



**Review of Forest Conditions and Issue Identification**  
Comment by Rex Storm, Associated Oregon Loggers, Inc.  
before the Oregon Board of Forestry – September 4, 2019

Chair Imeson and Board members, my name is Rex Storm, Certified Forester and Forest Policy Manager for Associated Oregon Loggers (AOL). I make these comments on behalf of the 1,000+ AOL member companies, representing Oregon logging and allied forest management businesses — those family businesses who grow, harvest, protect, and own forestlands statewide. We professionally manage forestlands across Oregon, both private and public, and our experience with public forestry in recent years has witnessed several troubling trends.

**We recommend several concerns worthy of board consideration for its strategic planning surrounding the 2011 Forest Program for Oregon. We urge the Board's renewed commitment toward improving the public and private forest policies that have emerged to impair a sustainable future of all Oregon forests.**

The spirit of my comments aim to support constructive Board forest policymaking in your future strategic planning. Our forest policymaking should aim to sustain the "greatest good" by our mutual work together... private forestry, the Department and the Board. We must remain cautious to resist temptation to be led astray by our zeal at tending toward environmental preeminence at the expense of also-important practical socio-economic goals.

I have organized my comments below to address our concerns germane to several of the "Goals" stated in the Board's 2011 Forest Program for Oregon.

**GOAL B – 2011 Forest Program for Oregon**

***Ensure that Oregon's forests make a significant contribution toward meeting the nation's wood product needs and provide diverse social and economic outputs***

Headwinds of public forest policy are challenging to forest sector vitality, forest-related revenue and employment, and forest ecosystem services for society.

We urge your future consideration of the impacts of increasingly harmful public forest policies—as outdated or conflicting policies impact all Oregonians and impair the sustainable practice of forestry on both private and public forestland. In particular, the Board arguably has policy influence surrounding several of those GOAL B headwinds buffeting the forest sector, including:

- A. Statewide Oregon Timber Harvest Weakens
- B. Federal & Public "Merchantable" Harvest Decreases
- C. Eastern Oregon Forest Sector Distressed
- D. "Federal-Private Interface" Injures Non-Federal Neighbors
- E. Disinvestment in a Forest Sector Facing Headwinds
- F. Idled Federal Forest Management Impacts All Oregon
- G. Increasing Demand for US Wood...US South Forest Production Rises; Oregon Production Declines

### A. Statewide Oregon Timber Harvest Weakens

Limited by several obstacles in recent years, Oregon’s statewide 2017 sawlog timber harvest volume remained stuck below 4 billion bdf for the year, at 3.85 billion board feet, according to the Oregon Dept. of Forestry’s most recent annual timber harvest report. While all ownership categories increased their harvest, federal forest harvest volume decreased last year (Forest Service & BLM).

The past three plus years of Oregon sub-4 billion harvest is very concerning, considering that Oregon harvest volume remains *below* par during a markedly improving US economy—a period when structural wood is in greater demand domestically and globally. In perspective, the 2017 harvest volume remained stalled—500 million bdf below the “par” statewide annual harvest of 4.3 billion bdf/year. Further perspective is illustrated by comparing Oregon’s current statewide harvest volume (3.8 billion bf/year) to the same volumes occurring in Oregon during the 1930s Great Depression years.

This current disappointing volume warrants caution, as it indicates very real obstacles continue to impair Oregon’s statewide timber harvest. And if unresolved, these obstacles could impact future output from the nation’s leading state for growing and producing structural wood.

The lackluster 2013-17 harvest volume was shaped by several public policy obstacles that continue to impair Oregon harvest production. Correcting these obstacles is a worthy consideration to foster future forest sector growth:

1. Public forest timber supply declining and unreliable; discourage forestry investment
2. Greater regulation trend on private forestry are discouraging private forestry investment
3. Market compression after public forestry declines, continue infrastructure disinvestment
4. Policies lead to under-realized non-industrial/family forest timber supply
5. Public highway disrepair/overcapacity impairs moving product from forest to market
6. Regulated forest operation shutdowns for weather, other rules
7. Antiquated education & social entitlements stifle labor participation and shun trade careers
8. State & federal government raise more burden on employers, landowners, forest business

**Table 1 -- All Owner Harvest; Statewide Oregon (Public & Private)  
Million bf per Year Annual Harvest**

<u>Year</u>	<u>“Net” Sawlog Actual harvest; million bf/yr</u>
2013	4,199
2017	3,851 <sup>^^^</sup>

**^^^ Notes:**

- Harvest decline of 348 million bf/year; 2017 compared to 2013 (8% decline since 2013)
- Source: Oregon Dept. of Forestry, Annual Timber Harvest Reports

**Table 2 -- All Owner Harvest; Statewide Oregon  
Average Billion bf per Year**

<u>Decade Period</u>	<u>"Net" Sawlog Actual harvest billion bf/yr</u>
2010-2017	3.81 a/
2000s	3.83
1990s	4.71
1980s	7.52
1970s	8.36
1960s	8.79
1950s	8.71
1940s	6.95
1930s	3.23
1920s	3.60

a/ Notes:

- 2017 harvest volume is sadly-comparable to the 1930s Great Recession harvest volume
- Source: Oregon Dept. of Forestry, Annual Timber Harvest Reports; Oregon's Timber Harvest 1849-2004

**B. Federal and Public "Merchantable" Harvest Decreases**

Unlike other forest ownership categories in Oregon, the US Forest Service reports its timber volume in "gross" figures, rather than the net merchantable sawlogs tallied by all other forest entities. This distinction is significant, as the added non-merchantable volume in USFS volumes have a negative economic value that deduct from its net sawlog value--thereby rendering the remaining net volume even less valuable than would be customary non-federal sawlog volume.

We note with serious concern the Forest Service's declining output of merchantable "net" sawlog timber volume despite receiving additional federal AND state of Oregon funding--especially in Eastern OR. Although the USFS-reported Eastside "gross" volume figures have increased over the past 15 years, the apparent net actual sawlog harvest has harmfully *declined* during that same period, calculated in 5-year period average/year. On a statewide USFS basis, the apparent net actual sawlog harvest also harmfully *declined* over that most recent five years. Because the merchantable sawlog harvest is the economic metric that derives meaningful value from the forest, the erosion of this metric is alarming and detrimental to the forest private and public entities.

**Table 3 -- Federal Harvest; Statewide Oregon (FS and BLM)  
Million bf per Year Annual Harvest**

<u>Year</u>	<u>"Net" Sawlog Actual harvest; million bf/yr</u>
2013	557
2017	495 #

# Notes:

- Harvest decline of 62 million bf/year; 2017 compared to 2013 (11% decline since 2013)
- Source: Oregon Dept. of Forestry, Annual Timber Harvest Reports

**Table 4 -- Public Harvest; Statewide Oregon (FS, BLM, State, Tribe, County)  
Million bf per Year Annual Harvest**

<u>Year</u>	<u>"Net" Sawlog Actual harvest; million bf/yr</u>
2013	925
2017	850 @

@ Notes:

- Harvest decline of 75 million bf/year; 2017 compared to 2013 (8% decline since 2013)
- Source: Oregon Dept. of Forestry, Annual Timber Harvest Reports

The most important role the USFS can play in supporting a sustainable primary milling and contract infrastructure is to consistently offer economically and operationally-viable timber sale volume of positive contract value. In recent years, the USFS trend has been the converse of this objective. USFS has a reputation for inconsistently offering often uneconomical and operationally-challenged timber sale volume of often marginal contract value. USFS sales are typically encumbered with exhaustive restrictions, limits, and non-merchantable volume requirements. And the agency is known to unilaterally reduce, delay, encumber, or cancel planned, offered, and contracted volume. Such behavior seriously impacts the business community with whom the USFS relies upon. The agency routinely under-performs both its planned and targeted timber sale volumes. Making matters worse, in the 1990's the agency altered its reporting metric from net to gross volume--which masks the true value or declines in merchantable volume.

There's a practical need to develop a USFS forest management program geared towards increased restoration and selling dependable merchantable timber supply, which would sustain the viable forest product infrastructure necessary to sustain the federal forest resource asset.

**C. Eastern Oregon Forest Sector Distressed**

The impact of all the aforementioned obstacles is dire in Eastern Oregon, where the forest sector capacity has diminished in scope, scale, and geographic availability. Distant markets and forest management opportunities are inconsistent and unreliable, largely due to the 75%+ dominance of the public forest ownership and its waning commitment to forestry. Lacking future forest policy changes, the continued harmful erosion of the forest sector is predictable there.

There are many geographic areas where private forestland owners simply have no viable market to conduct forest management--due to either a mill refusing their timber sale, or uneconomical distances, or unavailable contract capacity. Non-industrial private forest and ranchlands experience increasing pressure to change land use to non-forest land uses.

There remain just nine primary forest product mills on the Eastside. At first glance this may appear sufficient to manage the forestlands. However, the distance between, specialization of each mill, and stifled capacity/investment renders the current milling capacity and forestland management tenuous at best... and likely unsustainable.

**Table 5 -- All Owner Harvest; Eastern Oregon (Public & Private)  
Million bf per Year Annual Harvest**

<u>Year</u>	<u>Actual harvest; million bf/yr</u>
2013	410
2017	328 ++

**++ Notes:**

- Harvest decline of 82 million bf/year; 2017 compared to 2013 (20% decline since 2013)
- Source: Oregon Dept. of Forestry, Annual Timber Harvest Reports

**D. "Federal-Private Interface" Injures Non-Federal Neighbors**

Along the thousands of miles of Oregon federal forest boundary shared with non-federal neighbors, current federal forest policies increasingly adversely impact their neighbors--and transfer risk from the federal lands to the non-federal neighbors. For example, the long-term average of US Forest Service-borne wildfires burn 79% of the annual forest acreage of wildfires--even though the USFS protects only half of Oregon's forest acreage.

Across the Oregon forest and range landscape, federal wildland wildfires burn 89% of all wildland fire acres in Oregon over the past 10-year average. This disproportionate federal-origin impact demonstrates how federal forest policies extend beyond their federal boundaries – transcending those non-federal forestlands for which the Board has jurisdiction to protect.

**Table 6 -- US Forest Service Wildfires versus ODF-Protected Wildfires; Statewide Oregon Average Acres and Fires per Year (10-year average: 2009-18)**

	<u>Acres/Year</u>	<u># of Fires/Year</u>	<u>% of All Acres</u>
10-year average US Forest Service**	156,571	949	79%
10-year average ODF-Protected**	40,731	949	21%

**\*\* Notes:**

- Both the US Forest Service and Oregon Dept. of Forestry (ODF), each protects roughly an equal acreage of Oregon forestland = 16 million acres each agency
- Source: National Interagency Fire Center, Wildland Fires and Acres by State 1926-2018

**Table 7 -- Federal Wildfires versus Non-Federal Wildfires; Statewide Oregon Average Acres and Fires per Year (10-year average: 2009-18)**

	<u>Acres/Year</u>	<u>% of All Acres</u>
10-year average Federal lands (FS, BLM, NPS, FWS, BIA)	498,950	89%
10-year average Non-federal lands** (Private, state, county, ag/range)	59,940	11%

**Notes:**

- Source: National Interagency Fire Center, Wildland Fires and Acres by State 1926-2018

**E. Disinvestment in a Forest Sector Facing Headwinds**

Although Oregon’s forest sector is renowned as the nation’s leader in structural wood growth and production, there are serious headwinds that are resisting necessary investment that would foster this leadership. Leading the headwinds are an eroding and uncertain future public timber supply, threatening added forest regulation, and unfavorable state policies that impair business, employment and primary education of young trades workers.

Global demand for structural wood is increasing, and Oregon’s forest sector is well positioned to increase wood manufacturing and sales. However, due to a progressively-unpredictable sawlog timber supply from public lands, the forest sector has been operating below capacity, is often idled, and primary forest product mills continue to close. Many sector businesses operate either below capacity, or at curtailed levels, that are not sustainable in the long-term.

The emerging uncertainty over future declining public timber supply, and added state regulation, has had a dampening impact on investment into forest sector production infrastructure (forestry, contracting, transportation, manufacturing, workforce, rural community employment). Under the looming declines of public forestry in Oregon, the forest sector is disinvesting in vital

infrastructure (manufacturing, contracting, forestry, transportation, distribution, etc.) necessary to sustain a thriving Oregon forest sector. The recent primary forest product mill closures in Oregon are a bellwether of this infrastructure compression.

Furthermore, these headwinds impact the contract forest management segment most severely (forestry, harvest, reforestation, transportation, protection). The chronic market compression, faltering public timber supply, uncertainty, and piling-on of state regulation discourages investment into contract infrastructure capacity, technology, and labor. Contract capacity shortages are an emerging issue.

**Table 8 -- Recent Primary Forest Product Mill Closures; Oregon  
Permanent closure of lumber, veneer, panel, pulp mills**

<u>5-Year Periods</u>	<u>Actual mill closures</u>
2015-2019	8 &&
2010-2014	5
<u>2005-2009</u>	<u>20</u>
15-year total	33

&& Notes:

- 8 primary mills permanently closed 2015-2019: G-P/Coos Bay; Swanson Group Saw/Glendale; Boise Cascade Saw/Elgin; Rough & Ready Lumber/Cave Junction; Warm Springs FP/Warm Springs; Marys River Lumber/Philomath; Westrock/Newberg; Rosboro Ply/Springfield
- Source: Associated Oregon Loggers, Oregon Primary Forest Product Mill Closures, April 2019

**F. Idled Federal Forest Management Impacts All Oregon**

We urge your future consideration of the impacts of increasingly harmful public forest policies— as outdated or conflicting policies impact all Oregonians and impair the sustainable practice of forestry on both private and public forestland.

For example, this year’s largely federal forest-borne smoke pollution and wildfire damage demonstrate how federal forest policies transcend well beyond their federal boundaries... and impact assets valuable to Oregonians:

- Social quality of life and human experience (clean air and fire safe)
- Shared forest management infrastructure for rural Oregon-based forest sector economies
- Non-federal forest fire protection expense and resource losses impacted by federal fires
- Federal-private forestland interface (federal transfer risk to non-federal forest neighbors)

**G. Increasing Demand for US Wood...**

**US Southeast Forest Production Rises; Oregon Production Declines**

A new study forecasts that softwood lumber consumption in the US will reach all-time highs by 2030. As a consequence, there are likely to be increased investments in production capacity in the US, changes in Canadian lumber trade flows, a rise in overseas supply, and upward pressure on sawlog prices. US softwood lumber demand is expected to continue its upward trajectory from the lows of the global financial crisis of 2008-2009, and continuing to improve during the 2020s.

Timber producing states in the US Southeast in recent years have increased production. An assessment of Southeast US primary forest product mill output reveals that during 2014-18, additional timber manufacturing capacity of 4.505 billion bdft of production was *added* in the Southeast US (capacity additions at 31 mills).

By comparison, during roughly the same period Oregon’s actual lumber production *declined* by 310 million board feet due to ongoing mill curtailments, mill closures, and short/unreliable public timber availability. The relative high cost of public timber in short supply has contributed to this Oregon forest sector plateau.

**GOAL F – 2011 Forest Program for Oregon**

*Protect and improve the health and resiliency of Oregon’s dynamic forest ecosystems, watershed and airsheds*

**GOAL C – 2011 Forest Program for Oregon**

*Protect and improve the productive capacity of Oregon’s forests*

**Public Mortality & Accumulation Threatens Oregon Future Forest Sustainability**

Oregon’s private forestland (comprising 34 percent of statewide forestland by acreage), reliably produces nearly 80 percent of timber harvest volume statewide. The active forest management, access, and protection on these private forestlands offers very important sustainability benefits that are less achievable on unmanaged or passively-managed forestlands. Oregon forests benefit from active forest management to maintain and improve their vibrancy, health, productivity—and sustainability.

A comparison of harvest, growth, mortality and net biomass accumulation illustrates very graphic differences between private and public forests.

*Sustainability of Oregon Forests 2006-2015;  
Public Forests Amass Rising Mortality & Overcrowding (biomass accumulation)*

<u>Owner</u>	<u>Harvest</u>	<u>Mortality</u>	<u>Net Biomass Accumulation</u>	<u>Annual Growth</u>
Federal public	8%	36%	56%	100%
State public	56%	18%	26%	100%
Private	77%	11%	12%	100%

- Source: USDA Forest Service, Oregon’s Forest Resources 2006-2015: Ten-Year Forest Inventory & Analysis Report, PNW-GTR-971

Actively managed private forestlands experience just 11 percent of their total growth in annual tree mortality. These managed private forests also show a 12 percent net increase in volume annually. These low private forest percentages are indicators of healthy forestlands that are professionally tended to maintain robust forest conditions, and ideal densities that ward-off forest threats from overcrowding and other mortality factors.

Contrasting the private forest status, the public federal forests suffer 36 percent of their total growth in tree mortality. This means that the amount of federal tree volume that dies consumes 36 percent of the federal forest’s annual growth. The remainder of the federal growth, a net change of 56 percent, adds to the volume of standing tree volume in those public forests. This high amount of net wood biomass accumulation is not beneficial to the federal forest condition, however. For example, many Oregon federal forests are becoming unusually congested with more

unhealthy trees, denser forests, aging disorders, and stressed trees that are more prone to mortality due to pests, disease, storms, overcrowding, aging mortality, invasives, and larger wildfires.

The excessive combination of mortality and net wood biomass accumulation in Oregon's public forestlands—reaching from 44% to 92% of their annual growth—is a dangerous indicator that these public forests are increasingly mounting unsustainable conditions that are subject to undesirable threats, such as larger wildfires and large areas lacking adequate reforestation.

The transference of risks and hazards originating on federal forests (and crossing the federal-private interface), is an emerging concern to private forestlands, the forest sector, and rural forest communities. Although the aforementioned federal forest threats may originate on public lands, the spread and impact of these greater threats readily transfer onto neighboring private forestlands where costly effects are experienced increasingly in recent years. Additionally, the human health and safety of Oregonians is impacted by the wildfire and smoke pollution hazards emanating from ever-larger federal fire incidents.

Furthermore, national forest annual timber harvest volumes are currently far below those planned and projected harvest levels that are codified into federal forest plans. In Oregon federal forests, for each 1 cubic foot of wood harvested, more than 3 cubic feet die through wildfires, pests, decadence, and other maladies. Post-disturbance reforestation efforts are typically meager following federal forest forest-killing events. High federal forest mortality leads to reduced carbon absorption, increased wildfire risk, and threatens Oregon's private forestlands and forest sector in our rural forest-producing communities. With millions of acres of high and moderate hazardous condition class Oregon federal forests, a number that is arguably increasing, there's much work to do.

Oregon's future forest healthy, resiliency, and productive capacity is threatened by these impactful emerging trends.

## **GOAL G – 2011 Forest Program for Oregon**

### ***Improve carbon sequestration and storage and reduce carbon emissions in Oregon's forests***

#### **Keep forestlands forested and manage appropriate forests for carbon.**

Oregon forests provide substantial carbon absorbing benefits that are often neglected from public policy debates on the matter. And, optimizing the area and growing condition of forested land is therefore an important component of any carbon mitigation strategy. Active forest management is also important so as to capture the greatest carbon mitigation potential. Actively managed forests offer greater carbon benefits than would be unmanaged forestland. Forests undergo change with or without management, and the decision not to manage has its own carbon consequence.

Young, healthy forests are Oregon's greatest carbon absorbers. As forests mature, they generally become carbon-cycle neutral—or even carbon emission sources—because net absorption (primary productivity) declines, natural mortality increases, and the probability of massive carbon loss increases over time. If a forest is unmanaged, decay of trees killed by natural disruptions — overcrowding, wildfire, wind, ice, pests & diseases—would emit carbon without providing the carbon benefits available through wood product and energy substitution, or even continued carbon absorption if trees had remained healthy.

Managed forests are part of the solution to the carbon issue. We would be best served to focus on maintaining and growing more managed forests in Oregon, and encouraging the use of forest-based products, while enhancing the benefits of carbon for the forest sector as a whole. As a public policy objective, forest management, supported by research and monitoring, can provide and enhance carbon benefits. In Oregon, managed forests are a carbon solution, with multiple benefits to the forest products industry, the nation, and the environment. Actively managed forests offer abundant opportunity to achieve sustainable solutions.

Key carbon opportunities for Oregon forestlands:

1. Learn more about carbon and managed forests through study, research and demonstration projects. A straightforward system for quantifying the carbon life-cycle benefits of managed forests and forest products that can be broadly applied is needed—and can be informed by work done by private and public research organizations (e.g., USDA Forest Service, NACASI, Woodworks, CORRIM, and others). Such a policy and system should work together to promote market-based rewards and increase carbon benefits.
2. Make the case for carbon-related benefits from active forest management for the wood growth accrual rate, the long-lived wood products, keeping & adding more lands as forestland, and the ecosystem services provided by actively-managed Oregon forestlands.
3. Healthy, resilient and growing forests actively absorb carbon at a high rate, they suffer less mortality-caused carbon deficit, they store carbon in both forest products and trees, and they provide a full range of co-benefits (for water, habitat, recreation, and community economies). Healthy, managed Oregon forests have proven to be more resilient—where large wildfires and wildfire smoke emissions are less likely and less impactful.
4. Reject a narrow focus on carbon storage as the sole forest benefit. Avoid the myopic and counter-productive temptation to emphasize forest's role toward carbon as only storage within standing trees.
5. Support innovation in wood's carbon benefits. Endorse green building, wood biomass energy efficiency, new product development, renewable energies, and policies that would enhance the business case to reduce atmospheric carbon.
6. Substitution effect is real. Forest product strategies could include the use of wood as a material substitute for steel and concrete, which require more carbon emissions to produce. The carbon emissions offset from using wood rather than alternate materials can be twice the carbon content of the product.
7. Foster policies and forestland taxation that encourage landowners to manage forests. Landowners can maintain and increase their acreage and vigorous condition of healthy-growing forests that provide greater carbon benefits as well as a full range of co-benefits. Likewise, policies that support markets for forest products help support the economics underlying active management of these healthy forests—which thereby would benefit the carbon contribution.
8. Develop policies that encourage forest sector innovation—and public forest reforms—that would support long-term active management benefits for addressing the carbon challenge.

I make these recommendations in respect for the Board's decades-long commitment to effective Oregon forest polices, which make Oregon a great place to grow and harvest trees—and effective policies that makes Oregon forests a great place to work!

Thank you for considering our suggestion regarding your renewed commitment toward improving the public and private forest policies that now stifle the sustainable future of all Oregon forests.