



Idaho Forest Products Business Sector – Fact Sheet #1

Findings from *Idaho Forest Products Business Sector – Contributions, Challenges, and Opportunities* (Policy Analysis Group Report No. 26, Philip S. Cook and Jay O'Laughlin, Feb. 2006) and *Forest Health and Biomass Energy Potential in Idaho* (Policy Analysis Group Issue Brief No. 7, Jay O'Laughlin, Feb. 2006)

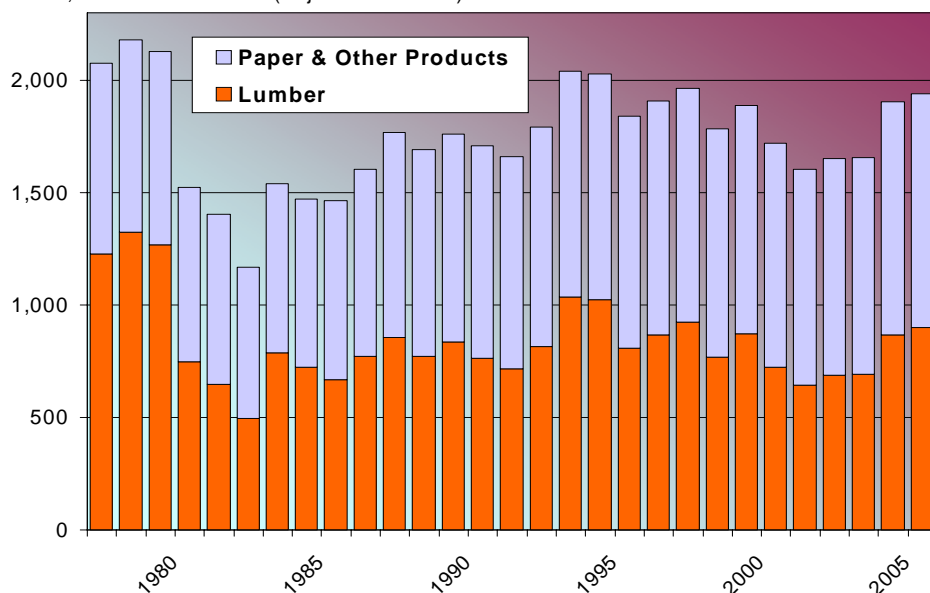


Forests, logging, and the manufacture of forest products have long been parts of Idaho's history, economy, and culture. Although Idaho has grown and diversified, forests will continue to provide economic benefits and many other environmental and social benefits for the people of Idaho.

Economic Contribution

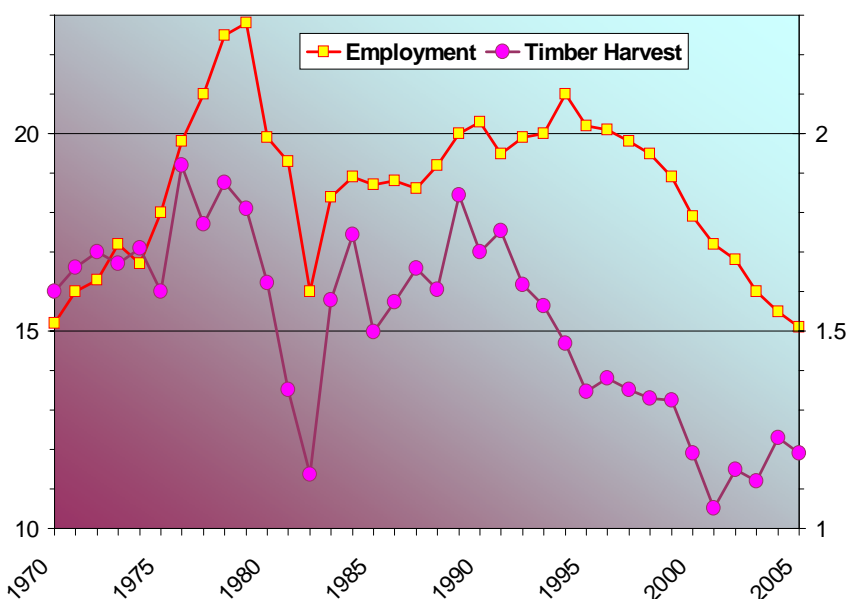
- \$2 billion sales in 2005 (chart) →
- 15,100 employees in 2005
 - \$32,355 average wage per job (\$22,587 avg. for all industries)
 - \$15,000 other benefits per job
- Dependence on forest products
 - 4.6% of all Idaho labor income
 - only ME & OR more dependent
- 8th largest lumber producing state
- 86% of production is exported
- Highly linked to other industries
- 13 employees per million board feet of timber harvested (chart) →
- jobs are correlated with harvest

Sales, Millions of Dollars (adjusted to 2005)



Thousands of Workers

Billions of Board Feet



Other Wood Utilization Benefits

- Idaho's forests produce a lot of biomass
 - one billion cubic feet each year
 - adds to forests equivalent of 4 football fields stacked one mile high with wood
 - one-fourth removed as timber harvest
 - three-fourths accumulates in forests (400 million cu. ft. of mortality/year)
 - highest mortality rate in 50 years
 - highest forest density in 50 years
- Biomass causes problems when not used
- Biomass utilization benefits:
 - healthier forests, reduced wildfire risks
 - less air pollutants than alternatives – wildfires or prescribed burning
 - renewable energy source

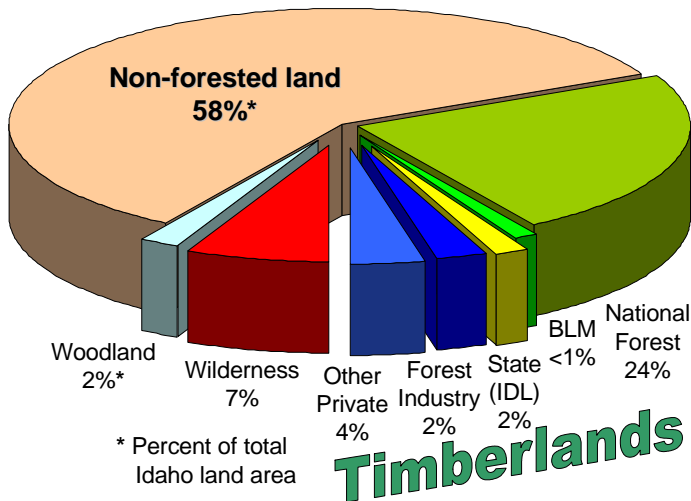
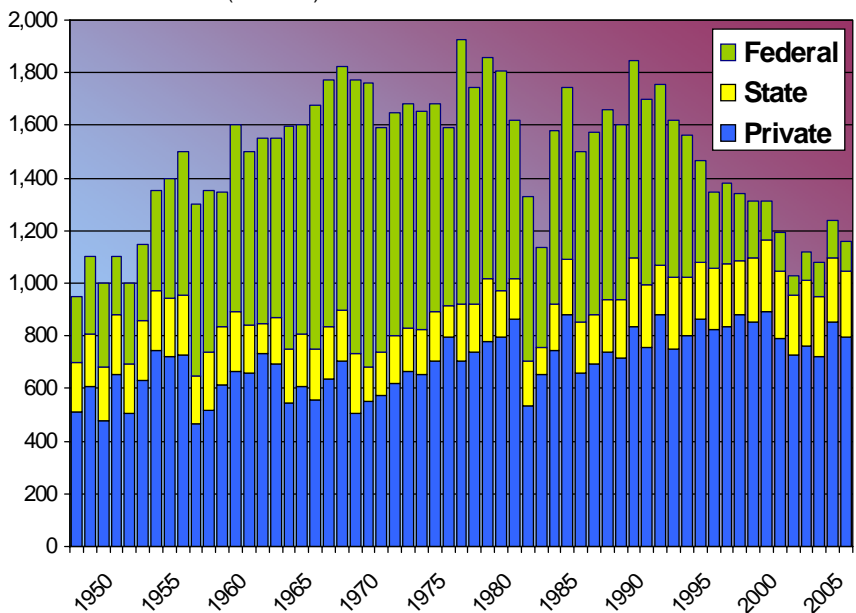
Timber Harvest Trends

- Nat'l Forest harvest decline (chart) →
- Other timberlands (private & state) cannot make up the difference

Challenges – Forest Sector

- Availability of raw material
 - 75% of timber is on federal lands ↘
 - federal land management policies
- Global markets & competition
 - lumber imports from Canada
 - southern plantations & mills

Millions of Board Feet (Scribner)



Forest Land Statistics

- 42% of Idaho is forested
- 32% of Idaho is timberland
 - can grow continuous crops of trees
 - timber harvest is permissible
- 3/4 of timberland is National Forest



Opportunities Forest Business Sector

- Raw material utilization
 - forest health - hazardous fuel treatments
 - new technologies for consumer products using small timber & forest residues
 - biomass energy for electric power
- Economic development
 - forest-based business clusters
 - encourage innovation & entrepreneurs
 - value-added products
- Idaho forest sector development
 - adapt features from other states' programs (ME, OR, WA, WI, KY, PA, for example)
 - IDWR Energy Division – *Idaho Forest Industry of the Future: Strategic Tech. Plan*

Conclusions – Forest Business Sector

- Idaho's forest products business sector provides important economic benefits
 - 15,000 jobs, many of them high-wage
 - highly linked to other economic sectors
 - development strategies focused only on high-growth sectors may miss opportunities
- Firms need information & assistance in order to
 - make high-value wood products efficiently
 - increase production capacity
 - employ a highly skilled workforce
 - sell products in foreign and domestic markets
- Consider cluster-based strategies & programs
- Emphasize innovation & value-added products to reduce impact of raw material challenges
- Idaho lacks a centralized institution focused on forest products business sector development
 - cooperate with federal agencies
 - assign mission to public-private partnership?
 - Idaho Forest Products Commission model
 - Idaho Rural Partnership model