


BEYOND BIO-HYPE

A Forest Industry
Perspective

THE NC FORESTRY ASSOCIATION

- Founded 1911
- Private, non-profit association representing forest product companies, wood suppliers, forest managers, landowners and others.
- Legislative and regulatory affairs; education; and communications





FORESTRY IN NORTH CAROLINA

Over 17 million acres of forest – 58% of the state

87% is privately owned – the majority by non-industrial private landowners.

Government owns only about 13%.



FORESTRY IN NORTH CAROLINA

Forest Products is NC's largest manufacturing industry;
103,165 direct jobs with an annual payroll of \$3.6 billion
\$19.4 billion in annual shipments;
Total annual economic impact of 272,000+ jobs and \$30 billion



DEMAND FOR WOOD AND PAPER PRODUCTS

On average, each person on earth uses about 4.5 lbs of wood every day!



In the US, we use about 3 times that amount – about 14 lbs/day



Wood use > steel + concrete



DEMAND FOR WOOD AND PAPER PRODUCTS

300 billion sq.ft. of built space in 2000 –
By 2030, the nation will need 427 billion sq. ft.



Most of this will be residential.. >100 billion sq. ft.

Most will occur in the South and West (NC/Raleigh)



DEMAND FOR WOOD AND PAPER PRODUCTS

There are over 5,000 products we use each day that are related to wood:

- Lumber and paper
- Furniture
- Glues, medicines, clothing, waxes



GOING GREEN?

Concerns about climate change and oil/fossil fuels are spurring various "green" initiatives.

Potential new demands on our forests: bio-fuels and biomass energy.



A BASIC PRINCIPAL..

Diverse, healthy markets for wood are a good thing for forestry and for forest landowners.

If forests lose their economic value to the people who own them, then we will lose much of the forest.



BIOMASS/BIO-FUELS AND FOREST INDUSTRY

Not new to the forest industry – pulp and paper mills as well as lumber producers have been using and producing renewable power for years.

This will likely expand due to the state RPS and rising energy costs.



QUESTIONS AND ISSUES

The interest in biomass/bio-fuel energy goes up with every increase in oil prices. But there are both questions and concerns as well as some misconceptions:

Some seem to believe there is a vast, un-utilized resource available at little or no cost;

Some also believe that this new industry can be fueled with branches and twigs from traditional logging operations;

Long term, neither of these perceptions is true.



QUESTIONS AND ISSUES

If biomass/bio-fuels production takes off, what impact will it have on wood supplies for traditional manufacturing?

Can our forests support this new demand on a long-term basis? Trees are not an annual crop.

Renewable power, at this point, is significantly more expensive. Will consumers pay and who will benefit, (i.e. the landowner?)



QUESTIONS AND ISSUES

Will public policies unfairly subsidize this emerging industry at the expense of existing industry?

Will public policies artificially limit wood supplies (i.e. federal Energy Bill)?

Will public policies be put in place to encourage/support long-term forest productivity (cost share, tax, etc.)?



SO WHAT NEXT?

The use of wood for fuel will continue to develop – not going away.

How it develops will be shaped by basic economics and public policy. Policies should not favor this industry at the expense of existing manufacturers.

Some will use this issue as a pretext for more regulations on landowners and producers.



IN THE END...

- Diverse, healthy markets for wood are good.
- Biomass/bio-fuels markets will continue to develop. But this should not be at the expense of existing manufacturing.
- New markets increase the importance of having good data – FIA.
- Public policies need to encourage/support long-term forest productivity.