“Idaho’s Forest Products Industry Current Conditions and 2016 Forecast” reports that conditions for Idaho’s wood and paper products manufacturing industry were challenging in 2015, but the industry remained a steady contributor to Idaho’s economy. Although harvest levels in Idaho were down slightly compared to 2014, lumber production was up slightly. Overall industry sales and employment remained about the same as they were in 2014. The outlook for 2016 is for continuing challenges for the industry.

Nationwide Operating Conditions 2015

Wood product markets struggled in 2015 due to multiple factors. While U.S. housing starts grew about 10 percent from 1.0 million in 2014 to 1.1 million in 2015 supporting domestic demand, a slowdown in the Chinese economy reduced exports of logs, lumber, and other wood products. The U.S. Dollar strengthened against most world currencies making the U.S. a prime destination for imported wood products and challenging domestic producers’ abilities to sell into weakening domestic and foreign markets. The Softwood Lumber Agreement between Canada and the U.S. expired in October 2015, causing uncertainty in lumber markets for at least the next year.
Each million board feet of timber harvested and processed in the state provided about 20 jobs, 12 directly in the industry and 8 in supporting industries such as heavy equipment and trucking. These jobs provide about $667,000 in wages and salaries, and $3.85 million sales of goods and services.

**Outlook for 2016**

National forecasts for general economic conditions in 2016 are for modest growth, lower unemployment, and low inflation. Domestic and foreign wood products markets in 2016 are expected to remain challenging, as they were in 2015. If markets improve, many Idaho mills have underutilized capacity that can be used to respond accordingly.

A survey of large Idaho forest product manufacturers in November 2015 revealed 3 major factors of concern to businesses in 2016: market demand for lumber with good pricing, retaining a skilled workforce, and access to timber supply.

This document is derived from the 4-page “Idaho’s Forest Products Industry Current Conditions and 2016 Forecast” report available at: www.uidaho.edu/idaho-conditions.

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