

What's Happening to Michigan's Forest Products Industry?

Once again I am bringing sad news to your attention; Georgia Pacific in Gaylord shut their doors this morning. The high cost of timber stumpage was given as one of the economic reasons they closed this facility. GP employs 210 workers and all but a few are without a job as of Tuesday March 7th. This is the third large pulp facility to close in less than a year displacing close to 800 mill workers alone. The impact to our logging community is significant as many northern companies haul close to 50% of their wood to GP in Gaylord. To be honest I'm at a loss for words as to what to write....Not only is Michigan losing our auto jobs but now our forest industry is taking major hits.

I don't quite understand how a state with the largest amount of surplus timber in the country can have an industry that is barely surviving and the future is not very bright. It doesn't seem that anyone cares about the plight of our industry as we have continued to discuss our problems with our Michigan Delegation; however, we are not seeing any help to right this sinking ship. In some areas our mortality rate on our public forests is exceeding our harvest rate. Does this sound like sound forest management? We are tired of hearing excuses as to why we can not cut more timber. I have yet to see any scientific data or reports that say we are over harvesting our public lands. In a study conducted by George Banzhaf & Company it is reported that our National Forests are harvesting only 20% of annual growth and only 40% of annual growth is being harvested on our state forestlands. This same report states "Across the state, there is a growth 'surplus' of more than 8 million cords, equivalent to the annual needs of 10 to 15 modern pulp mills." It continues to state "The largest surplus can be found in the Northern Lower Peninsula, where growth exceeds harvest by about 2.8 million cords annually." Maybe this sheds some light as to why three mills have closed in the Lower Peninsula and another is on extremely thin ice. Our industry is in trouble and I would sincerely hope that our elected officials are willing to do all they can to keep our industry thriving in Michigan.

This is a simple example of the laws of supply and demand. When supply isn't available the demand increases and prices go through the roof. Well we have the supply; however, I would substitute availability with supply. Plus, we have neighboring states and another country coming into Michigan competing for our fiber resource. I was taught if you do not cut more then you grow on an annual basis our timber resource will be sustained. As the Banzhaf report shows we are far from harvesting our annual growth. When comparing Michigan to other regions including Lake States, Northeast, and South, we have the highest growth/harvest ratio, i.e. Michigan is achieving less of its harvest potential, among the 8 states (Michigan, Minnesota, Wisconsin, Maine, Pennsylvania, Alabama, North Carolina, and Texas) in these listed regions. Other key findings from the Banzhaf report: The eight states combined have "surplus" growth of 21 million cords, and Michigan accounts for more than a third of the total; As compared to the average southern state (AL, NC, TX) Michigan has 10% greater timber inventory, 18% less growth (due to high growth rates in the South), yet 71% less harvest; Outside of the South, only Pennsylvania harvested less, on a per acre basis, than Michigan. However, Pennsylvania's growth rate is only 77% of Michigan's growth rate.

I realize our voice may not be as loud as those who don't see the benefits from sound timber management, but at what expense do we cater to their wishes and desires....are their ideals worth sacrificing a billion dollar industry? With the lack of interest or results from our Michigan Delegation it would seem so.

I appreciate your time and apologize for my frustration. I look forward to hearing from you.

Sincerely,

Tom Barnes
Executive Director
Michigan Association of Timbermen