

Northwest Woodlands

A Publication of the Oregon Small Woodlands, Washington Farm Forestry, Idaho Forest Owners & Montana Forest Owners Associations

MARKETS

**Global Forest
Products Markets**

**Deciphering
Forest Products
Market Trends**

**What You Should
Know about the
Export Market**

Marketing Logs Caveats

Housing Outlook



**NEXT ISSUE . . .
Management Plans**

**This magazine is a benefit of membership in
your family forestry association**

Non Profit Org
U.S. POSTAGE
PAID
PORTLAND, OR
PERMIT NO. 1386

Northwest Woodlands
4033 S.W. Canyon Rd.
Portland, OR 97221

TABLE OF CONTENTS

Spring 2012

FEATURES

8

GLOBAL FOREST PRODUCTS MARKETS: IMPACTS ON FAMILY FOREST OWNERS

Changes to the global forest industry have resulted in shifts in demand for North American forest products. What's in store for Northwest family forest owners?

BY CHRIS KNOWLES AND ERIC HANSEN

12

DECIPHERING FOREST PRODUCTS MARKET TRENDS IN OREGON, WASHINGTON, IDAHO AND MONTANA

A stalled housing market, the Great Recession, and a robust export market are just a few factors that have affected local harvest levels, lumber production, and employment in the Northwest.

BY XIAOPING ZHOU AND RACHEL WHITE

16

WHAT YOU SHOULD KNOW ABOUT THE LOG EXPORT MARKET

With a booming export market, find out if your trees have what it takes.

BY MICKEY BELLMAN

18

CAVEATS WHEN MARKETING LOGS

Nervous about selling logs and timber? This article provides some pertinent points to ponder in the world of marketing.

BY STEVE "TREEMAN" BOWERS

22

TIPS TO CONSIDER BEFORE LOGGING: HOW TO HARVEST AND QUESTIONS TO ASK A CONTRACTOR

Harvesting by family forest owners can be a once-in-a-lifetime event. These tips will make you a better-informed landowner.

BY REX STORM

24

HOUSING OUTLOOK FOR 2012

There's still plenty of trouble, but modest gains are forecast.

BY RANDOM LENGTHS PUBLICATIONS INC.

ALSO IN THIS ISSUE . . .

29 LETTER TO THE EDITOR

31 OSWA ANNUAL MEETING

DEPARTMENTS

3 PRESIDENTS' MESSAGES

6 DOWN ON THE TREE FARM

26 CALENDAR

28 TREESMARTS

30 TREEMAN TIPS

ON THE COVER:



A ship gets loaded with logs at the Port of Port Angeles in Washington. Photo courtesy of Susheen Timber Trading.

Bottom photo: These properly manufactured logs are intended for the high-value export sort market. Photo courtesy of Steve Bowers.

STAFF:

LORI D. RASOR, Editor

MICHELE DOCY, Assistant

4033 S.W. Canyon Rd.

Portland, OR 97221

503-488-2104

rasor@safnwo.org

MINTEN GRAPHICS, Graphic Design

Northwest Woodlands Advisory Committee Members:

Mike Barsotti

Bob Brink

Rick Dunning

Jim James

John Poppino

Lori Rasor

Ed Styskel

Northwest Woodlands is published quarterly by the World Forestry Center for the Oregon Small Woodlands Association, Washington Farm Forestry Association, Idaho Forest Owners Association and Montana Forest Owners Association.

Other than general editing, the articles appearing in this publication have not been peer reviewed for technical accuracy. The individual authors are primarily responsible for the content and opinions expressed herein.

PRESIDENT'S MESSAGE



KENNON McCLINTOCK



Idaho Log Markets Strongly Supported by the Idaho Forest Group

The downfall in the economy has certainly had a hold on the Idaho forest products industry and this recession appears to want to continue for several more years. No matter who becomes our next U.S. President, and no matter who we elect to Congress this November, if these politicians don't address the national debt problem (start paying it down in a big way) and start carrying a positive operating budget, we all will suffer for decades to come. We can't continue to pretend that there is a quick fix at the next bend in the road. Hopefully, our next U.S. President will come to office with some good business experience and good common sense on which he can rely. The "career politicians" need to just stay home for the next eight years and let real "working" people fix our great country. It still means we will have many trying years to come, but I'd rather endure that scenario than the inevitable economic collapse of a \$14+ trillion dollar debt.

Getting back to the business at hand, in Idaho we are really lucky to still have the log markets we do, though I'm sure many of my colleagues would disagree.

A quick overview would show that one manufacturing company, the Idaho Forest Group (IFG), controls probably 70+ percent of the lumber market in Idaho; on the surface this may appear a bad competitive position for forest landowners. To be brutally honest though, IFG may dominate here in Idaho, but they are "here to stay."

For forest landowners, this means that we will have a future home for our

logs for decades to come. I'd call that pretty good "crop" insurance. Take a good look at Montana, Colorado, and Arizona to see an economic disaster, where they have virtually no timber markets. IFG, a merger of Bennett Lumber Company and Riley Creek Lumber Company, has evolved into a very well-run company. IFG operates very modern facilities with the best technology in the industry—and they are constantly upgrading. Their upper management is smart, innovative, progressive, and community-minded. They treat their employees well and provide good paying jobs and careers. Other mills in northern Idaho seem to be getting by, but I don't hear much about mill upgrades and modernization. Some may call IFG overly aggressive—but take a minute and think about our situation. An aggressive company like IFG is exactly what we need here in order to keep our industry viable—and to keep it here in Idaho. And that is good for all inland forest landowners! ■



Weyerhaeuser

Sustainable Forestry Initiative

Purchasing Douglas-fir sawlogs
and timber at the following locations:

Olympia, WA 360-596-4232

Longview, WA 360-414-3401



LUSIGNAN FORESTRY, INC.

109 S 2ND ST, SHELTON, WA 98584
360-426-1140 OR 888-709-9126

Forestry consultants serving timberland owners
small and large, private and public
since 1972.

♦ ♦ ♦ ♦ ♦ ♦ ♦ ♦
Forest Management, Timber Cruising,
Inventories and Appraisals, Timber Harvest
Administration and Lump Sum Sales

E-MAIL: LUSIGNAN@QWEST.NET

PRESIDENT'S MESSAGE



NANCY HATHAWAY



Ghost Cities of China

Did you send logs to China? Many in Oregon and Washington did and our ports were booming. Lines of log trucks continually pulled into Longview log yards, dumped their loads, then quickly turned around to get another load. The China market has been keeping up log prices for several years. Log quality didn't have to be great—like the former “Japan sort” years ago. These logs were to be used for

construction of concrete forms.

Russia and New Zealand are the main suppliers of logs to China. Even though the Pacific Northwest (including British Columbia) is a small percentage, the China market is very important to us.

So, where did all that wood end up? China has been building new cities, fast rail infrastructure, and highways. All of them beautiful, modern, sparkling...and basically unused. Empty.

For example: the South China Mall in Dongguan, largest in the world built on the Las Vegas model with carnivals, a canal, and space for 2,350 shops—expecting 70,000 to 230,000 shoppers a day. Today it's mostly occupied by maintenance workers and a few clerks. This mall was built by Hu Guirong, instant-noodle billionaire, and financed by the Agricultural Bank of China at \$154 million. Even though the South China Mall is located near huge metropolitan areas, it was built on former farm land, which means visitors have to bus or taxi to the mall.

Another example: the city of

Kangbashi in Ordos, a wealthy coal-mining district in Inner Mongolia. Designed to accommodate one million people, the city has duplexes, houses, apartments, and all the public buildings that accompany a city of that size. Many of the properties have been sold to speculators but few are occupied. There is a city of Dongsheng, 30 miles away, where 1.5 million of Ordos' citizens live, unable to afford the luxury units.

It's said that China has 10 ghost cities with 65 million empty housing units and is planning to build 20 more cities in the next 20 years.

Why this over-building in China? The Chinese government made economic growth a #1 priority forcing local governments to meet a higher GDP target. Developers keep building and selling units to finance the continued building. Also, Beijing wants to move industry to the resource-rich West, away from the high cost of coastal cities so that China can still be competitive. Major highways and rails lead to stations farther west around which new cities are built. Does the Chinese government have enough money to bankroll this indefinitely?

Some analysts think that the housing bubble won't burst USA-style because investors are required to pay 30 percent down with the remainder paid within three years. But the fact is that China has overproduced housing and the people are under consuming. So the government has finally stepped in. The Chinese Banking Regulatory Commission has made loans much more difficult to obtain, with loans down 75 percent in the second quarter of 2011. Now foreign loans with equity investors (shareholders) are flowing in. However, at the end of the day, Beijing holds all the cards.

The most important question to us is, will this China log market end? Will it be with a slow decline (as it appears right now), an up-and-down cycle, or will there be a bust that affects global economies?

You can find more information, photos, and videos by googling “Chinese ghost cities.” ■

WARREN R. WEATHERS

MBA, ACF

Registered
Professional Forester

Certified General Appraiser



**Forest and Rural Property
Appraisal & Analysis
Pacific Northwest and Alaska**

Appraisals for: Estate Planning &
Tax Reporting • Dispute Resolution
Takings • Damages

541-937-3738

PO Box 39 • Lowell, OR 97452

Before you decide, find out what you have! Affordable Timber Cruising.



Adam's Timber Service specializes in full harvest
on all types of forest land, sustainable forest
management, and reforestation.

**Professional Forestry Management
Accurate Timber Cruising / Appraising
Timber Harvesting, Layout, Permitting**

**Timber Sales and Log Marketing
Road Construction - Maintenance
Forest Land Management**

We purchase land and standing timber

(360) 636-7766

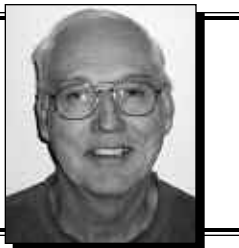
www.adamstimbervservice.com - Longview, WA - adam.timber@live.com

PRESIDENT'S MESSAGE



Washington

SAM COMSTOCK



Marketing Logs and WFFA

This issue of *Northwest Woodlands* is about log markets. The WFFA goes to great lengths to inform its members about current conditions with log markets as it is an element of tree farming near and dear to all of us small woodland owners. This is one of the great advantages of being a member of WFFA. For some of us, harvests are few and far between, but others in your chapter may be harvesting more frequently or even be making their livelihood from sustainable harvests on larger holdings.

This pool of small forest landowners that includes some professional foresters is a great resource. Some WFFA members are active in related industries and have access to a lot of information. Chuck Holland spoke on markets at the 2011 WFFA annual meeting. Chuck has information that he will share on activities on a world and local scale that directly pertain to log market conditions, current housing starts statistics, global forestry demand and activity, industrial forestland sales and purchases, and mill closures and curtailments to name some. He can be contacted via email at cholland@jonesstevedoring.com.

Being active with WFFA brings one in contact with many of these people. WFFA has a number of members that are very active and seek to gain the maximum return on their logs. And of course anyone currently harvesting will have information on their activities. Log buyers will offer to give presentations at meetings and give advice on marketing. In many instances they will advise to have a buyer survey a stand before harvest. One can seek a firm bid before falling timber. This can be especially important when marketing poles.

The buyer might even suggest that the yard would prefer to manufacture the pole and get the best possible price for the timber owner.

The harvest that we did last summer came about rather suddenly. Mike Nystrom, the DNR Western Stewardship forester, suggested we might consider getting some thinning done per our management plan as the pulp market was up. I submitted a five-year FPA that covered everything in our management plan. I talked to Gene Anest, a chapter member who does his own harvesting and is a student of log markets. He was unavailable to move his equipment in, so I called Jim Frost, a local forester at Lusignan Forestry who recertified our tree farm under ATFS, and asked if he would market our logs. Lusignan advertises in this publication. Jim accompanied me along with WFFA member Rich Eger for the ID team visit for an alternate plan (fixed width buffer). Within a few days we had permit in hand and Jim had an operator that moved in immediately from a nearby show they had just completed and we were able to capitalize on a good market. Keep in mind the haul costs when looking at various buyers.

In conclusion, being a member of WFFA keeps us in the loop and provides us trustworthy contacts to take best advantage of the log markets. ■

Forestland For Sale



Mark.Willhite@juno.com
Forester/Broker

World Forest
Investment.com

STATE OFFICERS

IFOA

PRESIDENT: Kennon McClintock

208-255-9158 • kmcclintock@tnc.org

VICE PRESIDENT: Jim Nichols

208-582-0024 • trinitytreefarm@gmail.com

SECRETARY: Janet Benoit

208-683-2407 • jebenoit@sisna.com

TREASURER: JoAnn Mack

208-699-0308 • jmack@turbonet.com

EXECUTIVE VICE PRESIDENT: Kirk David

PO Box 1257 • Coeur d'Alene, ID 83816
208-683-3168 info@idahoforestowners.org

OSWA

PRESIDENT: Nancy Hathaway

541-758-5510 • nancyhath@comcast.net

PRESIDENT ELECT: Scott Hayes

503-992-1509 • scotthayes@wildblue.net

2nd VICE PRESIDENT: Donna Heffernan

541-786-2257 • nslope@eoni.com

2nd VICE PRESIDENT: Bill Potterf

541-479-0868 • bmpotterfrio.com

2nd VICE PRESIDENT: David Schmidt

541-979-7523 • lakehouse9@msn.com

2nd VICE PRESIDENT & SECRETARY:
Katie Kohl

541-451-1734 • kohl@proaxis.com

PAST PRESIDENT: Ken Faulk

541-929-8422 • kfaulk@peak.org

EXECUTIVE DIRECTOR: Jim James

187 High Street NE, Suite 208 • Salem,
OR 97301 • 503-588-1813
jimjamesoswa@yahoo.com

WFFA

PRESIDENT: Sam Comstock

360-427-2725 • samjoystock@gmail.com

1st VICE PRESIDENT: Steve Stinson

360-736-5918 • stevestinson@familyforestfoundation.org

2nd VICE PRESIDENT: Matt Hobbs

509-442-3578 • hforest@potc.net

SECRETARY: Michelle Blake

360-790-5498 • ollylady01@yahoo.com

TREASURER: Bill Scheer, Jr.

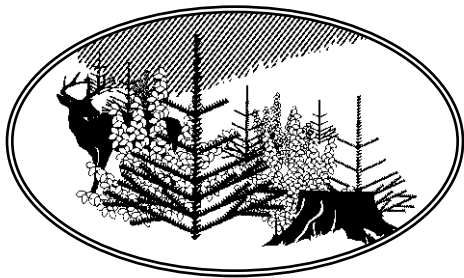
360-269-3850 • wscheer@wafarm-forestry.com

1st PAST PRESIDENT: Bob Brink

360-686-3524 • farmerb@pacifier.com

EXECUTIVE DIRECTOR: Rick Dunning

P.O. Box 1010 • Chehalis, WA 98532
360-736-5750 • info@wafarmforestry.com



DOWN ON THE TREE FARM

TIPS & TRICKS OF THE DAY: Joining your local woodland organization is good. Being an active member is better.

WHAT TO DO IN . . .

MAY

► Purchase Seedlings for Winter 2012/2013 Planting.

- ☐ You need to know how many acres you are planting, the number of trees you will plant per acre, and the species you are going to plant. Acres times trees per acre will give you the number of seedlings you need to order.

► Sap is Up.

- ☐ May and June are not the months to be doing a thinning operation. The bark is easily knocked off the trees you are not harvesting. Bark is like your skin protecting the tree from disease and decay. You won't find any tree Band-Aids in your first aid kit either. Not damaging the bark is the best plan.

► Running Behind: This is a do-it-yourselfer malady occasionally caught by others.

- ☐ Pruning Projects: Dead limbs are okay. Limbs with needles and leaves are off limits until the sap stops flowing and your beetles are no longer reproducing.
- ☐ Moisture Control: Most herbicides will kill or damage your seedlings when they are actively growing, so you need to keep the spray off your seedlings. When your seedlings are small you can devise some sort of a tree cover like a five-gallon bucket or a piece of stove pipe or piece of plastic pipe you can slide over your seedling while you spray around it. Your seedling protection needs to be large enough in diameter to avoid applying herbicide with the wetted base of your protection as you place it over your seedling.
- ☐ Permits: You probably need a permit to apply herbi-

cides, harvest timber, construct or reconstruct roads, and run power equipment.

- ☐ Process your firewood before fire season starts.

JUNE

► **Fire Season is Here.** Most of us will have fire season start in May or June. With typically more hot days occurring in May and erratic summer precipitation, fire season can grow longer even for wetter sites in northwest Oregon and western Washington. Here are a few things you could do to reduce fire danger and/or be prepared for quick response.

- ☐ Make sure your fire equipment is in good working order. Your best bet in preventing a large fire is to find it early, and keep it small, until help arrives.
- ☐ Don't have any fire equipment? Maybe you should acquire some for quick response. Your local forest fire protection agency has a list of required equipment to run an operation during fire season and this might be a good place to look to see what you might want to acquire. Used equipment is cheaper after fire season than just before fire season.
- ☐ Make sure your power saw spark arrestor screen is functional.
- ☐ Have your fire extinguishers recharged and checked out. The contents can settle to the bottom of the extinguisher and will not help you extinguish a fire.
- ☐ Make sure you have at least one operating fire extinguisher in each of your vehicles, on each piece of equipment and on your person when you operate a power saw, lawn mower, weed whacker, etc.
- ☐ Operate equipment in compliance with the fire regulations that apply to your forest property. Apply these regulations to your home site if it is on or adjacent to your forestland, even if it technically falls under another fire protection jurisdiction that is less restrictive. So, don't mow your lawn or driveway or around your seedlings in the heat of the day when a logging operation in your forest would be shut down.
- ☐ Beware of ATV riders during hot dry weather. They can easily start fires.
- ☐ Build a pond for a pump chance and/or access by a helicopter to dip water.
- ☐ Construct and/or maintain fire breaks along public roads that abut and/or pass through your property.
- ☐ Prune trees around structures and along natural fire breaks such as roads to slow or stop the fire, and keep it on the ground and out of your tree crowns.
- ☐ Dry your firewood away from your dwelling and outbuildings during fire season. Move it close to your place of use after fire season is over.

► Who Am I?

- ☐ I do most of my work at night.
- ☐ My four paws have flexible toes and my front ones are particularly helpful.
- ☐ I can open a door.
- ☐ I am most often seen dead on the side of the road or dumpster diving.
- ☐ I wear a black mask around my eyes and have black rings on my tail.
- ☐ I am possibly the most omnivorous omnivore.
- ☐ You frequently see my scat around water.
- ☐ I am normally born in a den high in a tree hole, so I am a good climber and can descend head first or tail first.
- ☐ According to the Nature Program on PBS, I am much more plentiful inside of Toronto than in the surrounding countryside.
- ☐ The Beatles called me Rocky, Walt Disney calls me Meeko, my storybook name is Rascal, and you may have called me something less endearing if you caught me in your garbage or your vegetable garden.

- ☐ Late Summer 'Tis the Season to do stream crossing work: There is grant money for replacing existing crossings with fish-friendly crossings. Getting one of these grants could save you a lot of money rather than waiting until you need to replace your structure and footing 100 percent of the bill. A good place to start is with your local watershed council.

► Woods Words

- ☐ Thermal Refuge—Fish know where this is. The water temperature is cooler here and the fish move to this location when the water temperature in much of their normal habitat is too warm. Do you have one? I heard Hobo Data Loggers are a good product if you are interested in measuring water temperature. I saw one model in the Ben Meadows catalog. I searched Hobo Data Loggers and found them at www.onset-comp.com. You need to then pick browse data loggers, water and water temperature.
- ☐ OWC—Oregon Woodland Cooperative. You can take a peek at what they are up to at www.oregonwoodlandcooperative.com. Their bundled firewood program is booming in the Portland metro area. They are looking for more members and member participation in this program. If you have kids and/or grandkids that need to earn cash for things they want to purchase, this program could be for you. Trees from precommercial thinning of your young stands make good firewood for this program. Contact Neil Schroeder at 503-628-2344 or neilschroeder11@gmail.com.

JULY

► Road Work

- ☐ Good time to build a new road and/or reconstruct an existing road while there is still some moisture in your soil.
- ☐ Rock your roads with a traction coat for personal use or enough to handle winter logging.
- ☐ Replace and/or add culverts and water bars.

Who Am I?

A Raccoon, Procyon lotor

Down on the Tree Farm is edited by David Bateman with help from Linn County Small Woodlands members Aaron White, Joe Holmberg, Jonathon Christie, Roy Stutzman, Steve Kohl, Neal Bell, and Jim Merzenich. This column is a project of the Linn County Small Woodlands Association and the OSU Extension Master Woodland Managers. Suggestions always welcome; send to Dave Bateman at knothead@smt-net.com.



SPERRYRIDGE
NATURAL RESOURCE MANAGEMENT

- Timber Appraisals
- Timber Cruising
- Timber Harvesting
- Reforestation
- Land Use
- Management Plans
- Forestland Real Estate

NRCS Technical Service Provider
Add value to your forest & dollars to your bottom-line

(541) 505-3377
www.SperryRidge.com



Fred Sperry
freds@sperryridge.com



Adam May
adammm@sperryridge.com

Over 30 years experience managing Pacific NW forests—large and small.
Fred Sperry, Principal Broker
NW Forest Properties, LLC



GeneTechs

Richard W. Counter Professional Forester

FOREST

1600 NW Skyline Blvd., Portland, Oregon 97229

- Management Consultant
- Inventories and Appraisals
- Genetic Tree Improvement
- Feasibility Studies

(503) 297-1660

Global Forest Products Markets: Impacts on Family Forest Owners

By **CHRIS KNOWLES AND ERIC HANSEN**

The global forest industry has experienced significant changes in recent years due largely to a combination of the recent economic downturn, environmental legislation, environmental disasters, and growth in developing countries. These combined factors have resulted in dramatic shifts in demand for North American forest products. This article discusses each of these factors individually and outlines how these factors may impact Pacific Northwest woodland owners.



Chris Knowles



Eric Hansen

The Great Recession

We are all aware of the impact the recession has had on the forest products industry in the United States. The downturn in the U.S. housing market resulted in log harvest and production

of forest products falling well below peak levels of the mid 2000s. Not only did this impact firms in the U.S., it also impacted firms in other countries that were historically major suppliers of structural building products for the U.S. housing market. On a positive note, demand for many forest products is increasing in many major markets. According to the UNECE/FAO Forest Products Market Annual Review, 2010-2011, harvest levels in 2010 were eight percent higher than 2009 across the UNECE (United Nations Economic Commission for Europe) region, but still more than 15 percent below harvest levels from 2006. While the 2010 harvest was the second highest in the past decade in Europe, it was the second lowest in the past decade in North America and approximately 30 percent lower than 2006. A full recovery of forest harvest in North America will require a recovery of the U.S. housing market. While positive signs have been seen over the last six months, most economists expect a slow recovery with housing starts reaching “normal” levels as late as 2015.

While the U.S. is slowly digging its



PHOTO COURTESY OF CHRIS KNOWLES

Chips at a Stora Enso paper mill in Sweden.

way out of the recession, Europe is teetering on the edge of a second recession. The 17 countries operating on the Euro, commonly known as the Eurozone, have been struggling to deal with extremely high levels of debt, including Greece, Ireland, Portugal, and Spain. An ongoing debate among member countries on the right approach to dealing with the debt crisis continues. To date, there have been several large-scale bailout programs issued, with the latest a €130 billion rescue to Greece. While this will help Greece solve its debt crisis, many economists think that the debt situation is still unsustainable and there is still the possibility that Greece will be forced out of the Eurozone. The uncertainty caused by this situation has caused significant fluctuation in the value of the Euro relative to the dollar over the last year and the volatility will likely continue until a long-term solution to the debt problem is reached.

Environmental legislation

Concern over illegal logging and trade of illegal wood products has been increasing for years. By some estimates, 8-10 percent of timber traded globally originates from illegal sources. The downward pressure on prices that this causes resulted in a coalition of industry and non-governmental agencies proposing an amendment to the United States Lacey Act in 2008. The amendment creates significant penalties for bring-



PHOTO COURTESY OF ERIC HANSEN

A mobile chipping operation in Sweden.



PHOTO COURTESY OF ERIC HANSEN

Lumber packs at a Chinese wood treating plant.

ing illegally harvested wood and wood products into the U.S. The European Union (EU) has its own way of combating illegal logging through its Forest Law Enforcement Governance and Trade (FLEG-T) action plan.

The FLEG-T policies are designed to enhance the laws of countries where illegal logging is a concern. While the Lacey Act and FLEG-T take different approaches to minimize illegal logging, they both place a burden on

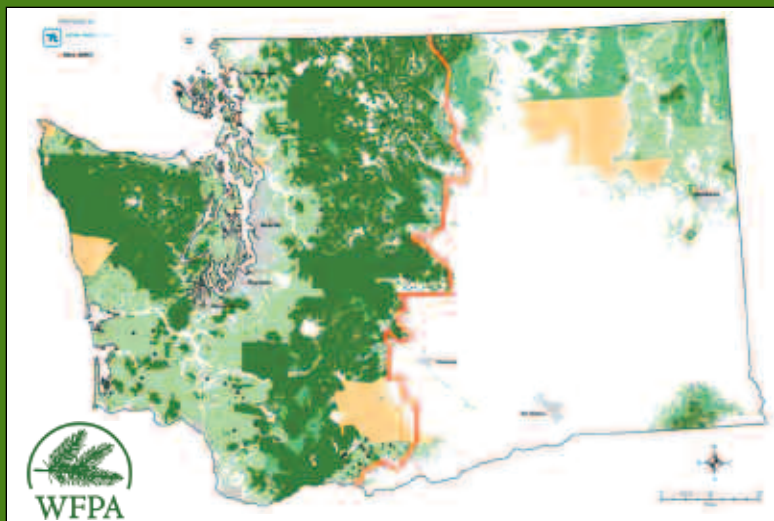
importers and foreign-based exporters to know the source of the wood they are buying and selling.

As part of its Kyoto Protocol commitments, the EU adopted an integrated approach to energy and climate policy known as the EU 20-20-20 targets. These targets require the EU to reduce greenhouse gas emissions to 20 percent below 1990 levels, increase consumption of energy from renewable sources to 20 percent, and reduce primary energy use by 20 percent by the year 2020.

These targets have resulted in high levels of adoption of woody biomass energy-based systems in many EU countries. As a result, wood pellet production has increased dramatically not only in the EU but also in other parts of the world including the United States and Canada. The increased production of wood fuel

—Continued on next page—

The Building Blocks of Owl Conservation in Washington State — 12.9 million acres of Federal, State, Tribal and Private Forestland



- — Clinton's NW Forest Plan Boundary (3 state total=24.5 mm acres)
- — Federal, state, private forestland w/owl conservation mechanisms
- — Tribal lands contribute to owl conservation

1. The Endangered Species Act protects all owls from "harm or harassment."
2. Federal guidance calls for 2,600-5,900 acres of forestland set-aside per owl pair.
3. State forestry rules add additional owl protection in strategic areas.
4. State and private voluntary conservation plans (CP) contribute to owl protection.

WA Owl Conservation Lands

Landowner	Acres
Federal Government	9,213,026
State & Private CPs	2,118,944
State rules (net)	824,584
Tribal lands	515,372
Land exchange/other	165,605
TOTAL ACRES	12,837,531

Sources: Joint Presentation: Forest Practices Board, 8/05
USFWS: Status of CPs in Washington, 6/10

www.northernspottedowl.org

pellets has resulted in new markets for wood residue materials. There is concern that there will be strong competition for these raw materials with composite board manufacturers when the U.S. housing market recovers. This was experienced briefly with the introduction of a tax credit for woody biomass material issued through the Biomass Crop Assistance Program (BCAP) during 2010. The BCAP was intended to provide incentives to utilize wood debris materials that were otherwise not being utilized (i.e., logging residues); however, as originally written, the program allowed for credits to be received for wood residues traditionally utilized by composite board manufacturers. This resulted in many complaints about the BCAP program and it has since been restructured.

Environmental disasters

Environmental disasters including the tsunami in Japan and the mountain pine beetle in Canada have had major impacts on international markets for forest products. Estimates show that the tsunami in Japan caused damage in excess of \$300 billion. While the Japanese have plans for rebuilding, it is not yet clear how and when the rebuilding will occur. In the

long-run, the need for materials for rebuilding areas destroyed in this disaster will provide demand for wood, a traditional building material in Japan.

The mountain pine beetle epidemic in Canada has caused concerns over the long-term viability of the forest industry in western Canada. According to Russell Taylor and Associates, the mountain pine beetle has devastated 16.3 million hectares of land in British Columbia in 2009. Drastic measures have been taken to combat the beetle, including an intensive harvesting program. This intensive harvesting program has caused fears by many industry experts that western Canada will be left with large areas of forests of the same age, resulting in future periods where supply of raw materials for mills will be limited over the next several decades. Regardless of the longer-term impacts, the short-term result is that annual allowable cut in British Columbia will be reduced by 20-30 percent (Russell Taylor and Associates) at approximately the same time as U.S. markets are expected to pick up, potentially contributing to a supply shortage.

Growth in developing regions

While markets for wood products have seen steep declines in the U.S.,

other global markets have seen high levels of growth. The most dramatic has been the market in China where growth in wood products markets in China has been spurred by economic stimulus programs with a focus on infrastructure development. Particularly important has been expansion of the high-speed rail network, with the goal of extending the network to the country's interior. Infrastructure projects have fueled massive demand for wood products in the country, with the bulk of this wood being used for concrete formwork.

Housing development in China is another important part of the picture. In 2011 China had a goal of 10 million housing starts. Many expect that this level is unsustainable. As an example, the government has developed entire new towns, partially to facilitate urbanization and partially to boost growth to comply with GDP targets. However, speculation has driven the price of real estate so high that the average citizen cannot afford to purchase property in many of these towns resulting in very low occupation rates. The term "ghost towns of China" has been coined to describe these developments. Another side effect of this growth has been investments made by real estate speculators betting that real estate values will be driven up as these towns are settled. However, the towns are not being settled to full capacity and there is now major concern over a housing bubble, larger than the bubble experienced in the U.S. in the mid-2000s that is destined to burst. Some economists predict that the burst of this housing bubble will result in real estate prices falling by more than 50 percent.

Chinese demand led to dramatic growth in exports of logs and lumber from the west coast of North America during 2011. However, exports have slowed recently, partially due to the Chinese New Year and partially due to a slowing of growth in China. The rapid growth in China has led to concerns over inflation and the Chinese

STEAM LOGGING SHOW at Pomeroy Living History Farm

Saturday, June 9 • 10 am-5 pm
Sunday, June 10 • 1-5 pm

Come see the only steam logging show in the U.S. featuring two operating steam donkeys.



ADMISSION: Adults \$6.00 • ages 3-11 \$4.00
2 & under FREE

- Enjoy a complimentary hayride to the logging site where an array of historic logging equipment will be in use.
- Our 1920s farm site is open for touring including the historic log house and blacksmith shop.
- The Farm Pavilion will feature hot dogs, polish dogs, baked potatoes, snacks, and hot & cold beverages will be available during the weekend.



Pomeroy Living
History Farm

20902 NE Lucia Falls Rd., Yacolt, WA
360-686-3537
www.pomeroyfarm.org

people have been feeling the impacts. In July 2011, the consumer price index reached a 37-month high of 6.5 percent. While China's economy is still showing rapid growth, many economists predict that the growth will have to slow in order to ease inflation pressures. A slowdown in growth will result in wood products markets in China leveling off and has the potential to cause them to decline.

While the prospects for wood products in China may be cooling off in the near future, the prospects are looking up in other emerging markets including India and Brazil. India recently reduced tariffs on imported sawn softwood products, opening up the market to competition from imported products. This resulted in India being one of the fastest growing markets for softwood imports. A strong Brazilian real is largely responsible for significant changes in Brazil. The strong real vs. the U.S. dollar has resulted in a reduction of U.S. imports from Brazil and an increase in U.S. exports to Brazil.

Bottom line for woodland owners

Chinese demand in 2011 was a bright spot for west coast woodland owners. The future for woodland owners in the U.S. Pacific Northwest looks bright. While we are still in for a few more years of depressed domestic markets for wood products, it is clear that domestic markets will recover to strong levels. What isn't totally clear is how supply will respond to the renewed domestic demand. Reduced harvest in British Columbia will constrain supply from that region. In addition, with the poor U.S. market, many Canadian suppliers have aggressively developed markets elsewhere. To what extent they will bounce back to the traditional U.S. market is questionable. Some firms may choose to maintain their market presence in China rather than jumping back to U.S. markets. Other developing countries of the world represent growing demand. For example, U.S. softwood lumber

exports to India in 2011 were over six times those of 2010. This demand should contribute to a strong log market for woodland owners. Finally, energy policies have already impacted demand and competition for wood raw materials. Future decisions regarding these policies could have significant impacts on log markets, thus impacting woodland owners. ■

CHRIS KNOWLES is assistant professor, Oregon Wood Innovation Center, Wood Science and Engineering, Oregon State University, Corvallis. He can be reached at 541-737-1438 or chris.knowles@oregonstate.edu. **ERIC HANSEN** is professor and interim department head, Wood Science and Engineering, also at Oregon State. He can be reached at 541-737-4240 or eric.hansen2@oregonstate.edu.



This just might be the best example of "what goes around comes around" you'll ever see. Northwest Farm Credit Services is a cooperative, which means you have a voice within the organization and we pay cash back to you. No bank does this. When we do well, we share profits with you, not third party investors. And this year Northwest FCS customer-owners will receive their largest checks ever. Getting a little payback never felt so good.



farm-credit.com | 800.743.2125

Deciphering Forest Products Market Trends in Washington, Oregon, Montana and Idaho

By **XIAOPING ZHOU AND RACHEL WHITE**

Ask an economist what recent tumultuous changes in the forest products markets mean for family forest owners and they all say the same thing: “It’s complicated.” With the financial crisis that began in 2008 and the subsequent collapse of the housing market, demand for forest products in the domestic market has witnessed a deep decline. In fact, 2009 saw U.S. housing starts sink to their lowest annual total since World War II. During this period, timber harvest, lumber production, and forest sector employment took a hit across the Pacific Northwest.

However, in the past few years the log export market to China has grown considerably, which could change the face of the forest products industry in the region, for better or for worse. The recent rise in exports has raised concerns about timber supply for domestic production, for one thing. But on the other hand, the export market has increased returns to private timberland owners.

While everyone waits for the domestic lumber market to recover from the housing crash in the coming years, small woodland owners may want to pay attention to global market trends and the opportunities they present, as well as the impact these trends have on harvest levels, lumber production, and employment in the forest products industry.



Xiaoping Zhou



Rachel White



PHOTO COURTESY OF TOM IRACI

Log exports to China from Oregon and Washington more than doubled from 2010 to 2011.

China’s hunger to build

While the U.S. housing market struggles to regain footing, China has been in the middle of a building boom, spurred by the Chinese government’s efforts to build affordable housing. To supply the wood necessary for new construction, China had previously relied heavily on logs from Russia. But in 2007, Russia announced a significant increase in log export tariffs to encourage milling of logs to lumber within its borders. To escape this extra cost, China began seeking logs from the U.S., resulting in a record one-year increase of log exports between 2010

and 2011 from the west coast (northern California, Oregon, Washington, and Alaska).

Japan had been the largest log importer from the west coast until 2009. Japan and Canada had also been major lumber importers from the west coast. But China has now taken the lead as largest importer of both logs and lumber from the west coast as well as the U.S. at large. See Figures 1a and 1b.

Much of the impact of China’s demand for raw materials has been felt in the Pacific Northwest. In 2011, 55 percent of the total U.S. log exports

Figure 1a. 2011 WA/OR Log Export Distribution (percent)

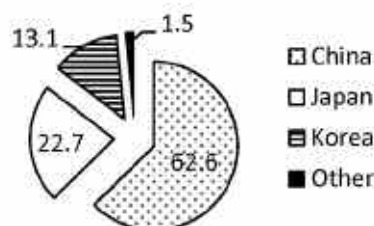
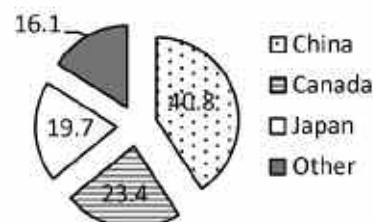


Figure 1b. 2011 WA/OR Lumber Export Distribution (percent)



SOURCE: PNW Research Station

were through the ports of Washington and Oregon alone. For lumber, Oregon and Washington supplied 30 percent of the total exported by the U.S. Increasing shipments to China were the major driver of this log and lumber exports hike from the west coast during the last two years.

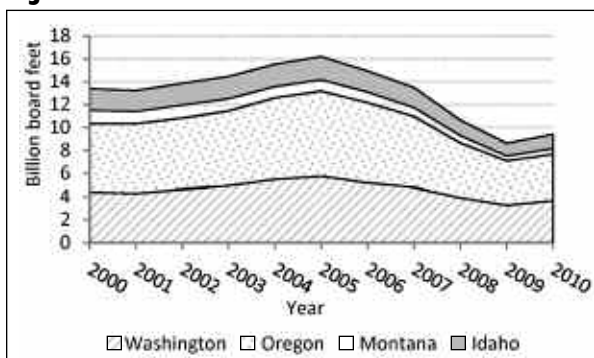
What was the value of these exports? In 2011, the total log export to China through Washington and Oregon brought in \$696 million (from about 1.04 billion board feet). Lumber exported to China from these two states amounted to about \$219 million in 2011 (361 million board feet).

Many expect offshore demand for logs to remain strong, but the outlook is never completely clear. In mid-December, Russia was formally admitted to the World Trade Organization and is expected to ratify the agreement in June 2012. There is speculation that as a full WTO member, Russia will lower its export taxes on logs, which will likely create further ripples in the dynamics of the China-U.S. log trade.

Slow growth in softwood lumber sector

One of the biggest impacts of the slump in residential construction in the U.S. has been the adverse effect on softwood lumber production. From a peak year in 2005, softwood lumber production decreased 37 percent for Washington, 46 percent for Oregon, 38 percent for Idaho, and 50 percent for Montana. Washington and Oregon are the primary states for softwood lumber production, making up over 30 percent of the total U.S. production. Most of this lumber—around 90 percent—comes from west of the Cascades in these two states. By comparison, Montana and Idaho account for seven to eight percent of the nation's total softwood lumber production.

Figure 2. Softwood Lumber Production



SOURCE: PNW Research Station

The stagnant domestic market has hurt mills in the region. As one example, Steve Swanson, president of the Swanson Group, said they are temporarily closing their Glendale, Ore., sawmill. Supply is down locally as logs are being exported. “We were unable to build up enough inventory to last us through the winter,” said Swanson. “We are literally going to run out of logs.”

Although it may be a while before the situation improves significantly, softwood lumber production did show slight increases in 2010. Oregon produced 4.0 billion board feet in 2010, and Washington produced 3.6 billion board feet. Montana produced 0.5 billion board feet in 2010, which was about half of the production in 2005, and Idaho produced over 1.2 billion board feet in 2010 (See Figure2.).

Where is the harvest coming from?

Harvest levels from private forestland have generally echoed the economic recession, decreasing steadily since 2008. But in each of the four states of Oregon, Washington, Montana, and Idaho, private forest landowners (including industrial, non-industrial, and tribal) are the primary sources of timber. Most of the harvests from these four states were from Washington and Oregon (12 percent of the U.S. total). Figure 3 shows the total harvest

by each state for the last decade.

More than 75 percent of the Oregon removals and 62 percent of the Idaho removals were from private timberland owners. Between 2007 and 2010, the proportion of private harvests decreased from 82 percent to 60 percent in Washington, and from 71 percent to 46 percent in Montana.

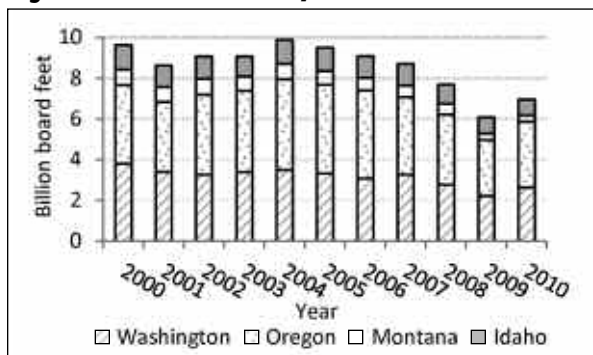
Community impacts: Employment and forest industry health

Roy Anderson from the Beck Group in Portland studies market trends in the forest products industry. He sees shades of gray in the competing forces of offshore log demand and a sluggish domestic lumber market. “For the small woodland owner, you can sell logs for pretty good money as exports in the short run,” he said. “But sawmills need to buy locally. The export markets are raising the price of logs for local mills, hurting their long-term sustainability. They’re going out of business.”

The number of mills has fallen faster than lumber production. Data from the Western Wood Products Association (WWPA) shows the number of lumber producing sawmills in the western region (including coast, inland and California redwood) decreasing about 45 percent from 278 in 2000 to 154 in 2010. The smaller-sized mills (less than 100 million board feet per year) decreased 49 percent, while sawmills with capacity over 100 million board feet decreased

—Continued on next page—

Figure 3. Timber Harvest by States



SOURCE: PNW Research Station

about 36 percent. The implication is that production is being concentrated in fewer large mills located in urban areas near major transportation routes.

Employment in the forest products industry is down as well, in part because of decreased lumber production but also due to the use of more efficient processing technology. The number of people employed in the forest products industry has

decreased 47 percent during the last decade for both Washington and Oregon, and over 60 percent for Montana and Idaho. Table 1 shows the total employment in the forest products industry including lumber and wood products, paper, and allied products. Around 80 percent of total employment is in the lumber and wood products sector.

Oregon had the lowest stumpage values. Montana and Idaho shared about the same price level during the last decade except the year of 2009 when Montana saw only half of the Idaho's stumpage price.

A price rebound in the Pacific Northwest began in 2010, most likely because of the growing prominence of the export markets in China.

Table 1. Employment in forest products industries (thousand persons)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Washington	49.0	46.4	45.5	36.8	35.7	37.5	37.3	35.4	33.9	28.3	26.1
Oregon	56.9	53.5	53.2	45.7	45.9	46.8	45.5	43.1	39.4	32.3	30.2
Montana ^a	7.2	6.7	6.5	5.9	5.8	5.7	5.7	4.5	4.1	3.1	2.6
Idaho	14.6	13.2	12.8	10.7	10.9	11.2	11.5	11.5	9.9	7.4	5.7 ^b
Total	127.7	119.8	118.0	99.1	98.3	101.2	100.0	94.5	87.3	71.1	64.6

^a Total forest industry employment cannot be determined for Montana owing to disclosure rules for the paper industry.
^b Does not include the paper industry.



**TROUT
MOUNTAIN
FORESTRY**

A BALANCED APPROACH

▲
TIMBER MANAGEMENT
▲
ALTERNATIVES TO
CLEARCUTTING
▲
FOREST PLANNING
AND RESTORATION
▲



These forests have been
independently certified
as well managed.

FORESTERS
 Scott Ferguson 503-539-9939
 Barry Sims 503-784-1128
 Mark Miller 541-602-2180
 Mike Messier 503-233-2131
 Marla Pallin, office manager
 503-445-0905
 www.TroutMountain.com

Forest stewardship
for productivity and diversity

FSC® Trademark © 1996 Forest Stewardship Council A.C. • SGS-PM/COC-00031GN

"Prices may vary"

Stumpage prices vary significantly over time, seasons, and regions, and according to tree species, size, and quality. The prices reported here come from public land (state and federal), but can be used by all owners as indicators of timber values. In general, the stumpage price has been much higher on state-owned forestland than on Forest Service land. Figure 4 shows the average stumpage value for all public land including federal and state-owned forestland.

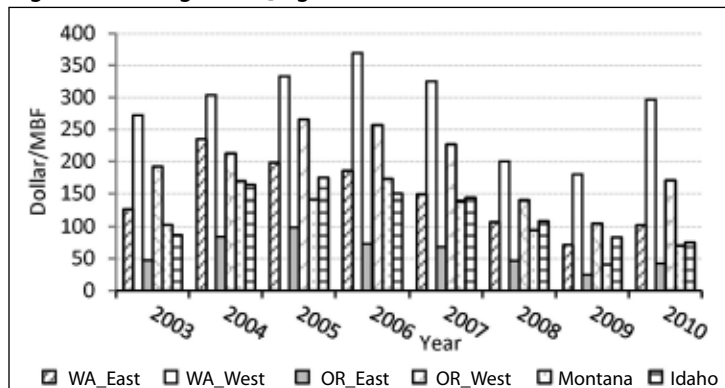
In Oregon and Washington, the most valuable stumpage has come from the westside of these states because the wetter climate yields tree species that command better prices. Western Washington had the highest stumpage prices overall owing to the high quality of wood on state-owned forestland there. By contrast, eastern

In summary

Timber markets are highly competitive and change is volatile and relentless. What do all these fluctuations mean for a family forest owner? Many will have long stretches between harvests, some will only harvest once in their lifetime. As the forest products industry changes to meet export demands and ride out a stalled domestic market, small woodland owners looking to sell timber have to find the right niche.

Ray Jones, vice president of resources at Stimson Lumber, a Portland-based forest products company, says the more markets for landowners to sell to, the better. "We

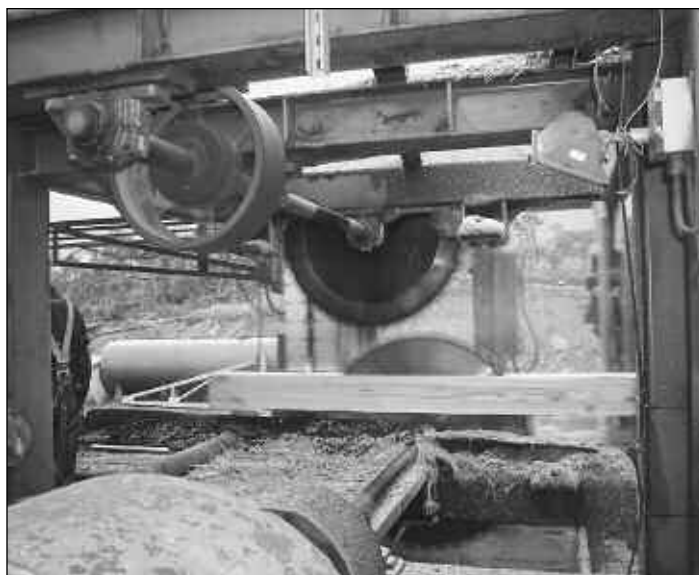
Figure 4. Average Stumpage Price on Public Land



SOURCE: PNW Research Station

are big believers in the free market,” he said. “For a small woodland owner, having choices is a good thing. Right now with the growing trend of exports to China and a steady take in Japan, people have choices based on what they have on their land and based on current demand.”

In the end, whatever the source of demand, the opportunity for increased financial returns to private timberland owners helps keep land prices up and increases interest in for-



Domestic demand for lumber dropped precipitously during the economic downturn, leaving sawmills in a tough position.

est management practices that lead to higher quality export logs. For example, if the export market is bringing good prices for bigger, better quality wood, a landowner with 35-year old

trees might consider waiting 10 years, thinning, and capturing that export premium down the line.

That is, if the markets haven't completely changed 10 years from now. Cautious optimism that there will always be some sort of market for wood and other products seems to be a safe bet, but remembering that “it's complicated” doesn't hurt. ■

XIAOPING ZHOU is a research economist with the Goods, Services and Values Program, and **RACHEL WHITE** is Science writer editor, both with Portland Forestry Sciences Lab, PNW Research Station, USDA Forest Service, in Portland. Xiaoping Zhou can be reached at 503-808-2017 or xzhou@fs.fed.us. Rachel White can be reached at 503-808-2082 or rachelwhite@fs.fed.us. The authors wish to acknowledge special thanks to Richard Haynes for reviewing drafts of this article.

PHOTO COURTESY OF TOM IRACI

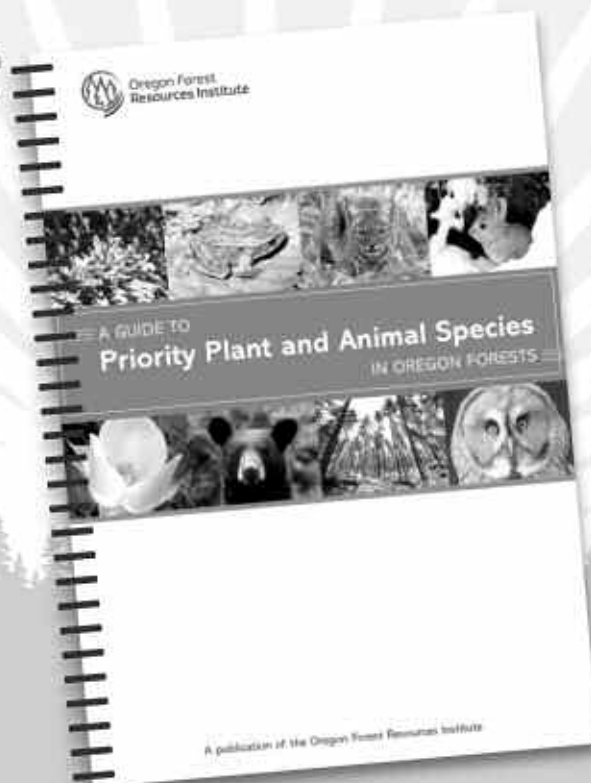
A NEW WILDLIFE GUIDE FOR LANDOWNERS

OFRI's newest publication provides landowners with information that can be used to understand priority plant and animal species in Oregon's forests.

This handy guidebook is packed with information about priority species, indexed for various Oregon eco-regions.

Forest landowners and land managers may use this reference as they determine what species to include in their management plans.

View it online, or order a copy. Oregonforests.org



What You Should Know About the Log Export Market

By **MICKEY BELLMAN**

In 1853 Andrew Pope and Frederick Talbot sailed into Puget Sound and erected a sawmill at Port Gamble, Wash. Their fleet of sailing ships was soon delivering lumber to California, Hawaii, and ultimately to ports across the Pacific Ocean. The straight-grained Douglas-fir whetted the world's appetite for Pacific Northwest wood products, and that demand continues to grow today.

From Coos Bay to Port Angeles, privately-owned logs are delivered dockside and loaded onto ships bound for China, Japan, and Korea. Export log buyers are eager to buy all species and sizes of logs. Douglas-fir, hemlock, spruce, even lodgepole pine and larch, are purchased for overseas delivery. But seller beware: Not all export companies purchase all species or log grades. Before you fire up the chainsaw, do some research and get references.

Log prices can range from \$300 to \$700 per thousand board feet depending upon log quality. Knot size and ring count will determine log price. The much touted "J Sort" for Japan requires small, well-scattered knots with no defect and at least six rings per inch. Logs sold to China may have larger knots because the lumber may be used for construction purposes. Once upon a time there was a substantial price difference between Douglas-fir and white wood, but the China market has changed that. Today, hemlock, white fir, and Douglas-fir are



similar in price.

Log lengths are of critical importance. Companies may purchase 26-40 foot logs, but there are specified, preferred lengths. A 32-foot log may be desirable for a local sawmill, but a 33-foot log may be required for export. A 40-foot log is desirable, except when a company ships logs in a container—then a 39-foot log is required.

Depending upon the export company, small-end diameters are critical, too. Perhaps it is a G Sort, or a G+ Sort, or a J sort, or a C sort. One sort may be simply an eight-inch and larger log, while another sort requires only 9-11 inches, or all 12 inches and larger. A timber owner must thoroughly understand each sort requirement before he loads a truck. Some large timber companies may have 8-10 different log sorts based upon species, diameter, and log length.

Bigger is not necessarily better. Most export logs are now debarked before loading aboard ship. Some "ring debarkers" cannot process logs with butt diameters exceeding 30 inches. A timber owner may have to "long butt" his logs or even cut a short 12-foot log off the butt to meet this restriction.



This log would be rejected for the export market due to rot and excessive knot size.

Conk rot, stump rot, and other defects should be left at the landing. Selling logs with 15-25 percent defect is, of course, inefficient and may lead to cancellation of a log purchase order. Don't try to "slip something" into a load because it will later be discovered at the port.

Several companies have inland log sorting yards in addition to their



These logs were rejected for the export market for excessively large knots, sweep, knotty tree tops, and small diameter.

dock facilities. A timber owner may deliver all logs to a sort yard where the logs will be scaled and sorted. Delivered prices may be slightly lower than at the port, but often there is the convenience and lower transportation costs for the timber owner.

Export companies prefer to deal in large, ship-filling quantities, but as much as 30 percent of their logs are purchased from small woodland owners. Whether five loads or 50 loads, log buyers are searching for specific logs to fill cargo holds.

All of which means a timber owner must do some research. Talk with other timber owners about their first-hand experiences. Local loggers can offer insight also. A private forestry consultant may have many contacts. For a fee, a consultant can manage the entire operation—from finding the best market and oversee-

PHOTO COURTESY OF SUSHEEN TIMBER TRADING

PHOTO COURTESY OF MICKEY BELLMAN

ing the logging to final distribution of the log payments.

Once you have decided on one or more export companies, contact the log buyer, but remember he is a busy man covering a large area. He will quickly tell you if the timber meets his specifications, and he may even recommend a good logger. Once you accept an offer and receive a log purchase order, read it *carefully* and adhere closely to all requirements. If you have contacted several log buyers, it is good business courtesy to notify them you have accepted another offer.

One word of caution: Do not expect a local sawmill to readily buy those logs that are not sold as export. Local mills require good quality logs and cannot pay top dollar for only the export falldown. Seriously consider if the export sorting and hauling costs justify bypassing a local mill that you may sell logs to in the future.

Selling logs into the export market can be highly profitable, but it must also be done carefully. A few missorted logs may quickly erase the extra profit that was anticipated. The markets are seasonal and do fluctuate. There are times when the demand slackens and prices plummet, but that is the law of supply and demand.

As a sidenote, logs from Forest Service, Bureau of Land Management, and states of Oregon and Washington timber sales may not be legally exported. That is why you may see yellow, red, or orange paint splashed



PHOTO COURTESY OF SUSHEEN TIMBER TRADING

Logs are loaded at the Port of Port Angeles and shipped to China.

on the ends of many logs. Only logs owned by private landowners and private companies can be exported. The law even prohibits sawmills from buying federal logs while they export logs grown on their own tree farms: this is referred to as “substitution.”

In researching this article, three companies were contacted: Pacific Lumber and Shipping, 360-425-5861; Giustina Resources, 541-485-1500;

and Susheen Timber Trading Inc., 253-661-1920. ■

MICKEY BELLMAN is a private forestry consultant and timber cruiser working throughout Oregon and Washington. He lives in Salem with his wife, two golden retrievers and 3,500 Christmas trees. He can be reached at 503-362-0842 or bellman9647@msn.com.

Susheen (Seattle) TIMBER TRADING INC.

Exporting logs to China since 1992

Fax: 253-661-1930

Email: rbn.susheen@gmail.com

31811 Pacific Hwy. S., Suite B-321
Federal Way, WA 98003



SUPPORT RESPONSIBLE FORESTRY.



When you consider that only 10% of the world's forests are certified, we have a long way to go. The good news is that there are a number of credible forest certification programs. And each one, including SFI, encourages responsible forestry. For more on forest certification and what you can do, visit www.sfiprogram.org.



SUSTAINABLE FORESTRY INITIATIVE

Good for you. Good for our forests.™

Caveats When Marketing Logs

By **STEVE BOWERS**

Selling logs and timber can be an intimidating process for individuals with little or no merchandising experience. The number of options can be staggering when considering the type of market (poles, domestic, export, etc.) log specifications required in those markets (myriad length and diameter options), and logging and hauling cost considerations for each market's specifications and destination points. The ultimate marketing faux pas is a woodland owner entering the merchandising arena not knowing how much or what kind of wood they have to sell, where



and when to sell it, and doing it without seeking assistance. The list is huge, but here are a few particularly pertinent points to ponder before "pulling the trigger" on that timber sale.

What: "Cruise" does not necessarily correlate to "cut out."

Why? Usually, woodland owners predicate their harvest based on an estimated monetary value. Because most landowners harvest timber for financial gain, beware of individuals that are willing to cruise an owner's timber if they can retain the option to harvest if the landowner decides to cut their trees. There is an incentive to overestimate the timber volume in an effort to persuade the landowner to harvest. If the option to harvest is being considered, be sure there is no conflict of interest for the cruiser to

misrepresent their information in an effort to procure the logging rights, which is where the real money can be captured from the woodland owner.

What: Differentiate between market activity and market strength.

Why? Information from landowners, loggers, and consulting foresters may give an indication of logging activity, but not necessarily market strength. How many times have you been induced into action because your neighbor was doing something? Adjacent landowners may not accurately reflect market strength as there may be occasions to equivocate, placing them in the "best light." Loggers are more than glad to see you sell your timber: it correlates into more business for them. Consultants reflect activity in the market, not necessarily strong prices for the woodland owner's timber. If a seller desires log and/or timber prices, contact several buyers and obtain information on prices today, yesterday, last month, last year, and possibly a few years in the past. Obtain information from publications that specialize in forest products marketing.

What: Investigate the market to determine a bearish or bullish trend.

Why? Log prices are determined not only by the current market, but also anticipation of future market values. Prices reflect the projected future supply and demand of the log market; more if it is deemed to be increasing and less if it is believed to be contracting. There is a psychology involved when a log buyer is negotiating a deal. If log buyers believe the market will remain strong, they will occasionally hedge their offers in an effort to procure the sale under the assumption that prices will continue to rise. The opposite strategy occurs if a seller waits until the market has peaked and prices begin to decline. The hedging of offers will be toward lower prices and a declining market. In other words, if prices were equal a month prior, and a month after the market peak, woodland owners will receive more money



McFarland Cascade®
Timber Conserving by Wood Preserving

Buying Douglas Fir and Red Cedar Poles



A professional staff providing the most productive way of bringing your Poles to market.

Services include:

- Pole marking
- Quality control during harvest
- Free estimates
- Facilitate access to certified Pole Loggers and Haulers
- Buying Douglas Fir and Red Cedar Poles

Area Resource Managers

Washington Mark Wentzel 253-677-5115
Oregon Carl Harrison 541-729-2403
Idaho Fred Omodt 208-263-2141

You can also visit us at www.idm.com

by selling *before* the market peaked and correspondingly less *after* the market begins to decline. Remember the axiom: pigs get fat; hogs get butchered.

What: *No timber tracts are the same.*

Why? Because wood is a growing biological element, there are differences in the characteristics of each tree and each stand of timber. Astute log buyers recognize some of the subtle differences in wood quality and the derived products from the mill they represent. There is probably a justifiable reason if someone in the adjacent vicinity is being paid a different price for their timber than someone else dealing with the same buyer. Landowners may incorrectly harbor ill will toward the log buyer because of misunderstanding or misquoted information obtained from another landowner that sold their logs to the same company. Log buyers may be confronted by a skeptical and circumspect seller. Negotiations with the buyer should be based on the merits of each individual sale and not predicated on information derived from another individual, regardless of the situation.

What: *Export grade logs do not have to be "perfect."*

Why? The availability of clear, tight grain, high-grade Douglas-fir sawlogs is becoming more difficult to procure. Today, nearly all domestic sawmills are utilizing larger volumes of lower quality material than in the past. The same can be said for exports. Overseas buyers realize their demand for logs cannot be satisfied if they continue to require the same type of material obtained in the past. With overall log quality on a general decline, private woodland owners have seen more of their wood become "export quality," thus a merchandising option available to some landowners that did not exist in the past.

What: *The quality of log necessary for a particular export sort varies by market demand.*

Why? To meet a particular log grade,

domestic logs have a list of specifications stipulated by the *Official Rules Handbook*. A strong or weak market may alter the price being paid for a particular grade of log, but the requirements of that grade do not change. Export prices respond to changes in supply and demand through price adjustments, and on occasion, the description of individual sorts. In a strong market a log may be "bumped up" to a higher value sort, and a declining market may result in the same log being "knocked down" in order to be merchandised as export. There are no standard rules governing export log qualities, requiring the seller to administer additional caution when merchandising their logs through this venue.

What: *It is imperative that the seller's logs meet the intended specifications of the buyer.*

Why? Buyers penalize sellers for logs whose characteristics prohibit the mill



PHOTO COURTESY OF STEVE BOWERS

Western Oregon harvest designated export or higher value domestic buyer.

from operating at maximum efficiency. Terms such as "falldown," "breakout," or "off species" are indications that the seller is going to be financially penalized for selling their logs to the "wrong" buyer. Logs that do not meet the specifications of the buyer will be re-merchandised to companies that can better utilize the material. There is a cost associated with handling and transportation of these logs, along with a possible profit margin allocated to these activities. By selling to the "wrong" mill, the seller does not realize full value for their logs, and that money winds up in the pockets of the merchandiser rather than the landowner.

—Continued on next page—



We bring experience with owners that care about their product and customers.

Approximately 10 million seedlings in annual production

1 container site (plugs), 2 bareroot/transplant sites (p+1, 1+1)

Contract growing and spec seedlings for forestry and Christmas tree production

LET US GROW YOUR SEEDLINGS

David Gerdes

Mike Gerdes

inquiries@silvaseed.com

FORESTERS • NURSERYMAN • SEEDSMAN

SILVASEED COMPANY

P.O. Box 118 • Roy, WA 98580 • (253) 843-2246

"Serving Many of the Reforestation Needs of the World From This Location Since 1889"

What: Log aesthetics are extremely important in merchandising.

Why? This point cannot be overstated! An aesthetically appealing sawlog is often worth more money than a poorly prepared “ugly” one. You have a greater chance of recovering the full value of the log when knots are cut flush with the bole, log ends cut clean and straight, and harvesting defects kept to a minimum. Eliminate “pigs ears” (limbs not cut flush), “rushin’ couplings” (ends of logs that have a split in them resulting from improper bucking techniques), and excess dirt and debris. When the scaler examines a log whose grade is “on the line,” it may receive the benefit of the doubt if it is clean, properly bucked, and limbed. This concept is even more important in the export market. What do you do when you’re selling a car or a house? You make the item as visually pleasing as possible: no different for logs. It bears repeating: The importance of log aesthetics cannot be overemphasized!

What: Camp run pertains to sawlog grade and better quality material, otherwise known as “merch” logs.

Why? The widely accepted definition of camp run, meaning a single price for all logs being sold, is somewhat misleading. When a woodland owner sells logs on a camp run basis, they are selling merchantable quality logs. Non-merchantable logs pertain to cull material (utility cull, peeler cull, and special cull). Logs are sold on a camp run basis for several reasons, but one of them should not be because the landowner believes they will be paid the same \$/MBF for any grade of log. When selling camp run, non-merchantable logs will have a different price than merchantable logs, and those prices will be listed on the purchase order. There are occasions where landowners have signed and returned a purchase order without studying its contents, basing that signature on inaccurately interpreting their correspondence with the buyer:

which brings us to the next topic.

What: Be sure log prices listed on the purchase order correspond to those quoted by the log buyer.

Why? As Howard Cossell once said, “You certainly have an eye for the obvious.” However, there have been occasions when prices listed on a purchase order are different than those quoted by the buyer when they inspected the seller’s logs. There are several explanations for this occurrence, usually because the buyer is processing so many contracts that conversations get mixed-up with respective sellers: an honest mistake. Always check to see that the verbal quote is the same as the written quote.

What: Observe any information regarding “special services” on the purchase order.

Why? Special services involve grading and scaling procedures in addition to those shown in the Official Rules Handbook. The special cull, peeler cull, wormy cull, #3 select mill, and scaling in multiples of two feet are all special services accepted by the Northwest Log Rules Advisory Group (NLRAG) and used in many of the region’s sawmills. There are other special services that may not be as readily apparent. Depending on the timber stand, considerable volume may be affected by one of these rule changes. Always inspect a purchase order for possible inclusions of special services and their specifications.

What: Don’t let the logger market your logs.

Why? It is possible, but not probable, that the logging contractor may negotiate the highest price for your wood. Logging contractors are paid on a volume basis, be it by the MBF, percentage, or the job. Their primary function is to move as much wood as possible in the shortest period of time. Production tends to trump \$/MBF, and their interests and abilities are going to be focused accordingly. There are occasions where information on the selection of a logger was obtained



HAMPTON TREE FARMS, INC.

**Buying Logs, Timberland, and
Standing Timber in Western Oregon
and Western Washington**

Hampton Tree Farms PO Box 2315 Salem, OR 97308-2315 (503) 365-8400	WILLAMINA LUMBER CO. Jeff Clevenger (503) 365-8400 Office (503) 931-7651 Mobile	TILLAMOOK LUMBER CO. Dave Kunert (503) 815-6321 Office (503) 931-3143 Mobile
---	--	---

through the log buyer. Much of the business for these loggers results from referrals from a particular log buyer representing a mill that desires a designated set of lengths and diameters. If utilizing one of these contractors, be sure to monitor the bucking decisions to ensure maximizing the woodland owner's interests and not those of the mill.

What: The scaler, not the log buyer, determines a log's domestic grade or export sort.

Why? Price is the only definitive information a log buyer can relay to the seller. While most buyers are adept at distinguishing between individual log grades and sorts, and may even be certified scalers, they usually are not the entity that assigns the quality code designating a log's value. An exception to the rule is when the seller agrees to a camp run offer, making individual grades irrelevant, providing the log is not a cull. A landowner cannot "take it to the bank" on the buyer's statement that logs are a particular grade or sort. Remember to distinguish between the role of a log buyer and a log scaler: the job of the former is to quote a price(s) while the job of the latter is to determine the grade(s) or sort(s) irrespective of price(s). Nothing more, nothing less.

What: Log scalers and log buyers have good memories.

Why? There is a long-standing competition between woodland owners and log scalers: one attempts to maximize the value of a log and the other is scaling and grading that log according to a set of rules. A seller may continually leave inadequate trim in an attempt to increase scaling diameter(s), camouflage defects, or employ improper bucking techniques such as pigs ears, rushin' couplings and sloped/crooked end cuts. The scaler may begin to anticipate these practices and borderline decisions can go against the seller if the scaler believes there is intentional deception. Remember, scalers have observed far more wood than most sellers, and they have "seen it all" in

attempts to mask log defects. In addition, scalers relay this information to the log buyer, which will oftentimes contact other buyers from different companies alerting them to any chicanery. When a seller attempts to deceive and that deception comes to light, it likely not only affects the current buyer, but other perspective buyers in the area. At this point the seller has compromised their integrity and placed on the "black list."

What: Visit the scale shack and ask questions.

Why? Make arrangements to visit the log yard and view the grading and scaling process. Be sure to state the experience is a learning process and ask questions in a polite and respectful manner. When the scaler makes a deduction, inquire why it was made (type of defect) and the degree of severity (volume deduction). You will most likely come away with a better understanding of the grading and scaling process, enabling you to make better bucking decisions in the future, and realize these individuals are doing the best job possible.

What: Nobody knows it all.

Why? Marketing is an art as well as a science. A successful log marketing

strategy requires knowledge of the production process (mills), the required raw material (logs), and finding the best "fit" for the unique characteristics of each timber stand. The wood products industry is a rapidly changing and volatile arena requiring a comprehensive investigation of all available options. There is a financial risk for any individual that thinks they have a corner on information and intelligence. The key: Keep an open mind.

This article is far from an exhaustive list on the information pertaining to merchandising logs. Most that have bought and sold wood over the past few years continue to discover mistakes, hopefully learn from them, and do better next time. The old saying, "fool me once, shame on you; fool me twice, shame on me" is a well worth remembering. Learn from mistakes, realize that any subject matter is a continual learning process, and remain open to advice and constructive criticism. ■

STEVE BOWERS, aka Treeman, is an OSU Extension forester for Douglas County in Roseburg. He can be reached at 541-672-4461 or steve.bowers@oregonstate.edu.



Tips to Consider Before Logging...

How to Harvest Your Timber

BY REX STORM

How to Choose a Logger.

Picking a professional logging operator (logger or contractor) is one of the most important steps taken when harvesting a forest, selling timber, and completing tree planting. Landowners may want to receive quotes from more than one logger before choosing the right contractor for the job.

Work with a Forester. Many forest landowners enlist the services of a consulting forester to help manage complex forestry operations because



an owner may not be familiar with details concerning logging methods for selling timber, timber accountability, state forest regulations, reforestation, contracts, or market prices.

Develop a Management Plan. A forest management plan should include goals for timber growth, harvest, reforestation, resource benefits, protection and income—and ways to attain those goals.

Boundaries and Legal Restrictions. Prior to any operation, all legal matters and location of the forest property and harvest area must be determined, described in writing, mapped and marked on-the-ground, including: surveyed property lines, clear title to timber, and no mortgage or

easement restrictions.

Harvest and Reforestation

Prescription. Designating which trees to cut or grow should be tailored to the site, visibly-marked, and based on a forest management plan. The harvest area and method are closely linked to the terrain, roads, water, habitat, fire hazard, slash disposal, reforestation, and management plan. State forest regulations require prompt reforestation after harvest.

Logging and Transportation Plans.

Carefully planned forest roads are a valuable investment necessary to harvest, reforest, and manage a forest. After harvest and planting is completed, road management remains important to protect the landowner's forestry investment.

Timber Scale. It's necessary to have the timber scaled/measured after harvest by a knowledgeable forester—to assure that the timber value is accurately measured, or “scaled,” for payment.

Written Contract. A written contract is very important to describe the responsibilities of each party to conduct a forest operation. By putting agreements in writing, a contract protects all parties: forest landowner, logging contractor, and timber purchaser (mill). The logger rarely takes title to timber/logs. Standing timber is real estate until it is cut.

Legal Requirements for Logging. Forest operations in the Northwest are regulated to assure environmental protection, fire prevention, and tax payment. In Oregon, prior to beginning any commercial forestry operation, the landowner or operator must file a notification with the local state forestry office. Always check with your state forestry department before beginning operations. ■

*See next page for related article
by Rex Storm*



WILBUR-ELLIS®

WESTAR®

The Brightest Herbicide for
Herbaceous Weed Control
for Douglas-fir and other Conifers.

—See your Wilbur-Ellis Pro for more details—

For information on this or any other herbicides, call:

Bruce Alber 503-227-3525—western Oregon & western Washington

Joel Fields 509-928-4512—eastern Washington, Idaho & Montana

Carl Sostrom 509-928-4512—eastern Washington, Idaho & Montana

Scott Johnson 916-991-4451 & Jerry Gallagher 530-570-5977—California

9685 Ridder Rd. S.W., Suite 190 • Wilsonville, OR 97070

Questions before Harvesting Begins

For forest landowners to ask a perspective logger or forestry consultant

A forest landowner should exercise as much care in choosing a logger or forestry consultant as they would in choosing a painter to paint your home, or a general contractor to build a new home. It's prudent business practice to communicate the planned forest harvest, reforestation, and other operations prior to beginning work. Here are a few questions a forest landowner may ask of their perspective logging contractor or forestry consultant.

- **Contractor reputation.** How long have they been in business? Obtain a list of references from landowners and mills.

- **Estimate of rates.** Early in the consideration, can the contractor provide a quote for prices, cost of their logging service/work plan, and income from timber harvest job? Once the contractor is chosen, can rates be written in a contract?

- **Written agreement.** A written contract and map to address agreements for work conduct, work plans, measurement, payment, prices, completion, timing, liability, taxes, regulations, and dispute resolution should be available.

- **Insured.** Obtain certificates to verify proof of coverage by workers compensation and liability insurance.

- **Site visit and map.** Conduct an on-site visit to agree upon and map the locations and specific terms for planned activities.

- **Forest goals planned.** Do you have a forest management plan, which describes management goals and contracts, harvest, roads, reforestation, resource protection, fire prevention, scheduling, and so forth?

- **Logging plan.** Is there a harvest plan, which describes and locates on-the-ground the logging methods, cut-tree selection, timber falling, skidding pattern, site protection, equipment and utilization?

- **Roading plan.** A forest access plan

describes and locates on-the-ground road locations, log landings, and road maintenance.

- **Reforestation plan.** This is required by the state forest practices act.

- **Area clean-up.** Have a post-operation clean-up plan, which describes satisfactory on-the-ground locations for slash disposal, erosion control, waste removal, road re-shaping, and so forth?

- **Sub-contracting terms.** How would you ensure that subcontractors completed quality work? ■

REX STORM, *Certified Forester*, is Forest Policy manager for Associated Oregon Loggers, Inc. based in Salem. He can be reached at 503-364-1330 or rexstorm@oregonloggers.org.

Northwest Hardwoods, Inc.

Sustainable Forestry Initiative

Purchasing alder, maple and ash saw logs and pulp. Also hemlock saw logs and timber at the following locations:

Arlington, WA	(360) 435-8502
Centralia, WA	(360) 736-2811
Longview, WA	(360) 577-3887
Eugene, OR	(541) 689-2581
Coos Bay, OR	(541) 267-0419
Garibaldi, OR	(503) 322-3367



A full service
Natural Resource
consulting firm
since 1984

- Reforestation
- Log Marketing & Inventory
- Harvest Administration
- Forest Management Plans
- Estate Planning
- Water Resources
- Timber Appraisals
- Fire/Fuels Management
- GPS/GIS Services

www.consulting-foresters.com

HOME OFFICE (208) 883-4488

nwmanage@consulting-foresters.com

EASTERN WASHINGTON

(509) 276-4699 • deerpark@nmi2.com

WESTERN MONTANA

(406) 544-7169 • nwmanage@montana.com

Housing Outlook for 2012: Still Plenty of Trouble, but Modest Gains Forecast

January 6, 2012—A year ago, the U.S. housing outlook broke into two camps. There was a mildly bullish one calling for 2011 to produce a noticeable step to recovery, to about 700,000 units. The other camp, citing multiple issues that would require more time to work through, saw little improvement. The skeptics got it right. Starts in 2011 are expected to finish close to 600,000 units, slightly ahead of 2010 total of 586,900 units.

The outlook for 2012 is much the same. While some progress has been made in working through the many issues holding back residential housing construction—particularly single-family homes—there is still plenty standing in the way of a speedier recovery.

It starts with weak job creation, but includes other key factors such as the ongoing foreclosure morass, tight lending standards, and soft existing home prices that make it difficult for builders' new-home offerings to compete. Existing for-sale home inventories, while recently showing improvement, remain high.



PHOTO COURTESY OF APA—THE ENGINEERED WOOD ASSOCIATION

Larger global issues have major potential implications for the U.S. economy, housing, and the wood products industry. These include the European debt crisis and the potential finan-

**The Forecasts of the Analysts
2012 Housing Starts (thousands)**

	Single-Family	Multi-Family	Total
National Association of Home Builders	496	188	684
Mortgage Bankers Association	470	206	676
National Association of Realtors	465	200	665
APA – The Engineered Wood Association	440	190	630
Forest Economic Advisors	472	204	676
Average	469 (+10.9)	198 (+14.5)	667 (+12.1)

() = % change from average of the analysts' projections for 2011

Protect Your Trees – Protect Your Investment

Wildlife Services Company, Inc.

5227 Gifford Rd. SW • Olympia, WA 98512

QUESTIONS?

Phone: **1-360-352-6055**

URL: **www.seadust.biz**

Contact: Dan L. Campbell
seadust@comcast.net
Brooke K. Campbell
info@seadust.biz

CHECK OUT: *Control of Rubbing Damage*
www.willowbuckrub.com

Seadust™
Wildlife Controllant®

U.S. Patent No. 6,652,870 B2

- **NOW FOR MOLE CONTROL**
- **Protect New Growth & Overwinter**
- **Treat Before or After Planting**
- **Protect Western Redcedar**
- **Protect Riparian Plantings**
- **Treat Vexar Tubes for Elk**

cial contagion from a failure of the Eurozone and its common currency. In addition, recent reports reveal that China has a bursting real estate bubble, while Russia's expected entry into the WTO could pare Chinese lumber and log purchases from North America. The distraction and uncertainty of an expected contentious U.S. presidential election merits reflection as well.

While forecasters last year were off the mark in terms of the actual number of housing starts, they did have it right that housing would be growing modestly into 2012. As the New Year gets under way, there is sense that

—Continued on page 26—



LUCKY FOR YOU, CHOOSING A SAW IS THE HARD PART.

SIMPLIFYING DECISIONS SINCE 1947.

Like knowing how you take your coffee and the opening day of hunting season, Oregon® is part of your routine. This comes as no surprise, because Oregon® has been trusted by chain saw manufacturers, loggers, arborists, firefighters and other professionals like you for more than 60 years.

Trust your saw to get started.
Trust Oregon® to do the tough work.
Get more information about the complete Oregon® line-up online at oregonchain.com.

Saws shown without side covers for photo purposes only. It is extremely dangerous to operate saws without the covers attached.

OREGON® | Blount Inc.



oregonchain.com

—Continued from page 24—
pent-up demand is building. That plus house price stabilization and

scattered improvement in some markets have forecasters anticipating a modest increase in starts.

The forecasts of total starts from

five analysts average 667,000 units (see table on page 24). That would represent a 12.1 percent gain over the 595,000-unit projection for 2011.

Another trend most forecasters have had right going back to last year is growth in the share of multi-family construction. Many of the same issues that are holding back a recovery in single-family construction drive forecasts for increased demand for multis—foreclosures, tougher mortgage qualification standards, and jobs.

Multifamily units represented about 20 percent of total starts in 2009 and 2010. The share jumped to 29 percent in 2011, and is forecast to hit 30 percent in 2012. Among the five analysts, forecasts for multi-unit starts in 2012 range from 181,000 to 206,000. The risk might well be to the upside.

Single-family starts, meanwhile, have hovered in the low- to mid-400,000-unit range since the April 2010 expiration of the homebuyer tax credit.



TREE MANAGEMENT PLUS, INC.

Working with family forest owners managing their woodlands since 1977

Professional Forester, Accredited Logger, Cut-to-Length Logging, Seedling Sales & Reforestation Services

CONTACT Tom Fox at 360-978-4305 • 422 Tucker Rd., Toledo, WA 98591

CALENDAR

I.E.A.P. Program, May 1-3, Moscow, ID. Contact: University of Idaho Clearwater Office, 208-476-4434.

WSSAF Annual Meeting, May 2-4, Port Angeles, WA. Contact: John Walkowiak, 253-320-5064, jewalkowiak@harbornet.com.

WFFA Annual Meeting, May 3-5, Spokane Valley, WA. Contact: Erica Norquist, 360-736-5750, info@wafarmforestry.com.

Backyard Forests, May 9, Bonners Ferry, ID. Contact: Chris Schnepf, 208-446-1680, cschnepf@uidaho.edu.

Starker Lecture Series: Land Use, Climate Change, Water and Other Ecosystem Services, May 10, Corvallis, OR. Contact: OSU College of Forestry, 541-737-1585, <http://starkerlectures.forestry.oregonstate.edu/>.

Using your GPS, May 11, Coeur d'Alene, ID; May 12, Sandpoint, ID; June 1, Moscow, ID; Sept. 14, St. Maries, ID. Contact: Chris Schnepf, 208-446-1680, cschnepf@uidaho.edu.

Root Disease: The Hidden Menace, May 18, Sandpoint, ID; July 19, Hayden, ID. Contact: Chris Schnepf, 208-446-1680, cschnepf@uidaho.edu.

Measuring Your Trees, May 26, Coeur d'Alene, ID. Contact: Chris Schnepf, 208-446-1680, cschnepf@uidaho.edu.

Starker Lecture Series: Capstone Field Trip: A Tour of the Alsea Revisited Watershed Study Area, May 31, Corvallis, OR. Contact: OSU College of Forestry, 541-737-1585, <http://starkerlectures.forestry.oregonstate.edu/>

Montana Forest Stewardship 3-Day Workshops, May 31, June 1, 8, Columbus; June 21, 22, 30, Big Timber; July 20, 21, 28, Darby; Aug. 9, 10, 18, Bozeman; Sept. 21, 22, 29, St. Regis. Contact: MSU Extension Forestry, 406-243-2773, extensionforestry@montana.edu.

Oregon Urban and Community Forestry Conference—Community Natural Areas: Restoration, Management, and Enhancement, June 7, Portland, OR. Contact: Rick Zenn, 503-488-2103, <http://oregoncommunitytrees.org/conferences/community-natural-areas/>.

Idaho Forestry Shortcourse, June 13, 20, 27, July 11, 18, 25, Sandpoint, ID. University of Idaho Bonner County, 208-263-8511.

National Tree Farmer Convention, June 14-16, Jacksonville, FL. Contact: Sara Anrrich, 202-463-2733, sanrrich@forestfoundation.org.

Thinning and Pruning Field Day, June 16, St. Maries, ID; July 20, Cottonwood, ID. Contact: Chris Schnepf, 208-446-1680, cschnepf@uidaho.edu.

OSWA Annual Meeting, June 22-23, Forest Grove, OR. Contact: Jim Brown, 503-284-6455, jimbrownorch@msn.com.

Forest Insects and Disease Field Day, July 27, Moscow, ID; Aug. 3, Bonners Ferry, ID. Contact: Chris Schnepf, 208-446-1680, cschnepf@uidaho.edu.

National Christmas Tree Convention and Trade Show, Aug. 8-11, Sacramento, CA. Contact: NCTA, 636-449-5070, info@realchristmastrees.org.

Free Computer Mapping Tools for Forest Owners, Aug. 10, Coeur d'Alene, ID. Contact: Chris Schnepf, 208-446-1680, cschnepf@uidaho.edu.

Send calendar items to the editor at rasor@safnwo.org.

Insuring the Future

with the right expertise

Timber Appraisal

Allowable Cut Determination

Harvest/Reforestation Planning

Timber Sale Management

Water Rights

Survey, Land Use & Engineering



(541) 267-2872

Coos Bay ♦ Dallas ♦ Forest Grove

www.stuntzner.com

Buyers will have historically low mortgage rates on their side if they have the financial wherewithal and decide to pull the trigger on a home purchase in 2012. The average 30-year mortgage rate fell to a record 3.91 percent. Of the three analysts forecasting rates for 2012, all predict the 30-year rate will move higher through the year, finishing at around 4.8 percent and averaging 4.5 percent for the year.

Optimism for upside potential to the starts forecast also is generated by a stronger finish to 2011 that included a marked drop in initial claims for unemployment insurance. Forest Economic Advisors (FEA) notes that if this trend continues, a resulting boost in household formations will lift housing higher. FEA also notes that extremely low inventories of new homes for sale could result in inventory rebuilding, which could push starts higher.

Canadian housing starts are projected to finish 2011 at about 191,000 units, a one percent gain over 2010. But, according to the Canada Mortgage and Housing Corp., starts will cool in 2012 to about 187,000 units. Modest growth is forecast for British Columbia, Alberta, and Manitoba; all other provinces are forecast to see declines in multi-unit starts.

Mild improvement is forecast for the manufactured home segment in 2012. Shipments in 2011 were expected to finish close to the 50,000 units shipped in 2010. FEA forecasts shipments of 58,500 units in 2012. ■

This article is reprinted with permission from Random Lengths Publications Inc.

ADVERTISE HERE!

For just \$45 an issue, this could be your ad promoting your products and services.

For more information, contact Lori Rasor at 503-488-2104 or rasor@safnwo.org



**Northwest
Forestry
Services**

- Professional Forest Management
- Timber Inventories and Cruising
- Appraisals □ Mapping and GIS

**(503) 684-8168
1-800-783-6818**

11825 SW Greenburg Road 2A, Tigard, OR 97223
www.nwforestryservices.com

You know how to read a 90 year old log... but can you read the 90 year old tax law?

Timberland owners certainly know their way around the woods, but the forest of taxation and financial decisions can seem impenetrable. That's where BBJS can be your guide. We're a full service accounting firm that has been quietly serving the forest products

industry since 1954. For a free initial consultation please give us a call at:

206.682.4840

Phone us today, before more opportunities get lost in the woods.



Certified Public Accountants

1501 4th Avenue
Suite 2880
Seattle, WA
98101-1631

www.bbjsllp.com

Members of the
Washington
Farm Forestry
Association



We count trees, not beans.

TreeSmarts: Forest Research You Can Use

TreeSmarts: Forest Research You Can Use appears in every other issue of *Northwest Woodlands*. Column editor Ed Styskel reviews research being conducted from a host of sources, sorts through the items of interest to family forest owners, and provides a short summary of the pertinent results in understandable language. If you have a suggestion to share with Ed, please contact him directly at edstyskel@gmail.com.

Giving Credit Where Credit is Due: Increasing Landowner Compensation for Ecosystem Services. Authored by Gina L. LaRocco and Robert L. Deal. 2011. USDA Forest Service, Pacific Northwest Research Station, General Technical Report PNW-GTR-842. 32 pgs. Download at <http://treesearch.fs.fed.us/pubs/37552>. (797 Kb)

One challenging issue in environmental policy today is how to create incentives for private landowners to protect biodiversity and prevent forestlands from being lost to development. Conserving biodiversity serves a number of human needs, including maintenance of ecosystem services that are critical to sustaining all life. Many services produced from healthy, functioning landscapes are not well recognized in current conservation incentive structures, including sequestering or storing carbon in trees and soil, providing fish and wildlife habitat, filtering water, and reducing damages from natural disasters.

This study explored: (1) existing

and emerging sources of revenue; (2) using payments to promote ecological significance and economic viability; and (3) policies to achieve the first two goals. (Reviewer's note: The summary herein focuses only on existing and emerging sources of landowner revenue, and includes supplemental program descriptions not in the study publication.)

Public-financed payments. Publicly financed payments for ecosystem services can be provided in the form of government incentive programs, tax credits, or subsidies. Here are some examples.

The *Environmental Quality Incentives Program* is a voluntary program that provides financial and technical assistance to agricultural producers through contracts up to a maximum term of 10 years in length. These contracts provide financial assistance to help plan and implement conservation practices that address natural resource concerns and for opportunities to improve soil, water, plant, animal, air, and related resources on agricultural land and non-industrial private forestland.

The *Conservation Stewardship Program* encourages landowners to voluntarily address resource concerns in a comprehensive manner by undertaking additional conservation activities and improving, maintaining, or managing existing conservation activities.

The *Wetland Reserve Program* is a voluntary program offering landowners the opportunity to protect, restore, and enhance wetlands on their property. Technical and financial support is available to help landowners with their wetland restoration efforts. The goal is to achieve the greatest wetland functions and values, along with optimum wildlife habitat, on every enrolled acre.

The *Healthy Forests Reserve Program* assists landowners, on a voluntary basis, in restoring, enhancing and protecting forestland resources on

private lands through easements, 30-year contracts, or 10-year cost-share agreements. Objectives are to: (1) promote the recovery of endangered and threatened species under the Endangered Species Act; (2) improve plant and animal biodiversity; and (3) enhance carbon sequestration.

Markets. The term "markets for ecosystem services" refers to market-like structures used to direct investments to landowners for improving ecosystem function. Some of these structures involve over-the-counter transactions involving one buyer and one seller, whereas others may include multiple buyers and sellers. Landowners restoring, enhancing, or protecting landscapes act as the sellers, and buyers are the entities or individuals wanting to purchase credits for a variety of reasons, ranging from regulatory obligation to philanthropy. Examples are below.

Wetland mitigation banking is for the purpose of providing compensatory mitigation for authorized adverse impacts to wetlands and other aquatic resources. Mitigation can occur onsite, or a developer can buy credits from a landowner that established a wetland bank by creating, restoring, or enhancing a wetland.

Water quality trading allows facilities facing high pollution control costs to meet their regulatory obligations by purchasing environmentally equivalent (or superior) pollution reductions from another source at lower cost, thus achieving the same water quality improvement for less expense. One successful example is the EPA watershed-based permit for the Tualatin River in Oregon that allows trading to achieve the permit requirement for temperature. Instead of installing refrigeration systems at two Tualatin River treatment plants for a cost of \$60 million, the wastewater utility helped pay upstream landowners to plant shade trees in riparian areas at a cost of only \$6 million.

Species conservation banking allows

Professional Forestry Services, Inc.



Forest Appraisal • Management
Expert Witness • Hazardous Trees

Mike Jackson, CF, ACF
360-943-1470

Since 1960

100 Ruby St. S.E., Ste. B
Tumwater, WA 98501
Fax 360-943-1471
www.proforestry.com

the creation and trade of credits that represent wildlife conservation values on private lands. A landowner that permanently protects the natural habitat values of his/her land can sell credits to someone required by law to mitigate their project impacts upon that same species and habitat on nearby land. Of 120 banks already approved in the USA, at least four are in Washington and at least one is in Oregon. None occur yet in Idaho or Montana.

Carbon cap-and-trade is a voluntary program to reduce greenhouse gas emissions. Project-based transactions can generate offset credits by an approved activity that compensates for emissions by a business in a regulated sector. Examples of offset credits include forest carbon sequestration, methane recapture, and alternative energy use. Because about 20 percent of human-induced CO₂ emissions are from land use changes and deforestation, sustainable forest management can play an important role in climate change mitigation.

The *Business and Biodiversity Offsets Program* is a partnership between companies, financial institutions, governments, and civil society organizations to explore biodiversity offsets by: (1) demonstrating conservation and livelihood outcomes from biodiversity offset pilot projects; (2) developing, testing, and disseminating best practices on biodiversity offsets; and (3) contributing to policy and corporate developments on biodiversity offsets so they meet conservation and business objectives.

The *Marketplace for Nature* strives to establish integrated, ecologically effective, and easily accessible markets for ecosystem services, and to facilitate voluntary investment in high quality projects that address regional biodiversity goals at an appropriate scale.

A question remains about how markets for ecosystem services affect private property rights. A foundation of property law is that owning land comes with particular rights or duties, but especially the right to occupy the land, to exclude others, and to decide whether or not to develop the land. Still another perspective is that property rights may need re-definition

because property law historically gave landowners strong incentives to develop, rather than protect, ecosystem services. However, values can change over time, as shown by the federal Clean Water Act that limits private property rights so as to protect wetlands for the public good.

A *conservation easement* can be used when public or private entities voluntarily contract with landowners to protect land from development, in effect preserving ecosystem services. The landowner can donate, or sell, the easement to an organization or agency. Landowners that donate conservation easements that meet federal tax code regulations can be eligible for a tax deduction equal to the difference in fair market value of the property before and after the easement takes effect.

Mixing public financing and markets. There isn't always enough money available from public-financing payments or tax subsidies to fund ecosystem restoration and conservation, so landowners may need to seek other sources of capital. Following are examples of making payments and markets work together.

Oregon Senate Bill 513 Ecosystem Market Legislation, passed in 2009, creates a framework for markets of ecosystem services to efficiently maintain ecological benefits, encourage environmental restoration, and sustain local economies.

Counting on the Environment Willamette Partnership is a broad-based coalition of stakeholders committed to restoring the health of the ecologically, socially, and economically complex Willamette Valley, Ore. The partnership has developed: (1) model agreements with federal, state, and local agencies; (2) user-friendly resource calculating tools; (3) multiple-credit accounting systems; and (4) crediting protocols for salmon habitat, wetlands, upland prairie, and riparian shading.

The *USDA Office of Environmental Markets* is the federal government's central effort to develop uniform standards and market infrastructure that will facilitate market-based approaches to nationwide agriculture, forest, and rangeland conservation.

For details about any of these programs, type the name into your Internet search engine. ■

Letter to the Editor

Dear Editor,

The Winter issue of *Northwest Woodlands* outlines trespass problems on private property. Here is my story. I'm an absentee landowner living in western Washington.

In 1971 I bought a half section of rundown, unmanaged forestland in Stevens County with National Forest on three-and-a-half sides. This was a great place for hunting and fishing and to commune with Nature. I began to learn about forest management from farm forestry and others. I hand thinned and did selective logging. I now have a great, healthy forest.

From the beginning, I've had trespass problems and garbage dumping, including a truckload of plaster board scraps. I put up "No Trespass" and private property signs. Most were torn down the first year. I put in cable gates with locks. The posts set in cement.

Within six months, many of the gates had been pulled out of the ground. I reset the posts and put in new locks. On my next visit, I could not open the locks. All had been filled with super glue.

I've politely asked several trespassers to leave and not come back, but nothing seems to work. I'm now ready to give up and leave the place wide open.

Does this story ring a bell with anyone?

Dick Vander Yacht
Blaine, Wash.

Tips From The Treeman



▲ **DEAR TREEMAN,** I save the newspapers from work to use at home to help start fires in my wood stove. I have found that the shiny paper with lots of color ads doesn't work as well as plain old newspaper. Is there a logical explanation? —*Molly*

▲ **DEAR MOLLY,** Yes, there is a logical explanation for your question and we will provide an answer...eventually. Paper, and the pulp papermaking process, was purportedly developed in China during the early 2nd century. It appears we have provided the economic incentive for them to supply us with running shoes and designer jeans, and they provided us with the technology to manufacture the product in which to advertise their exports. Talk about a long-term strategy!

▲ Your newspaper is a superior fire starter to the glossy ad stuff for a couple of reasons. First and foremost, there is more "wood" in newsprint: more paper and less chemical additives. Different qualities of glossy paper have different manufacturing techniques and they grow more complex as the paper becomes "glossier" and "shinier." In order to give your paper that shiny look, it has been coated with an absorbent material that limits diffusion of the ink by using a highly refined clay coating (the same stuff found in Elmers glue). Various chemical additives are added and then rolled under very high pressure to create the shiny appearance. This process is called supercalendering.

▲ At this point, the paper is ready for the advertising print. Already con-

taining clay and various chemical additives, colored ink is then applied, making the finished product.

There is a direct correlation to the quality of paper and the consumption of energy and non-renewable resources, thus an environmental component may, and likely should, be taken into consideration.

And for those of you who want to save a tree, there are alternatives to starting that fire. Fatwood Fire Starter is produced from the stumps of logged pine forests, and while not avoiding the cutting of trees, at least a greater utilization thereof. There are various fire starter bricks produced from recycled wood, again a better use of resources, but we still need those trees.

Potato chips will burn up to three minutes, plenty of time to get that fire going. And available in various flavors! Packing dryer lint into used toilet paper rolls is a great fire starter. And depending on how many of those chips have been consumed and how messy the process, there should be plenty of material. Cotton balls saturated with petroleum jelly. Really? Walmart has Black Rock Powder Company Dynamite Crate and Fire Starters made from paraffin and sawdust, but once again China has been brought back into the equation. There is no escape! —*Treeman*

▲ **DEAR TREEMAN,** I always hear people use the word nimrod in terms of a stupid person, but that isn't the case. Anyone doing their research would find that nimrod actually means a person is a great hunter and marksman. —*Joel*

▲ **DEAR JOEL,** You are correct on two of the three statements contended in your missive. First, nimrod is a colloquial expression for a dunderhead, buffoon, lunkhead, moron, idiot. Politician or public administrator. When used in these contexts, we see



Steve Bowers

an example of pejoration, a degeneration of the meaning of a word over a period of time.

Secondly, nimrod does, or did, depict a hunter. Nimrod comes from the Hebrew and was depicted as a man of power and a mighty hunter. He founded the city of Babylon and led the construction of the Tower of Babel, and we all know what happened when a "larger authority" stepped in on that one! Note the origination of the word "babel" in our English language and when used in conjunction to "Babel" is an example of amelioration, the direct opposite of pejoration. Nimrod remained in Jewish and Islamic tradition, emblematic of an evil person, an archetype of an idolater and a tyrannical king.

Nimrod was the great-grandson of Noah. It augurs well for us he was Noah's great grandson and not the opposite ancestral chronology or the ark would have been a much smaller vessel in consideration of his hunting prowess. Most would agree on the preference of Noah's husbandry preceding the carnage of Nimrod's hunting expeditions.

Webster's dictionary explains the pejorative meaning probably originated with the cartoon character Bugs Bunny. The "wasculy," wily Bugs used the term in its original sense to refer to the dithering, dunderhead "wabbit season" hunter Elmer Fudd, whom he called a "poor little Nimrod." Over time, however, the "hunter" meaning was dropped, and the "dithering" connotation, or any other synonymous word association, stuck and the rest is history, as they say.

The possible error in your letter was the insertion of the word "marksman." Typically, individuals depict a marksman as one that is skilled in the use of firearms, but research suggests the word was first used in the Middle Ages describing archers of a palace guard. Thus, in consideration of specialization, your use of marksman would be incorrect, but generalization places you "on the mark." Specialization infers marksman being used in association with firearms and the use of gunpowder, an invention widely attributed to the Chinese. Like I said: There is no escape! —*Treeman*

INTERNATIONAL FORESTRY CONSULTANTS, INC.

Professional Forestry Services

Forest Asset Managers
GIS and Certification Services

Throughout the Pacific Northwest

(425) 820-3420



INFO@INFOrestry.com

Tom Hanson

Dennis Dart

Washington County will host OSWA Annual Meeting

By **JIM BROWN**

The Washington County Small Woodlands Association (WCSWA) will host the Oregon Small Woodlands Association (OSWA) Annual Meeting June 22-23. The venue for Friday's indoor meeting will be the University Center at Pacific University in Forest Grove. Overnight accommodations will be available on campus or at motels located close to the University campus. A Saturday woods tour will take place at Hyla Woods' Timber Forest, owned and operated by the Pam and Peter Hayes family.

The OSWA Board will meet on Thursday evening, June 21; any member

may attend. Topics for the Friday sessions will include current state issues affecting forest owners, ways small woodland owners can help each other, forest owner liability and insurance options, and improved planning tools and cost-share opportunities. Breaks between sessions will be long enough for members to socialize a bit, share ideas, and check out the vendors and OSWA's silent auction items. An OSWA membership meeting will take place during lunch to conduct association business. A reception and dinner will be held Friday evening. Silent auction results will be announced after dinner.

The Saturday woods tour will be a "Howdy Neighbor" tour, supported by the Oregon Forest Resources Institute (OFRI) and the annual Build Local Alliance (BLA) summer event. The Pam and Peter Hayes family are the 2012 Washington County Outstanding Tree Farmers the Year, an award sponsored and conferred by the Oregon Tree Farm System (OTFS). The Saturday tour at Hyla Woods Timber Forest will celebrate the Hayes' fine stewardship and innovative forest management and marketing. Topics, using on-site examples as a backdrop, will include: effective silviculture, improved wood markets, "beyond wood" markets, essential new knowledge, key partnerships, and educating the consumer on forest products. For those of you not familiar with BLA, it "works to improve the vitality of local forests and related human communities by connecting local, responsibly grown and processed wood with local projects" and includes "foresters, landowners, architects, millers, designers, builders, furniture and cabinet makers, and other individuals that are inter-

ested in developing our local economy through sustainable forestry."

Each day's events are open to all interested parties and the general public. Detailed registration information will be available on OSWA's website at www.oswa.org. This event brings together five organizations that promote effective, sustainable privately-owned forests, and welcomes members of all of these organizations. This is a winning combination to help promote networking among these interest groups and create a better public understanding of the opportunities and challenges involved in small woodland ownership and management. Please mark your calendars and plan to attend.

If you plan to attend and are coming from some distance away, you might want to spend an extra day so you can visit the Tillamook Forest Center, www.tillamookforestcenter.org and/or the World Forestry Center, www.worldforestry.org. They are each within easy driving distance of Forest Grove. ■

JIM BROWN is president of the Washington County Small Woodlands Association. He can be reached at jimbrownorch@q.com.

ADVERTISERS' INDEX

AKS Engineering and Forestry	31
Adams Timber Service	4
Bancroft Buckley Johnston & Serres	27
Forest Seedling Network	31
GeneTechs	7
Hampton Tree Farms, Inc.	20
International Forestry Consultants	30
Lusignan Forestry	3
McFarland Cascade	18
Northwest Farm Credit Services	11
Northwest Forestry Services	27
Northwest Hardwoods	23
Northwest Management	23
ODF-Private Forests Division	21
OREGON®	25
Oregon Forest Resources Institute	15
Oregon State University Foundation ...	Back Cover
Professional Forestry Services, Inc.	28
Seadust Wildlife Controllant	24
Silvaseed Company	19
Sperry Ridge Natural Resources Mgmt.	7
Steam Logging Show	10
Stuntzner Engineering & Forestry	26
Susheen (Seattle) Timber Trading Inc.	17
Sustainable Forestry Initiative	17
Tree Management Plus	26
Trout Mountain Forestry	14
Warren Weathers	4
Washington Forest Protection Association ...	9
Weyerhaeuser Company	3
Wilbur-Ellis	22
World Forest Investment	5



- Surveying
- Engineering
- Logging Roads
- Timber Cruising

AKS Engineering and Forestry

503-925-8799

fax 503-925-8969

13910 S.W. Galbreath Dr., Suite 100

Sherwood, OR 97140

email: aks@aks-eng.com

website: www.aks-eng.com

– CALL Keith Jehnke or Alex Hurley –



Connecting Forest Landowners with Seedlings, Services and Contractors

DISCOVER Our Interactive Website
www.forestseedlingnetwork.com

BUY/SELL SEEDLINGS • FIND VENDOR SERVICES & CONTRACTORS • VALUABLE RESOURCES

A photograph of a woman with long brown hair, wearing a green long-sleeved shirt and khaki pants, standing in a forest. She is looking up at a large tree trunk covered in green moss. The background shows more trees and foliage.

YOUR LEGACY. YOUR UNIVERSITY.

Family. Forestry. Stewardship.

Through a partnership with Oregon State University, you can address the challenges of transferring timberland in a way that reflects your values and extends your legacy.

OUR EXPERTS CAN ADVISE ON:

- Transferring timberland to heirs
- Donating timberland to OSU's research forests
- Planning a gift that provides income in retirement
- Creating a scholarship, faculty fund, or program fund in your family name

CALL OR E-MAIL TO LEARN MORE

Zak Hansen • OSU Foundation • College of Forestry • 541-737-4016 • zak.hansen@oregonstate.edu

Oregon State
UNIVERSITY