

**Michigan Association of Timbermen Position Paper
On
Fiber Supply**

The Michigan Association of Timbermen represents a broad cross section of forest products industry within Michigan. Our members have been greatly impacted by the lack of timber supply coming from Michigan's national forests. We are asking for your help in addressing this timber supply issue with your colleagues.

Michigan's "Wood Basket" is roughly 19 million acres of renewable forest land of which approximately 2.6 million are owned by the USFS, Huron-Manistee, Hiawatha, and Ottawa National Forests, nearly 40 percent of Michigan's public land. Our national forests provide a diversity of opportunities through multiple use management. Michigan has the distinction of having the greatest amount of timber surplus in our country, which means our forestlands have the largest amount of marketable volume of any state, however, the issue is availability. Unfortunately our three national forests, representing roughly 14 percent of Michigan's "Wood Basket", have not been carrying their weight over the past two decades.

The amount of timber/fiber being harvested from our national forests has declined over the past two decades. In spite of a plan calling for far higher levels of fiber supply, Michigan National Forests have all yielded significantly lower fiber than the targeted quantities in recent years. Since 1996, the million board feet sold statistics declined each year in all three national forests. In 2003, 26.7 million board feet (MMBF) were harvested from the Hiawatha National Forest, the Allowable Sales Quantity (ASQ) was 70 MMBF, 36.7 MMBF was harvested from the Huron-Manistee National Forest, the ASQ was 82.2 MMBF, and 55.9 MMBF was harvested out of a target of 78 MMBF from the Ottawa National Forest. This lack of fiber supply has meant that communities within these national forests have lost an estimated \$20 million in direct payments.

The Michigan Association of Timbermen recognizes that many factors argue for revising the strategies used to manage the timber on our national forest. Declining forest management has contributed to increased risks of wildfires, insect and disease damage. The need to adopt best management practices and sustainable forest management is evident. The timber growing in Michigan's National Forest is extremely valuable not only because of its recreational appeal and commercial uses, but also because these renewable resources are cornerstones of local economies. The demand for wood fiber currently exceeds the supply coming from the Hiawatha National Forest. The Ottawa National Forest is harvesting about half of the net growth and mortality is equal to the harvest rate. Unfortunately, within the last twelve months Michigan has suffered the closure of three pulp mills in the Lower Peninsula. These three closures have displaced roughly 750 mill workers and jeopardize our small logging companies in the surrounding areas.

Present Forestry Trends in Michigan

- Reduction of public timber sales
- Increased competition from neighboring Lake States
- Significant increases in stumpage prices
- Michigan is becoming less competitive in North America and globally
- Pulp mills are closing at an alarming rate
- Small logging and mill operations are going out of business

How to Improve Fiber Supply off US Forest Service Lands

- Increase funding to our national forest
 - a. Helps with appeals and litigation
 - b. Increases training opportunities for staff
 - c. Will increase sustainable forest management activities to improve site production and increase fiber supply
 - d. Do not allow our funds to be diverted to other National Forest
- Implement the new Michigan national forest plans and new rule changes for 2005
- Increased timber sales from public lands
- Make the USFS timber administration self sufficient
- Fiber supply should be correlated to local economic and industry needs
- Develop an industry acceptable annual fiber production

Region 9, which includes Michigan, has reduced their Indirect Cost by \$2 million and we urge Congress to allow this money saved to be reallocated to the Budget Line Item within this region. Targeted Budget Line Items would be Timber Management among others. Region 9 is the only region on target at reducing their cost.

We urge Congress to provide sufficient funding and direction to allow the Forest Service to implement forest plans. Current funding levels compromise the ability of the agency to actualize the activities proposed in these forest plans, including forest health activities and timber sales. We also urge Congress to monitor the cost effectiveness of Forest Service management and provide direction that will allow the Forest Service to reduce costs of doing business.

Timber sales provide valuable dollars to the Treasury and a steady revenue stream to offset significant restoration costs on our nation's public lands. Timber sales and mechanical thinning represent economically worthwhile strategies for getting the work done, and funding can be leveraged to provide additional acres of hazardous fuels reduction activities.

Michigan's national forests belong to everyone in our great country. The USFS is charged with managing our renewable resources for a variety of uses, which includes timber. Currently the lack of timber is creating competitive and financial hardships for companies in our forest products industry, which carries over to the rest of Michigan's economy. Job preservation and viability is dependent on a sustained flow of fiber coming from public forestlands. Michigan's National Forests are operating at roughly one-third of their potential capacity, thus revenue and payments to local communities are only a third of what they should be. Our industry has been actively involved in forest plan revisions and the timber sales programs within Michigan's National Forests.

The Michigan Association of Timbermen will work with other associations, key congressional committees and individual members of Congress in addressing this issue of fiber supply, our national forests can be managed at a sustainably higher level and needs to be in order to keep our industry thriving, not only in Michigan but globally as well.

Submitted by

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March 2006