



FEDERAL FOREST

RESOURCE COALITION

Written Statement of Bill Imbergamo, Executive Director, Federal Forest Resource Coalition

House Natural Resources/Western Caucus Forum:

Skyrocketing Lumber Prices: A Nationwide Problem That's Been Years in the Making

Tuesday, June 29th, 2021

Ranking Member Westerman, Members of Committee, and Members of the Western Caucus, I'm pleased to have the opportunity to provide my perspective on current lumber markets and the role our Federal public lands can play in addressing them.

The story of lumber markets since the housing led recession in 2008 to 2011 is long and complex, but with covid forcing a curtailment of the global economy, most people in my industry were expecting a prolonged recession. After a brief dip, lumber prices increased dramatically until early May of this year. Since then, they have come back down by 50 percent, demonstrating that the law of supply and demand remain in effect.

As an association, we avoid discussions about production and pricing in order to comply with Federal anti-trust law, which carry significant civil and criminal penalties. My association focuses our work on providing the USDA Forest Service and the Bureau of Land Management with the resources and authority they need to implement the timber sale programs, which last year sold over 3.2 billion board feet of timber.

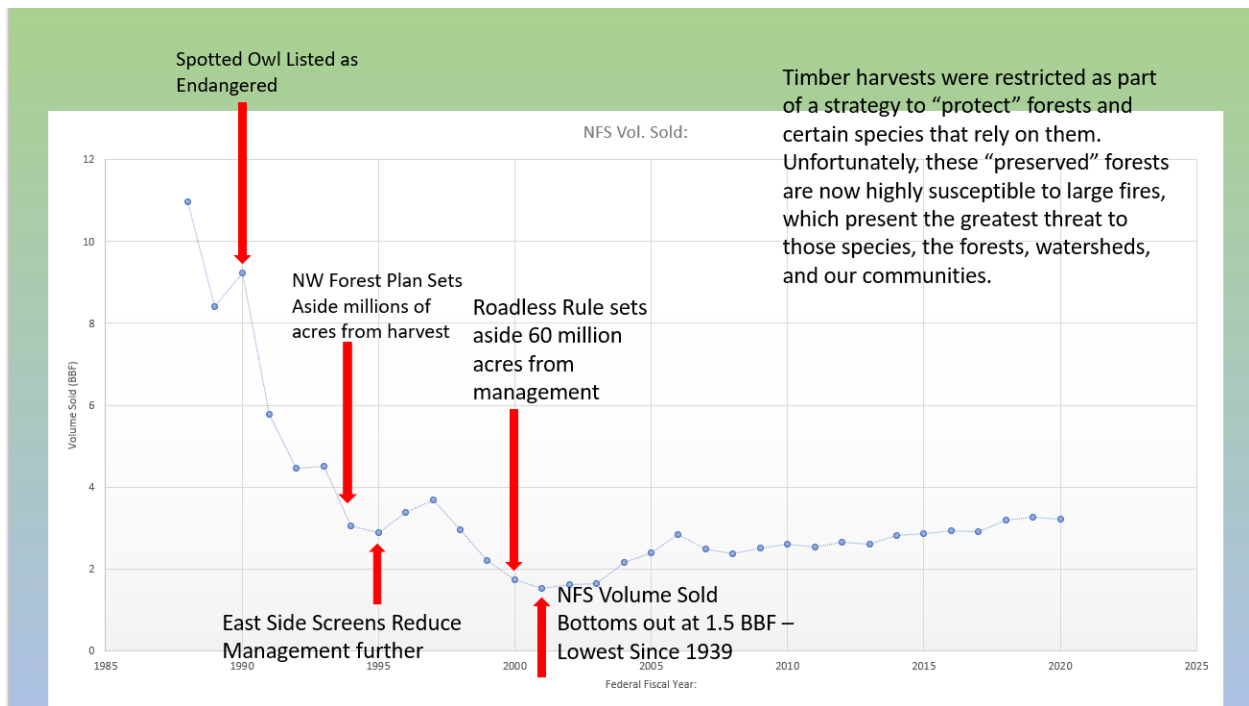
The good news is, that sale level is the highest from the National Forest System in almost a quarter century. The bad news is, it's almost half the level of harvest called for in current forest plans, and it's not nearly enough to meet the needs of sawmills that rely on the National Forests to sustain and grow their businesses.

While the market sets prices for lumber, management on our National Forests is subjected to two other forces – legislation and its evil twin, litigation. Congress passes the laws, and environmental groups use the courts to enforce their vision of how our National Forests should be managed.

Policy choices from the Executive branch, also inhibit management of our National Forests.

The below chart provides a quick glimpse of some of the policies that have been adopted which reduced access or restricted timber harvest from the National Forest System.

As you can see, annual timber sales, which had averaged over 10 BBF prior to 1990, have fallen drastically as lands have been set aside and policies which reduce the ability to manage have been adopted.



Throughout the 1990's, the alleged needs several species, including Spotted Owls, several salmon species, and the Grizzly bear have increasingly dominated the management of our Western National Forests. In each case, the Forest Service has presumed that closed-canopy, high density forests were the preferred habitat for each of these species. We've had more than 20 years to see the results, and they are not pretty.

As harvests have dropped, wildfires have increased. Overstocked National forests succumb to fires driven by drought, climate change, and insects. Communities have been decimated as mills, which served as the economic anchor for those small towns, were forced to shutter.

The benefits we were told to expect – from tourism, healthier watersheds, and improved wildlife habitat, have not materialized either. 360,000 acres of Northern Spotted Owl habitat was destroyed in catastrophic fire last year in Oregon alone.

Where species listings aren't enough to force mills out of business, simple failure to deliver on the timber sale program can often stand in. Just this year, one of my member companies, Neiman Enterprises, was forced to shutter their mill in Hill City, SD after the nearby Black Hills National Forest failed to meet it's timber target for 3 consecutive years. Over 120 people in the small town of just over 1,000 people are now out of work, and the ability to manage the 1.2 million acre Black Hills National Forest is permanently reduced.

The Forest Service is struggling to meet it's 3.4 Billion Board Foot timber target for the current fiscal year, and in fact the second quarter sales level was down almost 20 percent compared to the same time last year. We have raised the alarm with the Forest Service leadership, and we are hopeful that they will catch up in the last 2 quarters.

Even if the National Forest System were to meet the current approximately 6 Billion Board Foot annual Allowable Sale Quantity, that would not, in and of itself, meet all of our lumber and other wood fiber needs.

However, given the widespread forest health and wildfire crisis we're seeing on our National Forests, we'd hope that at the very least the agency would not reduce their timber sale level. Congress has enacted numerous streamlined

authorities to get management done, and has more than doubled the Hazardous fuels reduction budget since 2005.

We would urge Congress to treat our National Forests as critical green infrastructure and invest in further increases in management, focusing on mechanical thinning and harvest, as well as cooperative approaches like Good Neighbor Authority.

In the late 1990's, we made a public policy mistake. We assumed that large land set asides would protect wildlife habitat, ensure clean water, and stimulate the economy. We're now paying the price for that mistake. The species that were supposed to benefit haven't. The watersheds we were told were protected are now burnt. And mills continue to struggle when they rely on the National Forests fail to meet current, modest timber targets.

We look forward to working with you to find further solutions that will begin to turn this situation around.