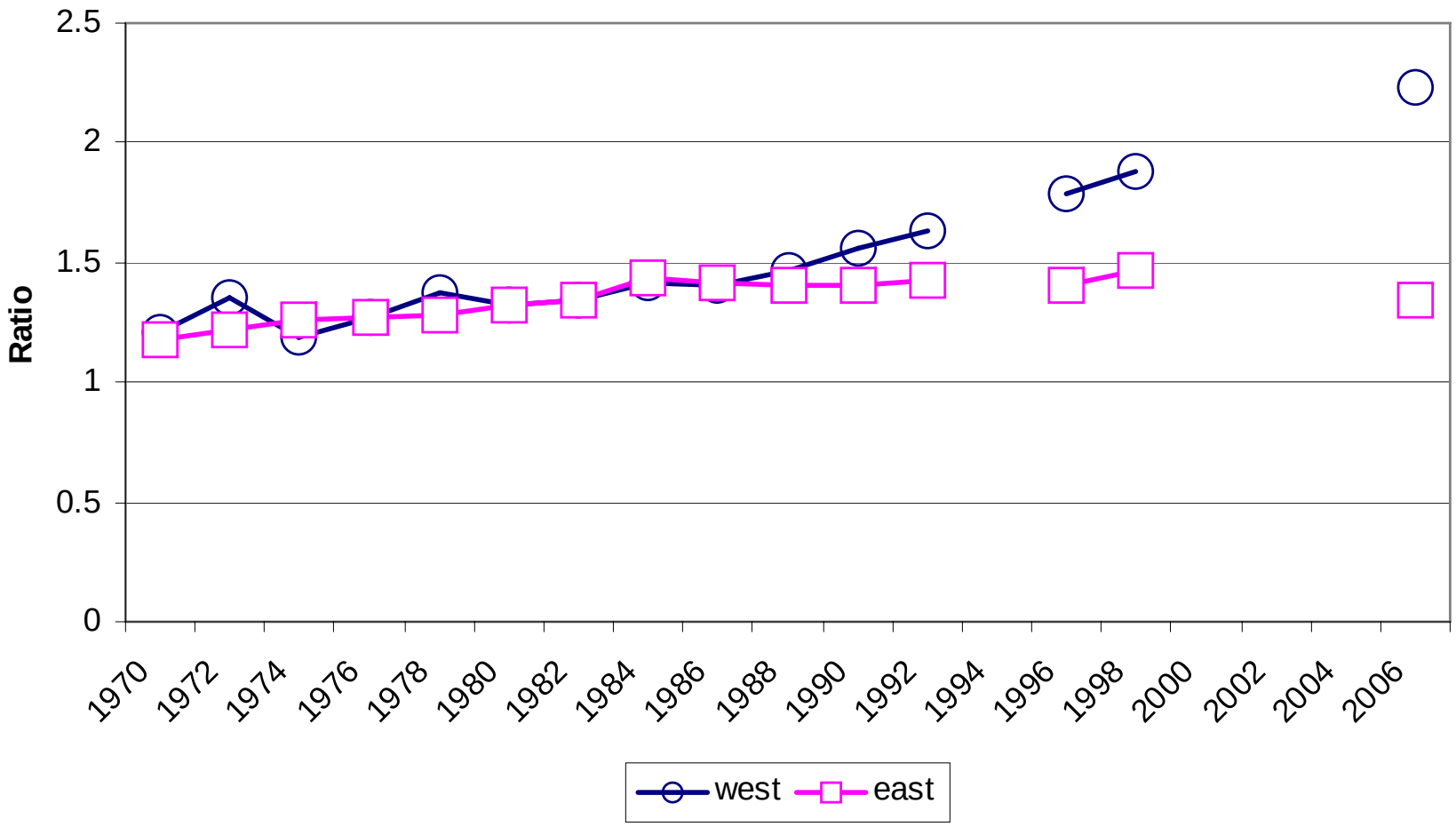
Washington State Wood Processing Facilities by Timbershed in 2006

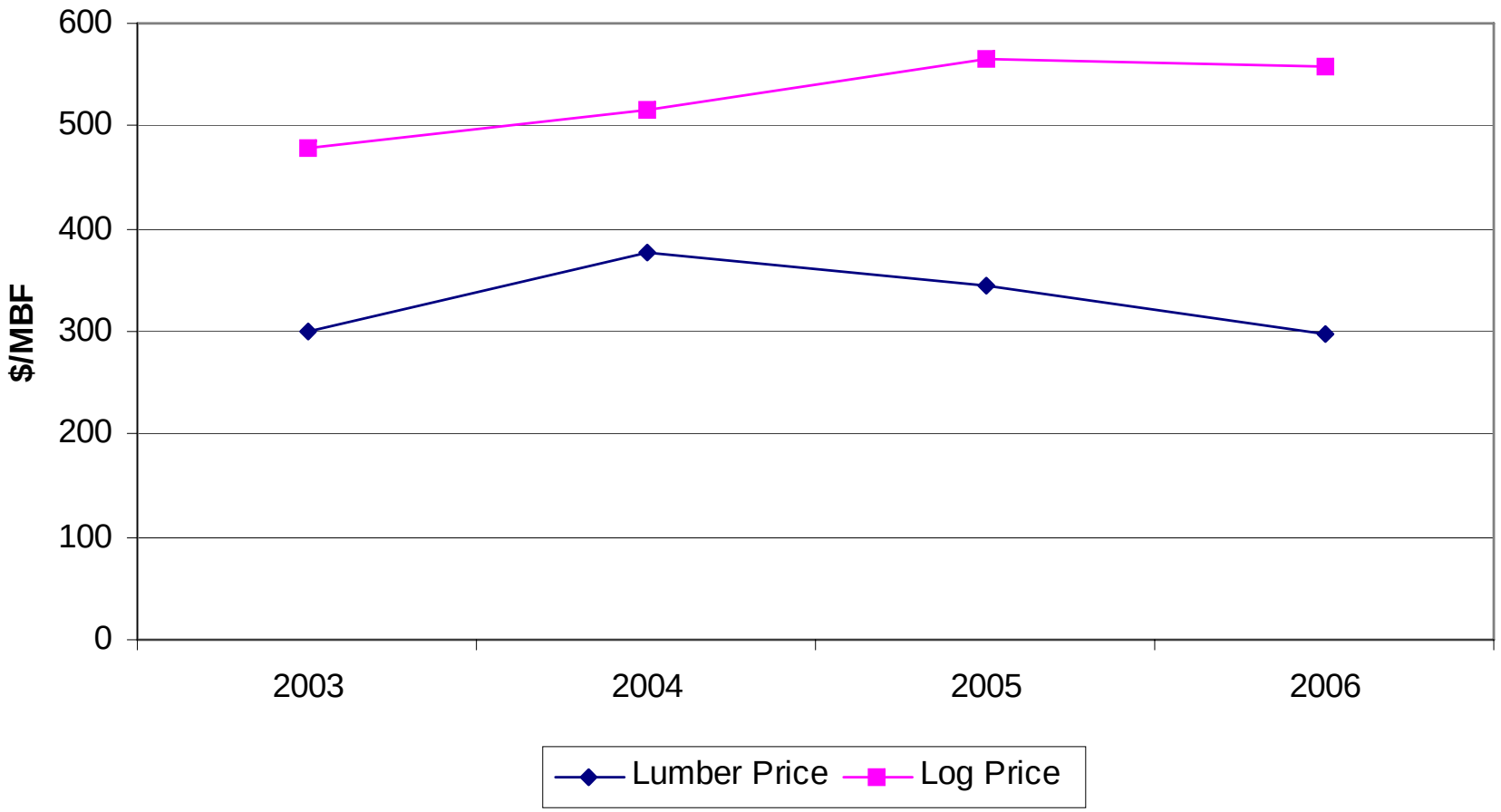


Map prepared by Luke Rogers and Daisuke Sasatani, University of Washington, College of Forest Resources. October 23, 2006.

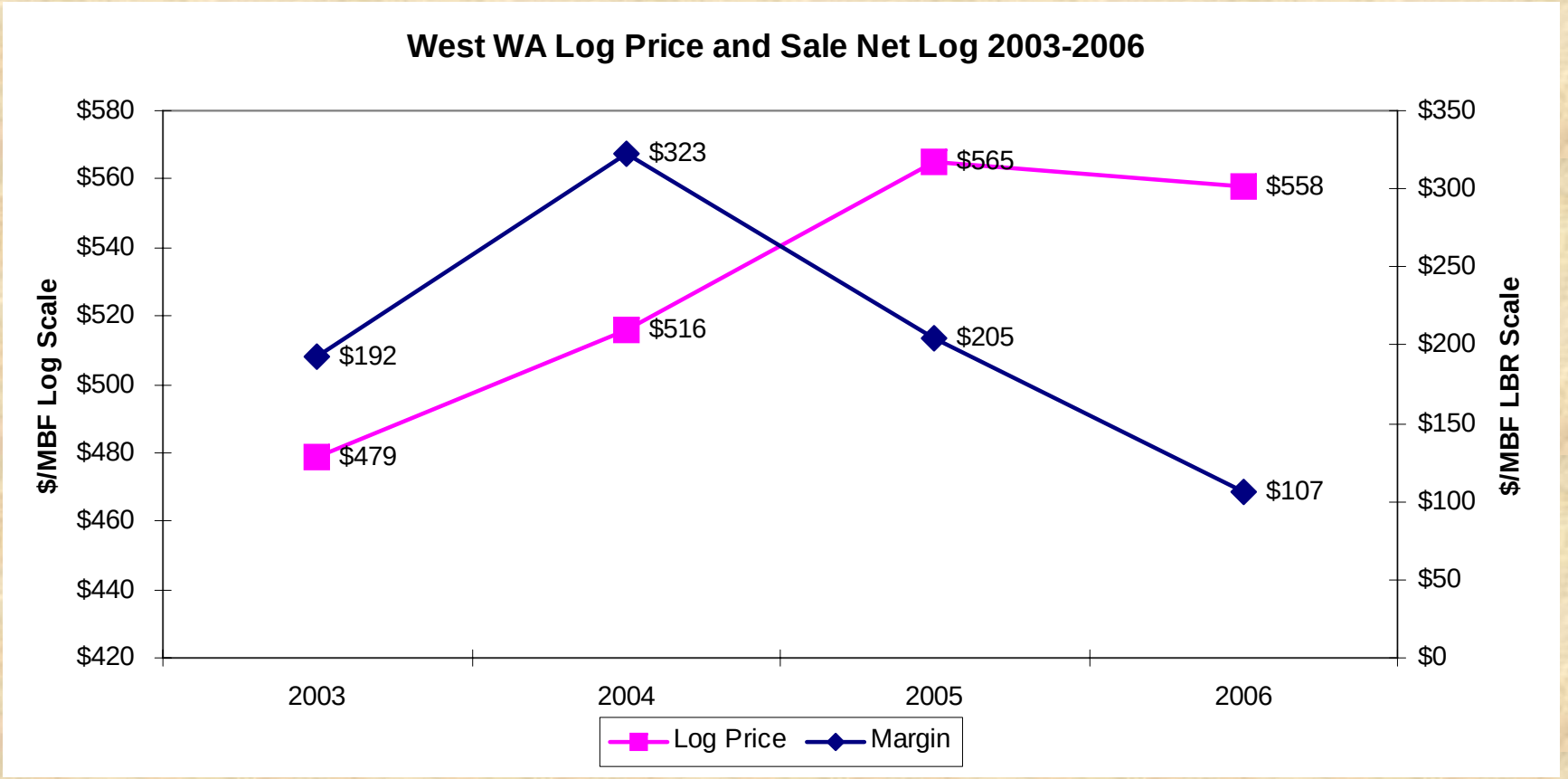
WA Sawmill Overrun Ratios



WA Log and Lumber Price Trends



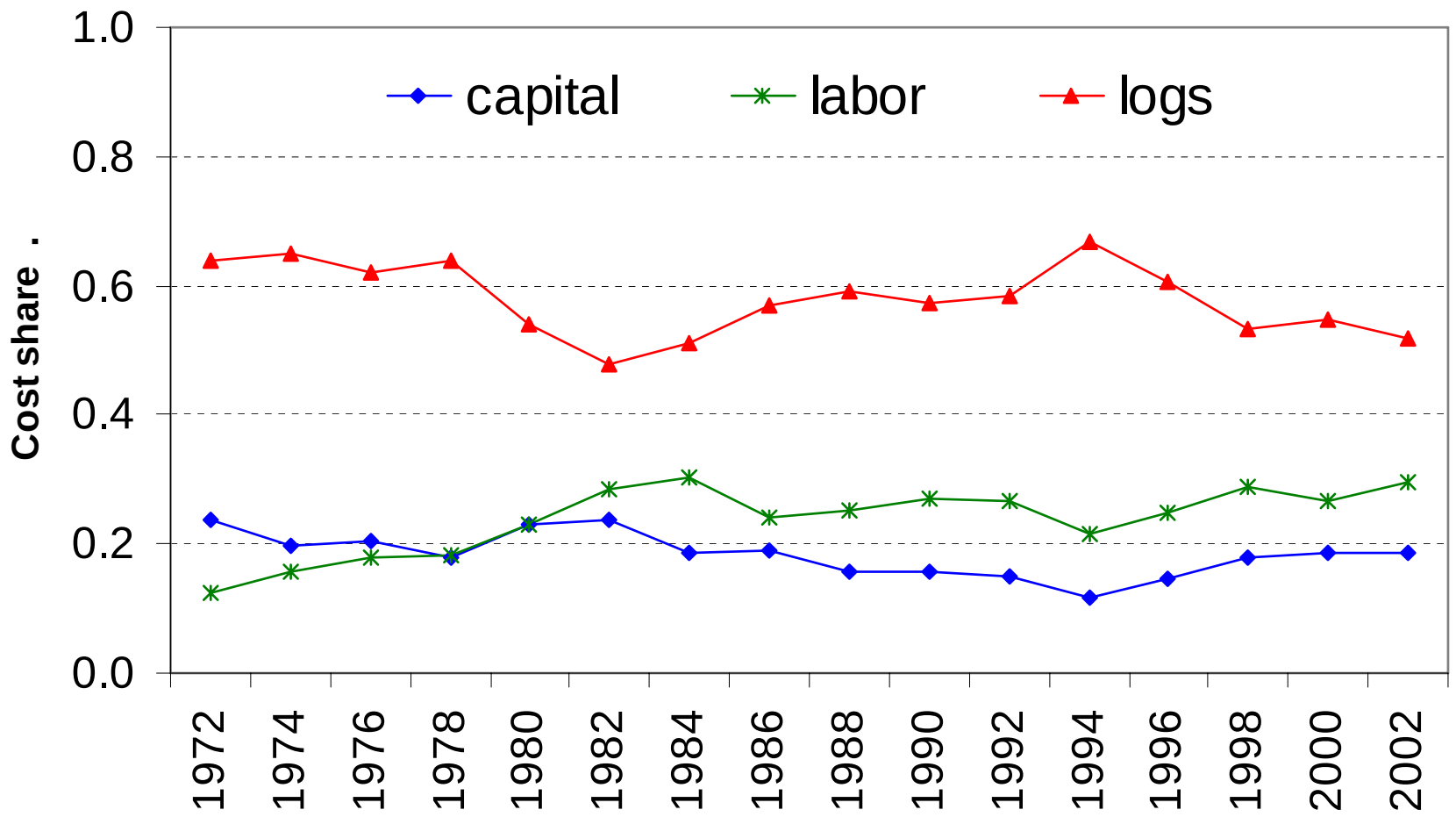
WA Sawmill Margin Trends



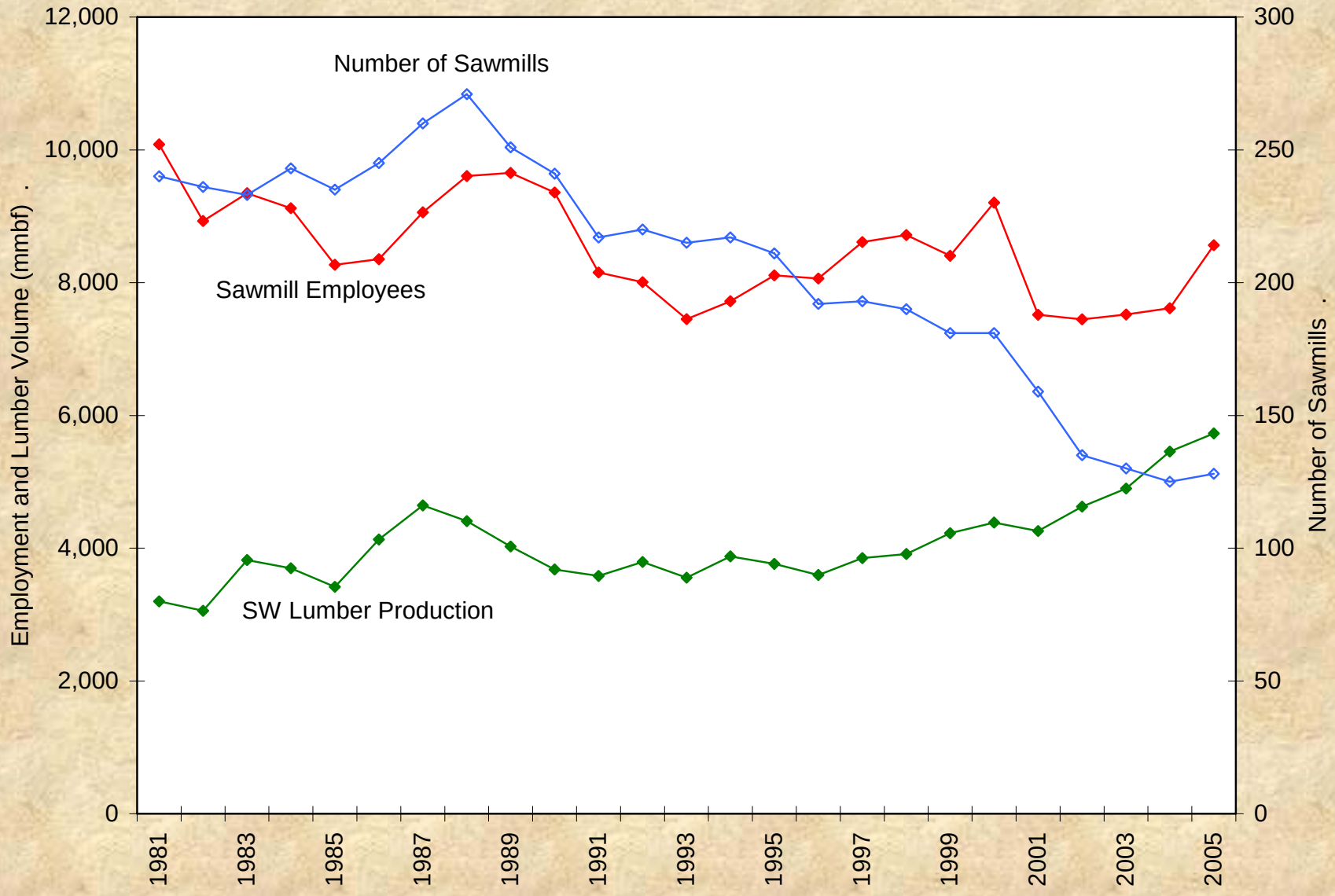
East WA Log Price and Sale Net Log 2006

- Eastside Over Run 1.34
- Eastside Average Log Price $440/mbf
- Eastside Lumber Margin -$40/mbf

WA Sawmill Trends



WA Sawmill Trends



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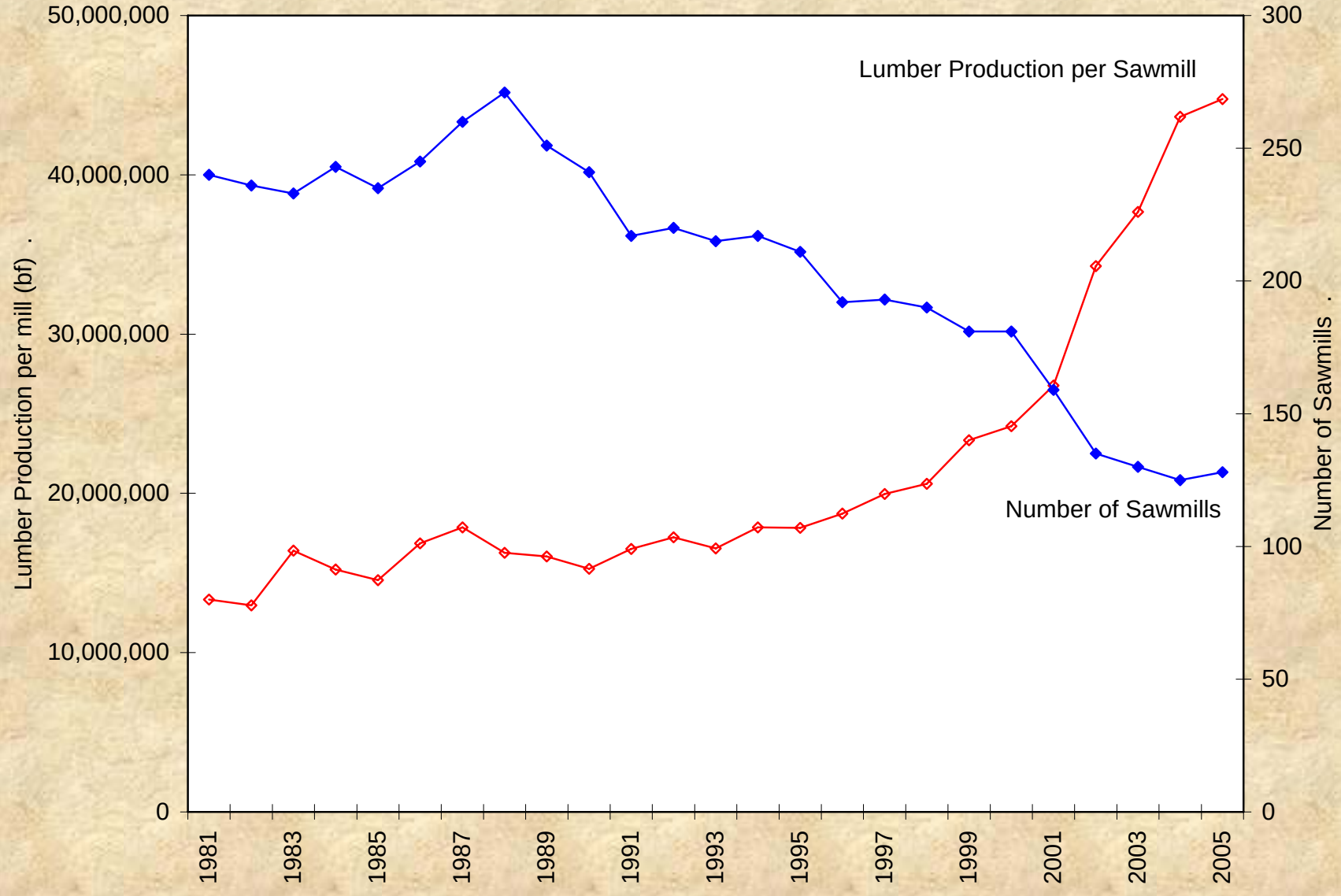
Average Sawmill Production Trend



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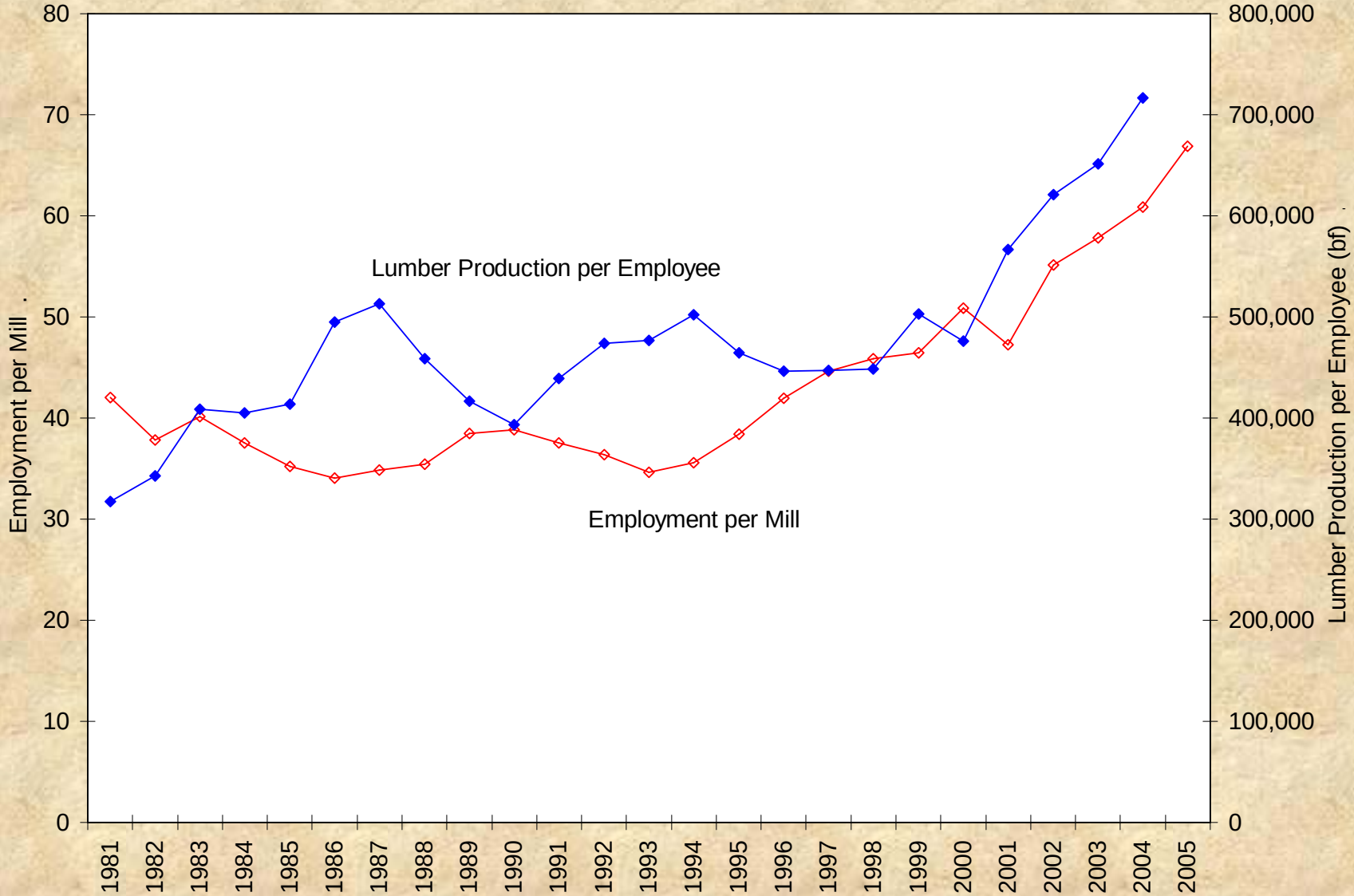
Sawmill Worker Productivity Trend



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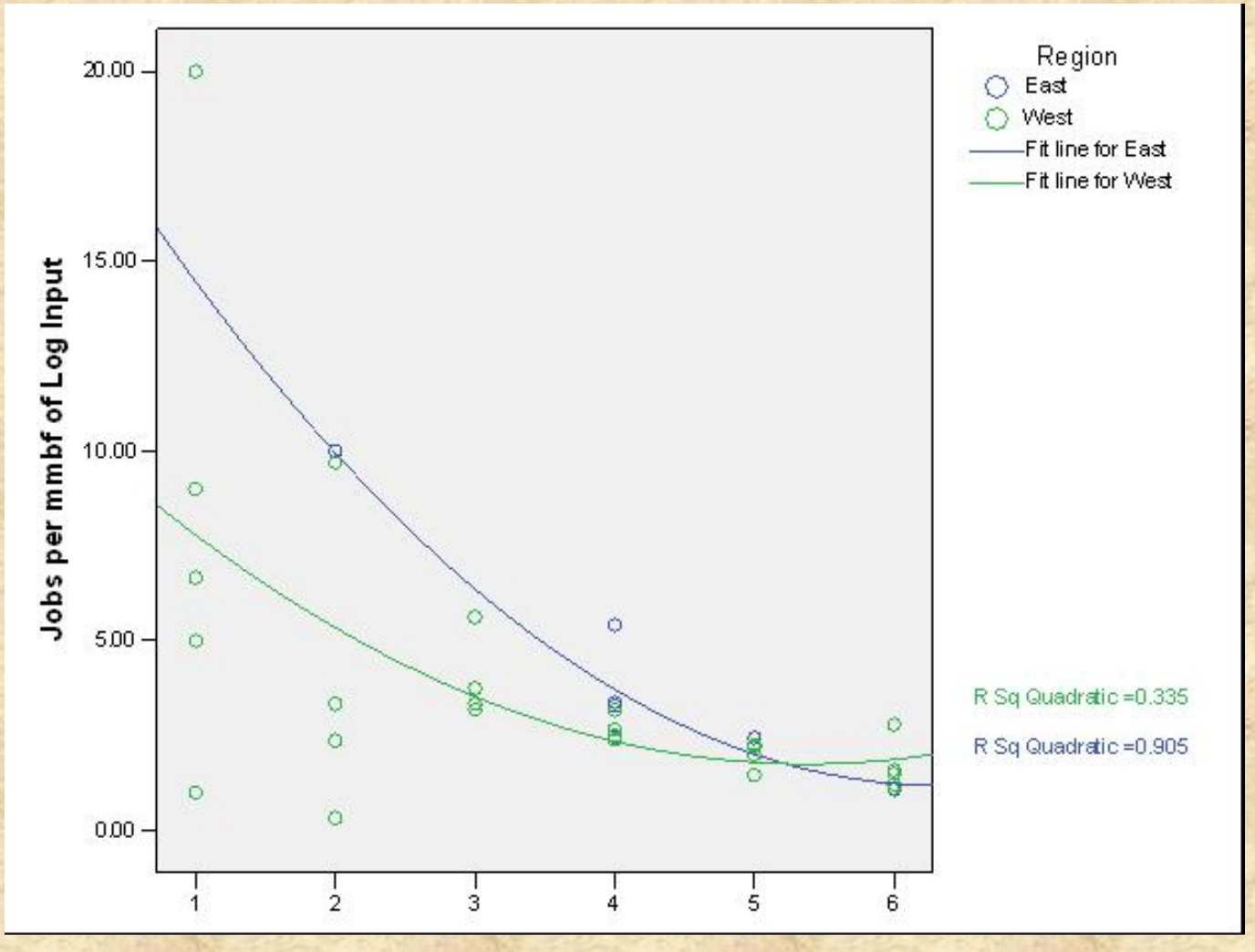
Sawmill Jobs per Log Input

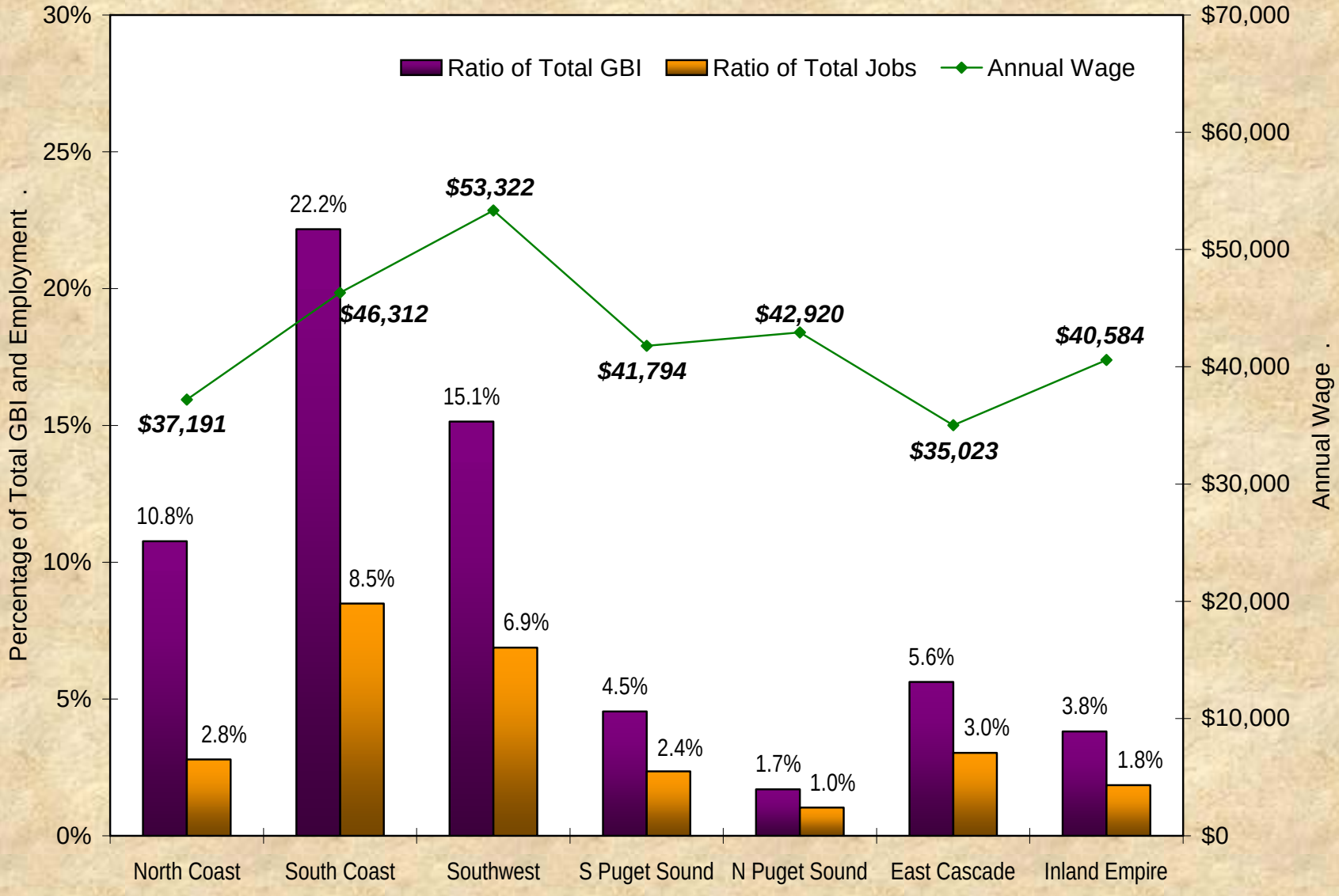


Volume of Log Input

(1) less than 3 mmbf (2) 3 - 10 mmbf (3) 10 - 30 mmbf
(4) 30 - 60 mmbf (5) 60 - 120 mmbf (6) > than 120 mmbf

Economic Contribution of the Forestry and Forest Products Sectors within each Timbershed

Forest Sector Jobs and GBI Ratio, Annual Wage by Timbershed



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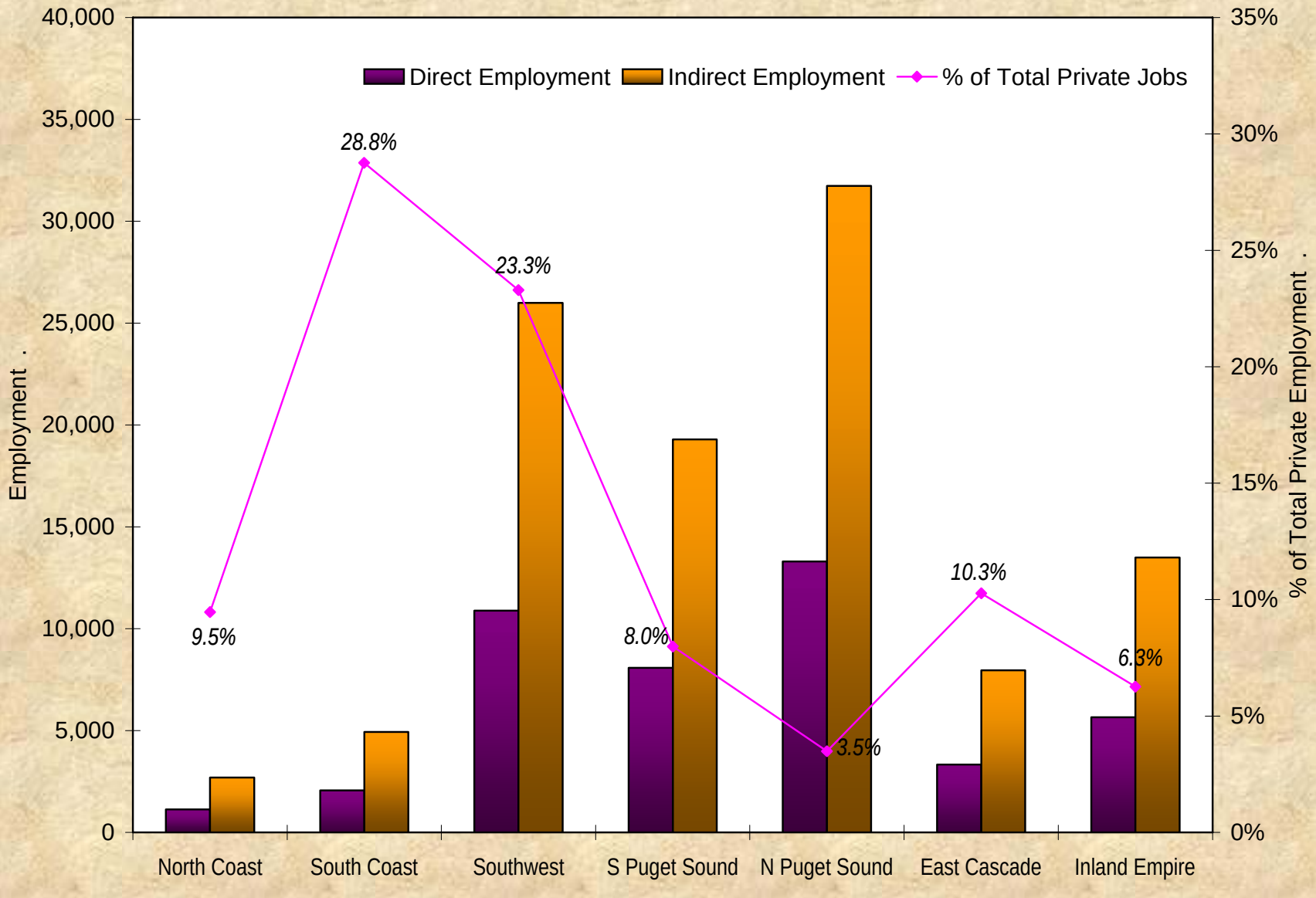
Estimate of Direct and Indirect Forest Sector Employment



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Concluding Observations

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- Out-of-state and imported logs are becoming an increasingly important component of the log input mix
- Timber from Native American forests are also increasing in importance
- Log overrun is increasing in the west but has remained fairly constant in the east
- Log prices have been increasing whereas lumber prices have been declining and gross margins are extremely low and few mills are profitable right now
- Smaller sawmills tend to generate more jobs per mbf of log input than do larger mills
- Since 1994 the ratio of labor and capital costs have been increasing whereas the ratio of log costs in total costs has been declining

Concluding Observations

- Forest products manufacturing represents almost 15% of total manufacturing jobs in WA (many of which are in rural locations) with an average annual wage of $49,329
- Despite a substantial reduction in sawmills and plywood mills, production has increased due to investment in larger mills, mill expansion and new processing technologies which has resulted in a smaller but more productive and efficient industry
- Decline in pulp mills undermines the market for sawmill and plywood mill residues and adversely impacts their economic viability
- The forestry and forest products industry is particularly important to the rural economies of counties in the S. Coast, N. Coast, Southwest and East Cascades timbersheds
- The flow of logs and processing capacity from rural regions to urban regions undermines forest management options in eastside forests where forest health and fire risk issues are critical

Thank You

QUESTIONS?