

Solutions Table Key Points
“Walking in the Shoes of the Forest Products Industry”

1. U.S. Demand for Lumber is Growing

2013 – Total consumption was 45.6 billion board feet, increase of 8 billion board feet since 2009
2015 – Expected to increase at 2.3% until at least 2030

2. U.S. is not meeting current or future demand

2013 – U.S. imported 11.7 billion board feet of timber, a high not reached since 2008
During same period, U.S. exported 2.6 billion board feet to all countries
Meaning, U.S. input shortfall led to net foreign trade of 9.1 billion board feet of imported lumber

3. Opportunities are Limited to Meet Demand

Increased demand will not come from Private Lands – See Interior and Coast Trends
Harvest levels are approaching growth (sustainable, but opportunity for increased supply from the West Coast are limited or non-existent)

Industry’s Frustration: Increased supply also not coming from Public Lands –

DNR – Dropped from *669 million bf* to less than *450 million board feet*
At 11 jobs per 1 million board feet harvested, represents a loss of 2,400 jobs
DNR hasn’t met the Sustainable Harvest Calculation levels since FY2010

Forest Service – Despite *increases* in Congressional funding, drop in timber outputs
from 620 million bf in 2013 to 581 million bf in 2017

O&C Lands – 80 percent of the unique lands requiring timber harvest have been reserved for purposes other than timber.
Despite a promise of 278 million bf under the new Resource Management Plans, BLM is on pace to sell 205 million bf until 2020

Growing trend in West: Despite harvesting 20 percent or less of growth on federal lands, in some cases, there’s more mortality on public lands than growth (CA). Every public agency has millions of acres of forest land in need of restoration or active management.

4. Implications and Future Trends

Despite record timber markets, U.S. taxpayers and Federal Government are not capitalizing on revenue and receipt potential of increased timber harvests on public lands

Despite increased demand, the industry's largest impediment is SUPPLY – Industry is not running at capacity and is less competitive domestically and internationally.

U.S. not capitalizing on economic growth linked to industrial activity – more jobs, higher wages, more business and tax revenues for businesses, and local and state governments

Increased Leakage - Increased domestic and global demand that is not supplied locally will be met by other countries: Canada, China, Indonesia, Brazil. What's the impact to the global environment? Emissions and Climate Change? Species conservation in those countries?

5. Context

Only a tiny fraction of the land base is even eligible for active management and more acres are likely to be removed – MM LTCS.

Yet, despite more conservation and less management, all environmental laws are still in place to balance actions and impacts – those laws are becoming longer and more expensive to implement. It can take \$1M and 3-5 years to do environmental analysis on the small number of acres being treated.

Additionally, there are operational restrictions, seasonal restrictions, logging systems requirements, etc.

The Big Question

In other words, we are a renewable industry that makes local, carbon friendly products all Americans use in their lives and is critical to rural community health and prosperity.

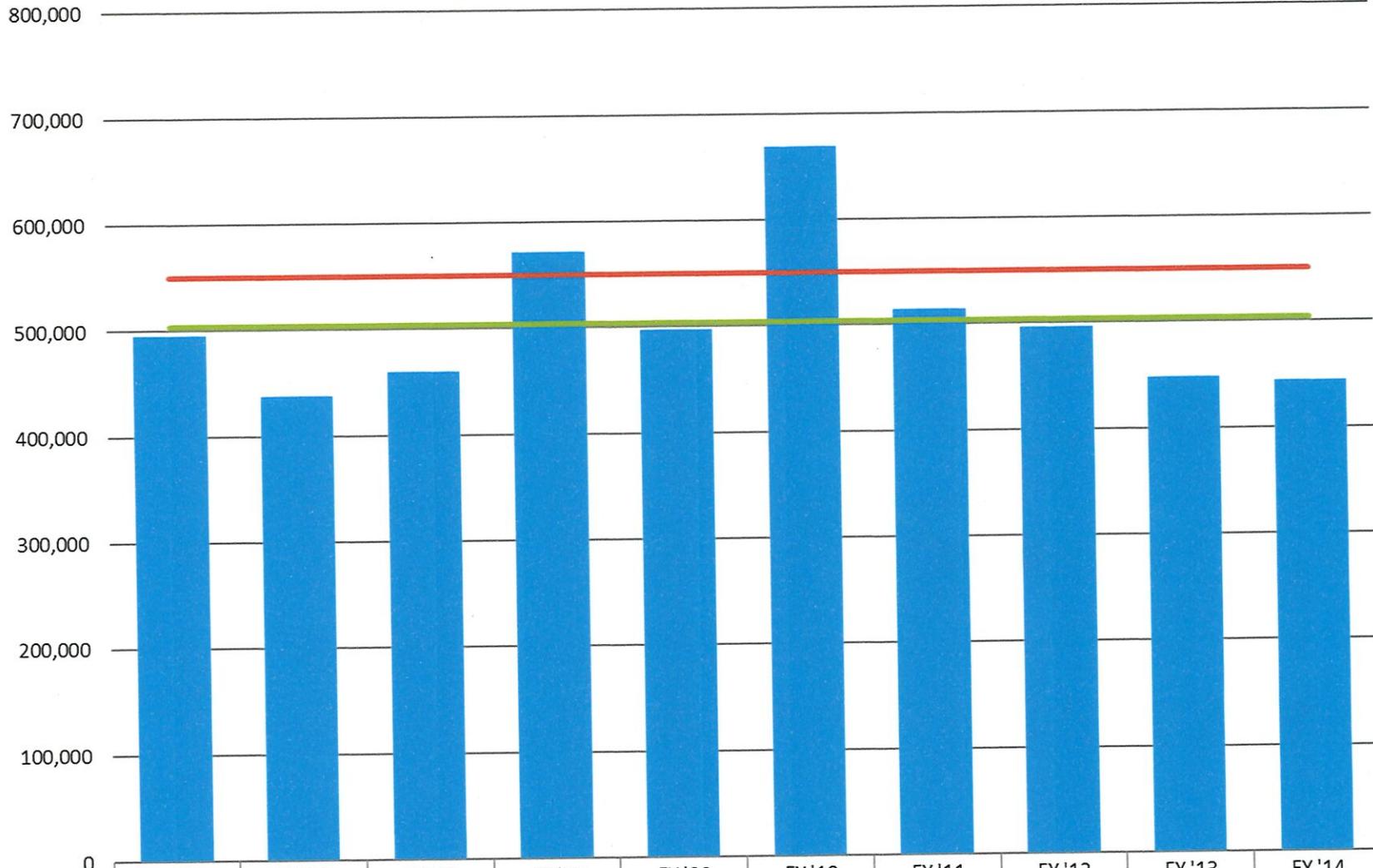
We are facing an ecological crisis on public lands – millions of acres of forests are at risk of disease, insect infestations, drought, and fire.

We are witnessing an increase in domestic and global demand for wood, yet we have a chronic shortage of domestic supply. The supply of wood to meet society's needs has to come from somewhere.

We have some of the strongest environmental and labor laws on the planet.

Despite these factors where responsible active management can provide extraordinary environmental, economic, and social benefits, we continue to reduce the number of acres available to sustainable forestry. Why? And what are the tradeoffs of our decisions?

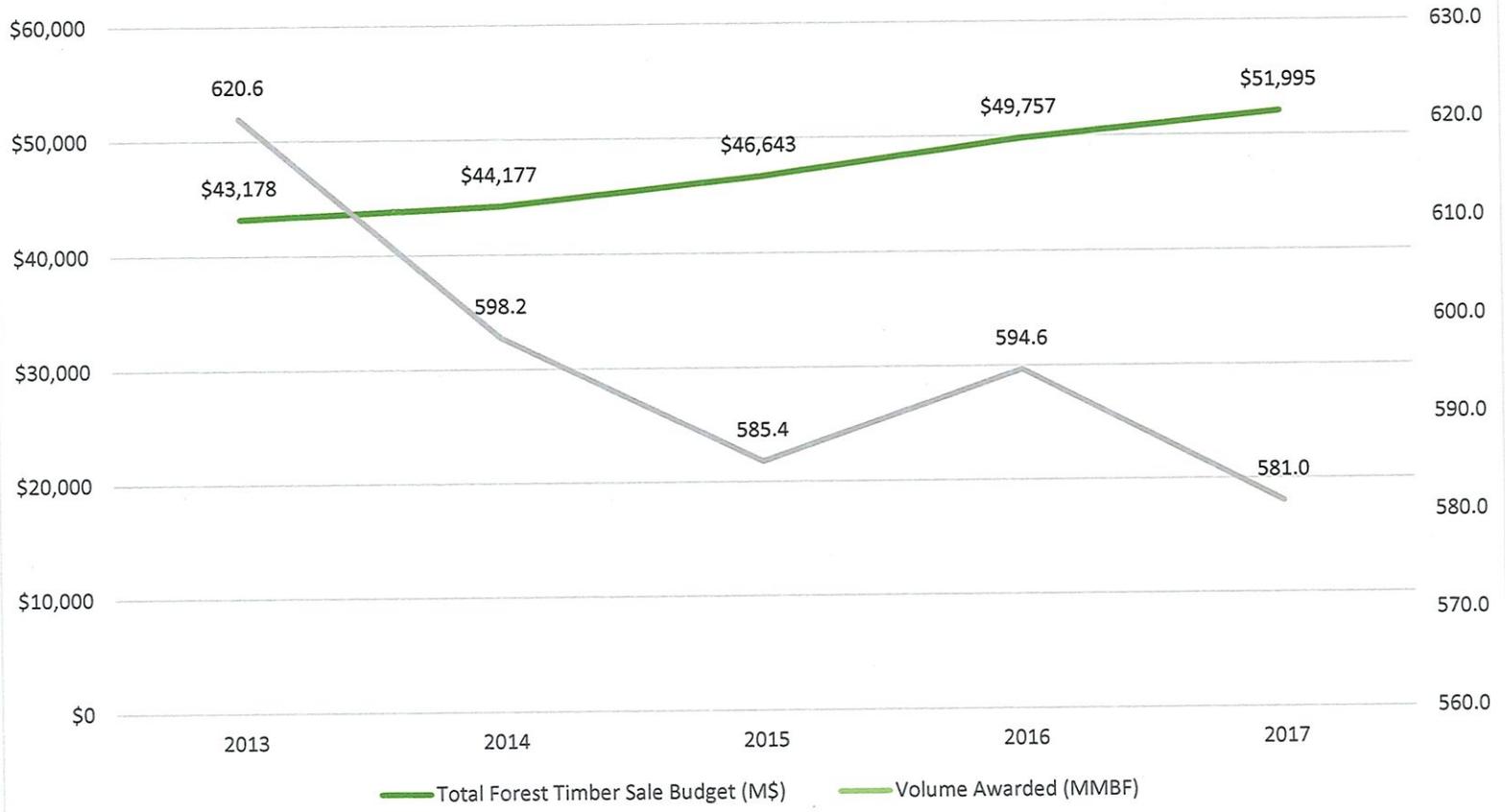
Westside Actual Sold Volume



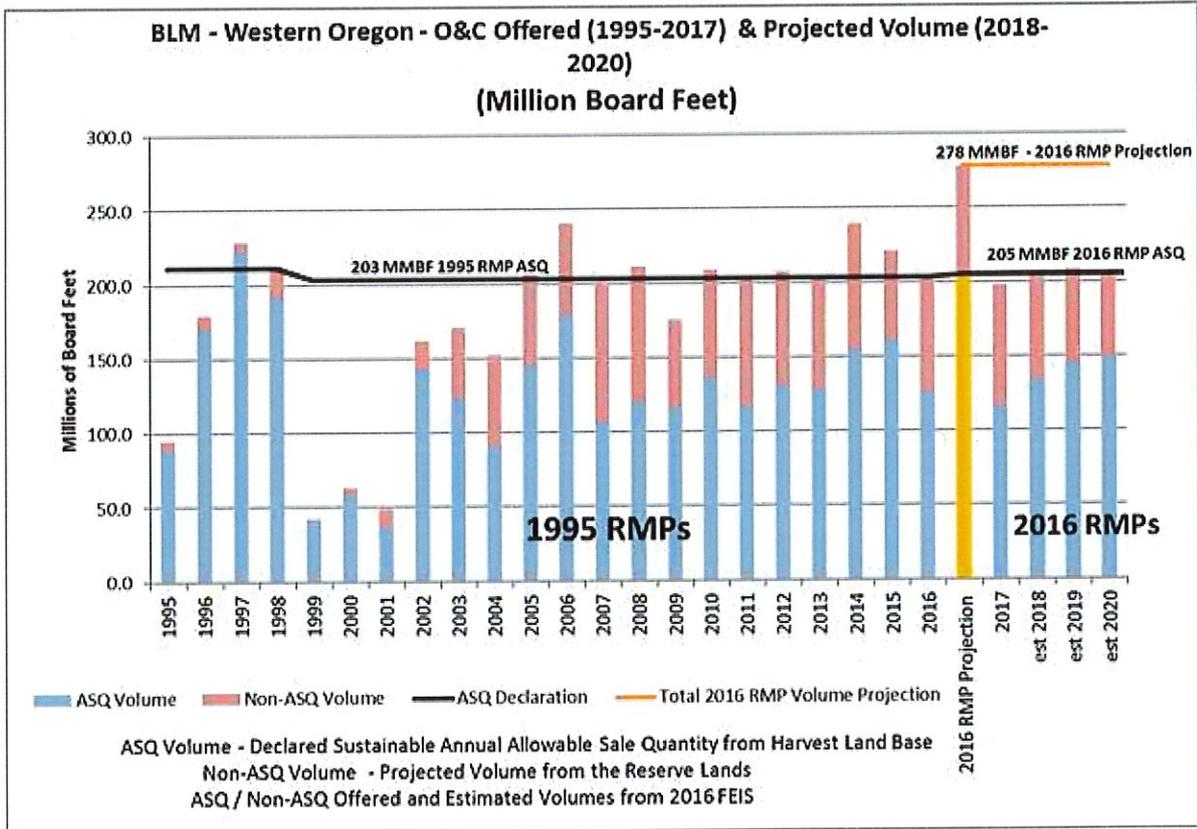
	FY '05	FY '06	FY '07	FY '08	FY '09	FY '10	FY '11	FY '12	FY '13	FY '14
Annual Sold Volume	495,445	438,663	460,037	571,560	497,364	669,042	514,856	496,466	448,732	444,570
SHC Target - 550 MMBF/Yr	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00
Avg '05-'14 Sold Volume	503,674	503,674	503,674	503,674	503,674	503,674	503,674	503,674	503,674	503,674

■ Annual Sold Volume
 — SHC Target - 550 MMBF/Yr
 — Avg '05-'14 Sold Volume

Region 6 Budget vs. Awarded Volume

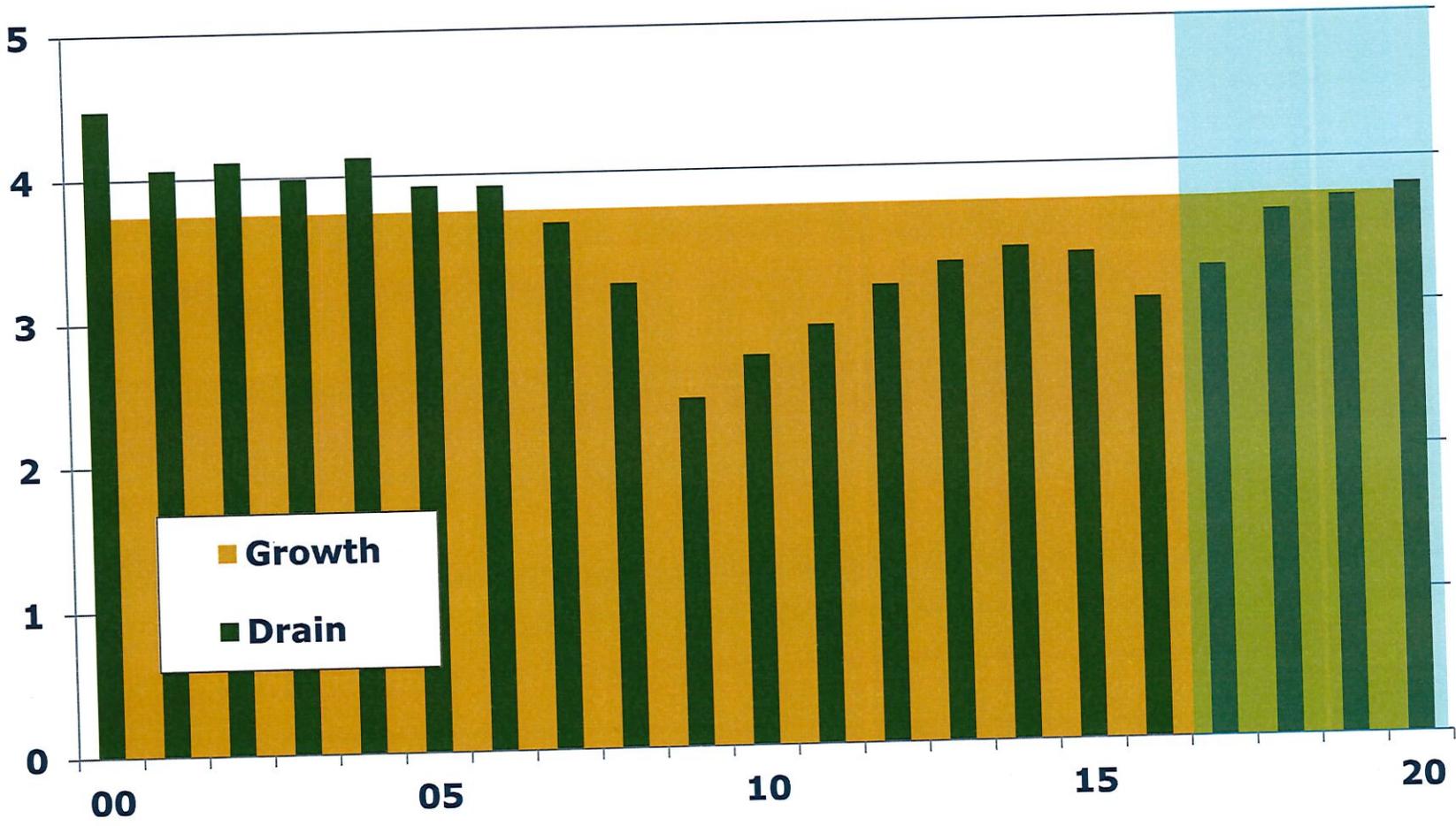


The historic and projected timber targets displayed below are from the BLM-managed lands in western Oregon since 1995. The estimated projected targets shown below for 2019 and 2020 are based upon the 2018 and 2019 President’s budget, respectively. Offered volume in any one year is generally a result of the previous year’s appropriation; therefore, the fiscal-year 2019 appropriation would be used to develop fiscal year 2020 sale plans.



Harvest Levels Will Rapidly Approach Sustainable Yield on Private Lands in the Inland

Growth & Drain, BBF Int'l 1/4"



■ Growth
■ Drain

Harvest Levels Nearing the Coast's Sustainable Yield on Private Lands

Growth & Drain, BBF Int'l 1/4"

