

Sustainable Forestry in the Marketplace

Will Diverse Forests = Diverse Products?



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“I like my forest. I don’t need the money now and I see it as a bank account and a legacy.

But shouldn’t I cut these trees before they get too old or too big for the market?

Or before the regulations change and it gets more like it is in California.”

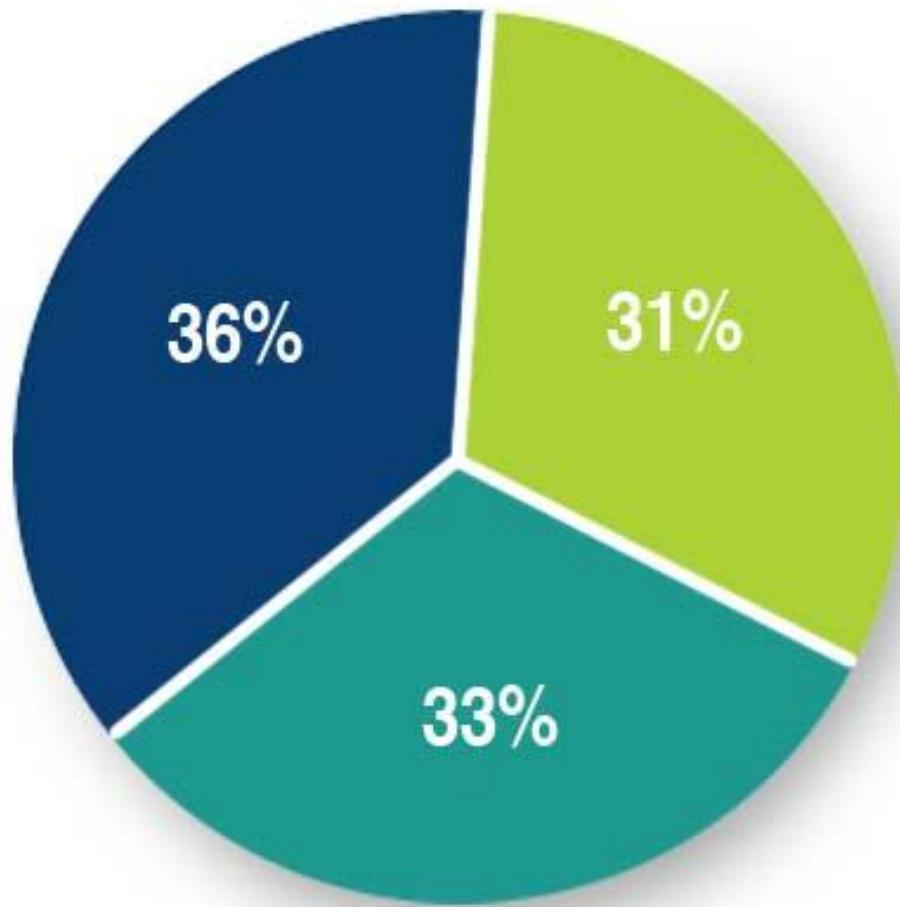


Will the marketplace or society actually reward forest landowners for the diversity of products/benefits?

É Financial incentives for private landowners for managing older/more diverse forests?

É Full accounting for the multiple benefits in public forests?

Oregon's forest management



Reserve

Older habitat, wilderness and aesthetics

Multi-Resource

Timber production is allowed. Land is managed for other resources as well

Wood Production

Actively managed for wood production

Source: Oregon Forest Resource Institute (Forest Facts).

Beyond Preservation vs. Wood Production.

- É Debate reduced to Preservation vs. Wood Production distracts from the good work we can do together.
- É Solving problems and moving forward in multi-use sustainable forestry will increase our options on either side.



We really have to work this out.

É Demand for all the benefits of the forest is increasing.

É If we can't support sustainable multi-use forestry we lose the balance - one use predominates; or worse, we lose the forest to non-forest use.

Diverse Approaches ó Diverse Forests

É Forest owners managing for sustainability and multi-use.

É Various approaches and labels

- ó Alternative Silviculture,

- ó Ecosystem management

- ó Ecological Forestry

- ó Structure based management, etc.

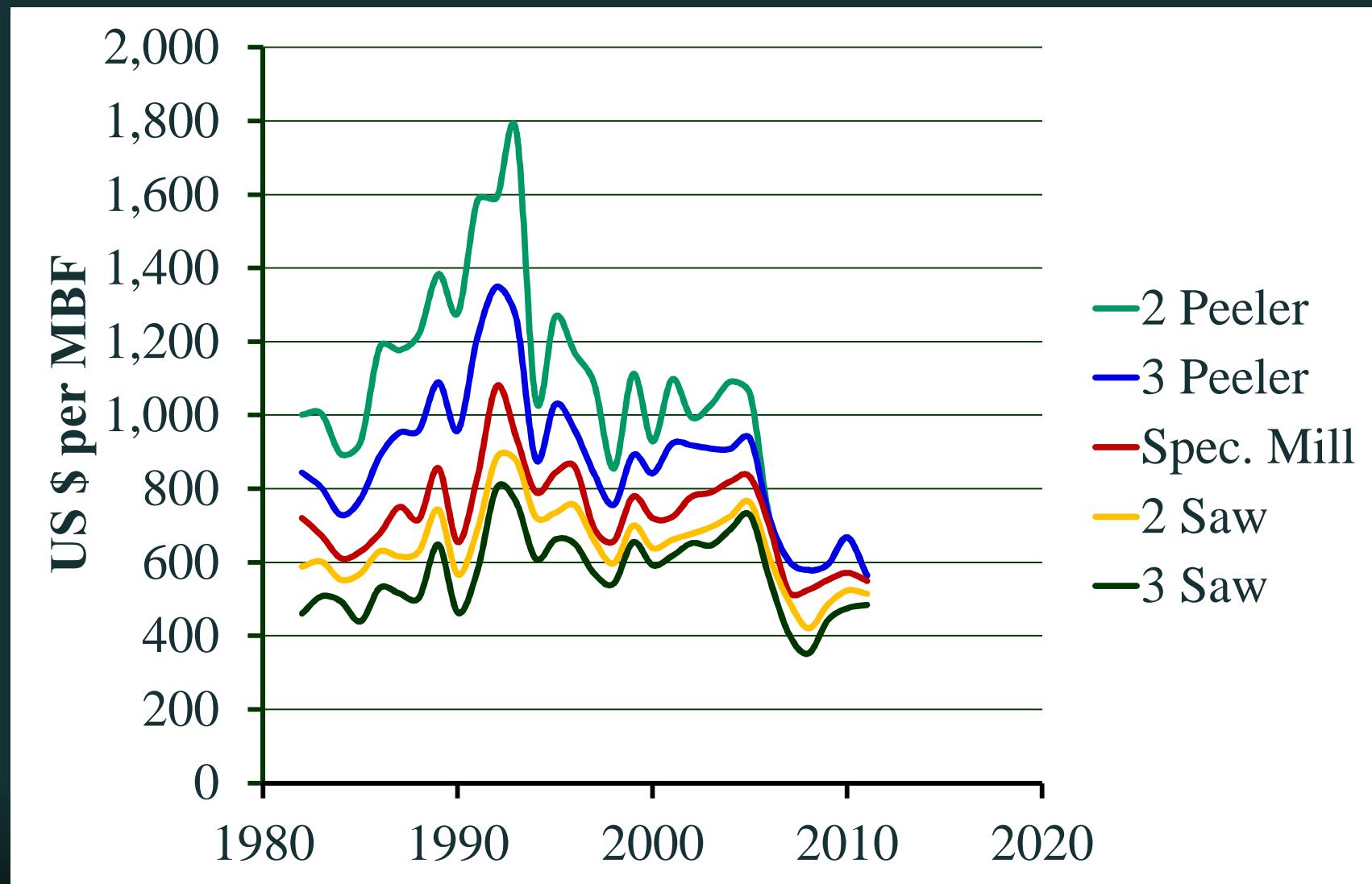


In theory, longer rotations can provide more of almost everything

- É Equal or greater wood production.
- É Diversity of species and log grades.
- É More ecosystem services.
- É More jobs per acre.
- É Lower financial rate of return?



Douglas-fir Log Prices NW Oregon



Source: Oregon Dept. of Forestry

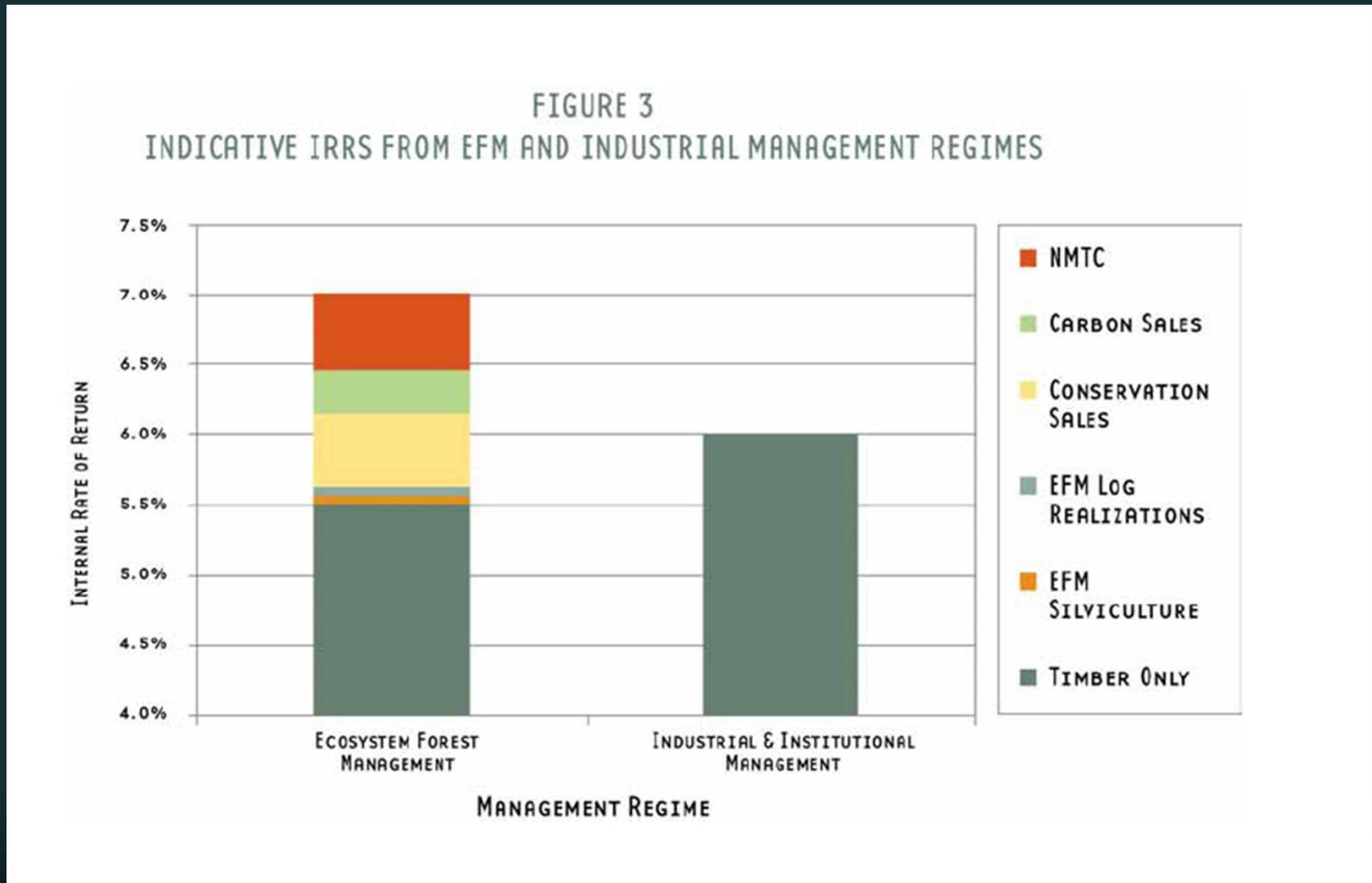
Douglas-fir Lumber Grade Yield

○The increase in average lumber price, in general, is insufficient to offset the costs of longer rotations."

| Rotation length (years) | Average Value Lumber Recovered \$/MBF | Structural and Select Lumber % |
|-------------------------|---------------------------------------|--------------------------------|
| 40 | 347 | 21 |
| 80 | 354 | 25 |
| 160 | 369 | 32 |

Source: Haynes, R. USFS PNW-RN-547

Pursuit of new incentives for investment approaches



Source: Ecotrust Forests, Binkley et al 2006

Keep Working Forests Working to Sustain the Balance

Challenges:

- É Reduced expectations for returns from forest management = low incentives for improved forest management
- É Absence of economic incentives leaves it up to:
 - ó regulatory process, or
 - ó landowner preference for non-economic values.

Debate on market incentives:

A)

- É Market and milling infrastructure won't be there to realize potential for diverse, higher quality woods.
- É Component of minor species and high-grade products too small and inconsistent to make a difference.

Debate on market incentives:

B)

- É PNW is high-cost producer of commodity wood
- É Since we are high-cost anyway, why not apply our technical & operational capability to some more complex regimes and higher quality?
- É Well-suited to our land, our society, and our foresters .

| Country | Forest Land (million ha) | Wood Produced (million m³) | Jobs per million m³ |
|----------------|-------------------------------------|--|---|
| Germany | 11.1 | 56.9 | 6,200 |
| France | 15.4 | 52.5 | 4,100 |
| Finland | 22.5 | 52.3 | 1,800 |
| Oregon | 12.2 | 34.1 | 1,400 |
| Sweden | 27.5 | 98.2 | 1,000 |

Jobs= direct jobs in forestry, logging, wood and paper processing.

Sources: Eurostat Forestry Statistics 2009, USFS PNW FIA,
Oregon Dept. of Forestry, Oregon Employment Dept.

German Douglas-fir on long rotation ó beech trees promoting high-quality fir

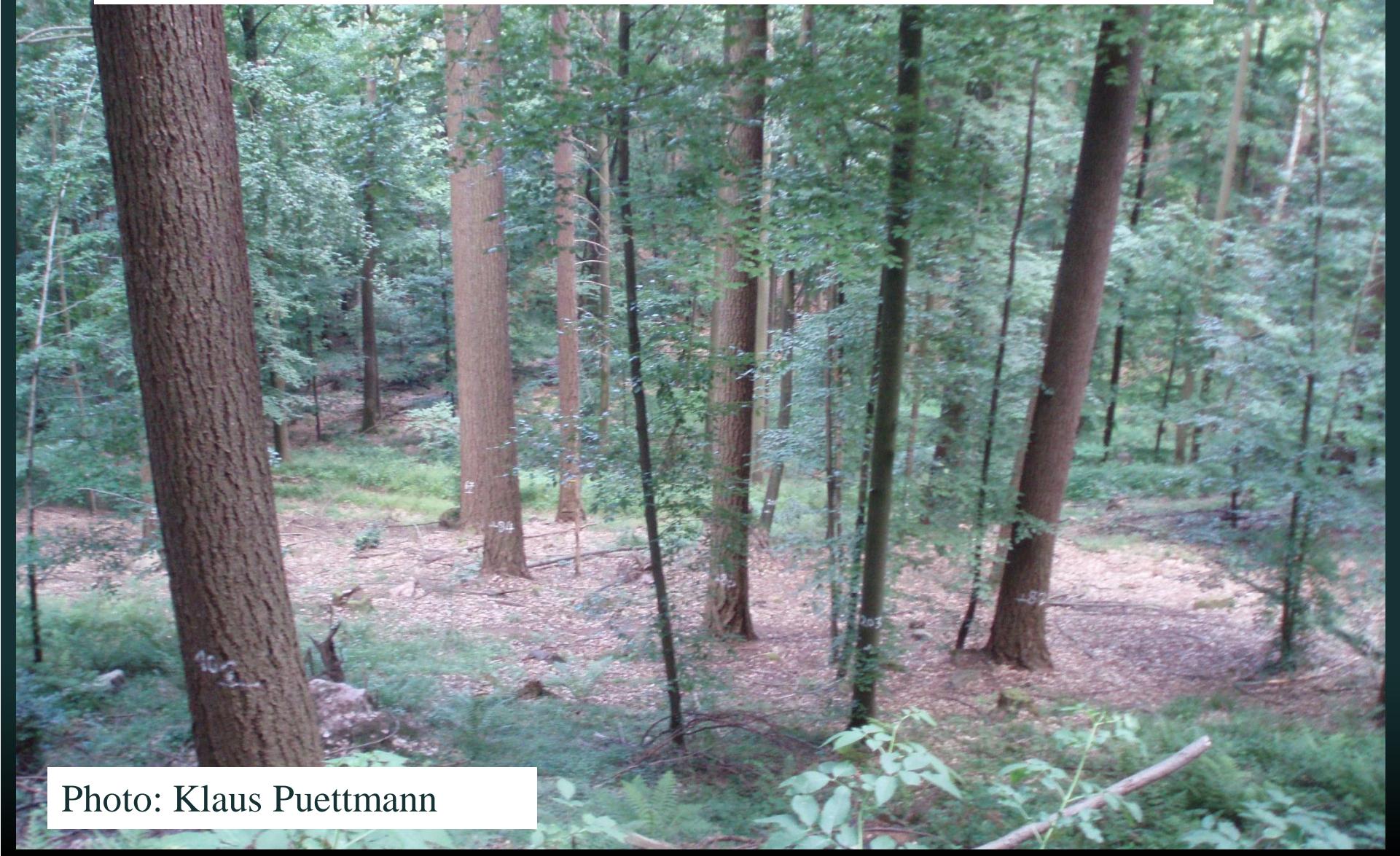
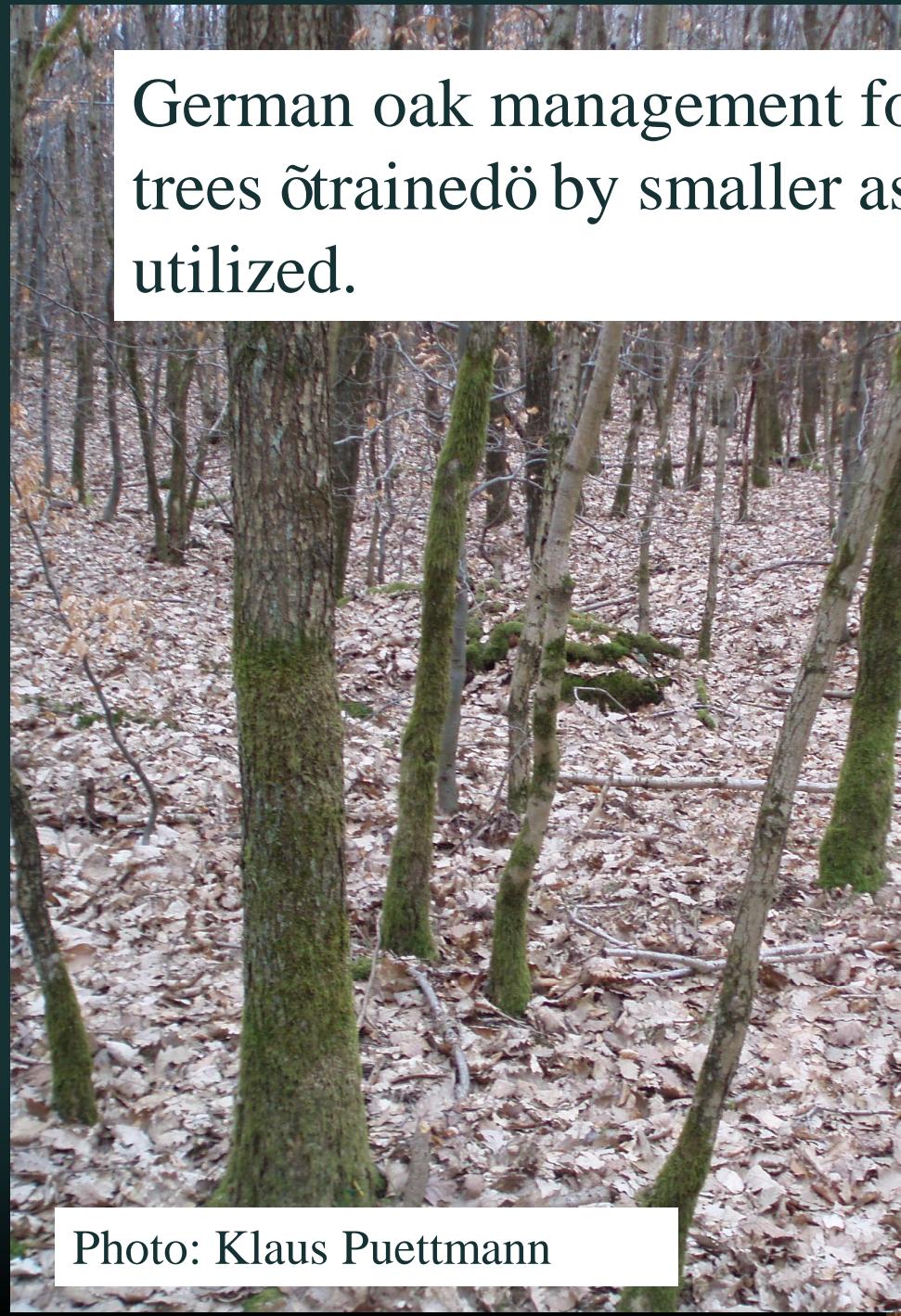


Photo: Klaus Puettmann

German Douglas-fir logs on deck for auction



Photo: Klaus Puettmann



German oak management for veneer logs ó crop trees õtrainedö by smaller associated trees. All are utilized.

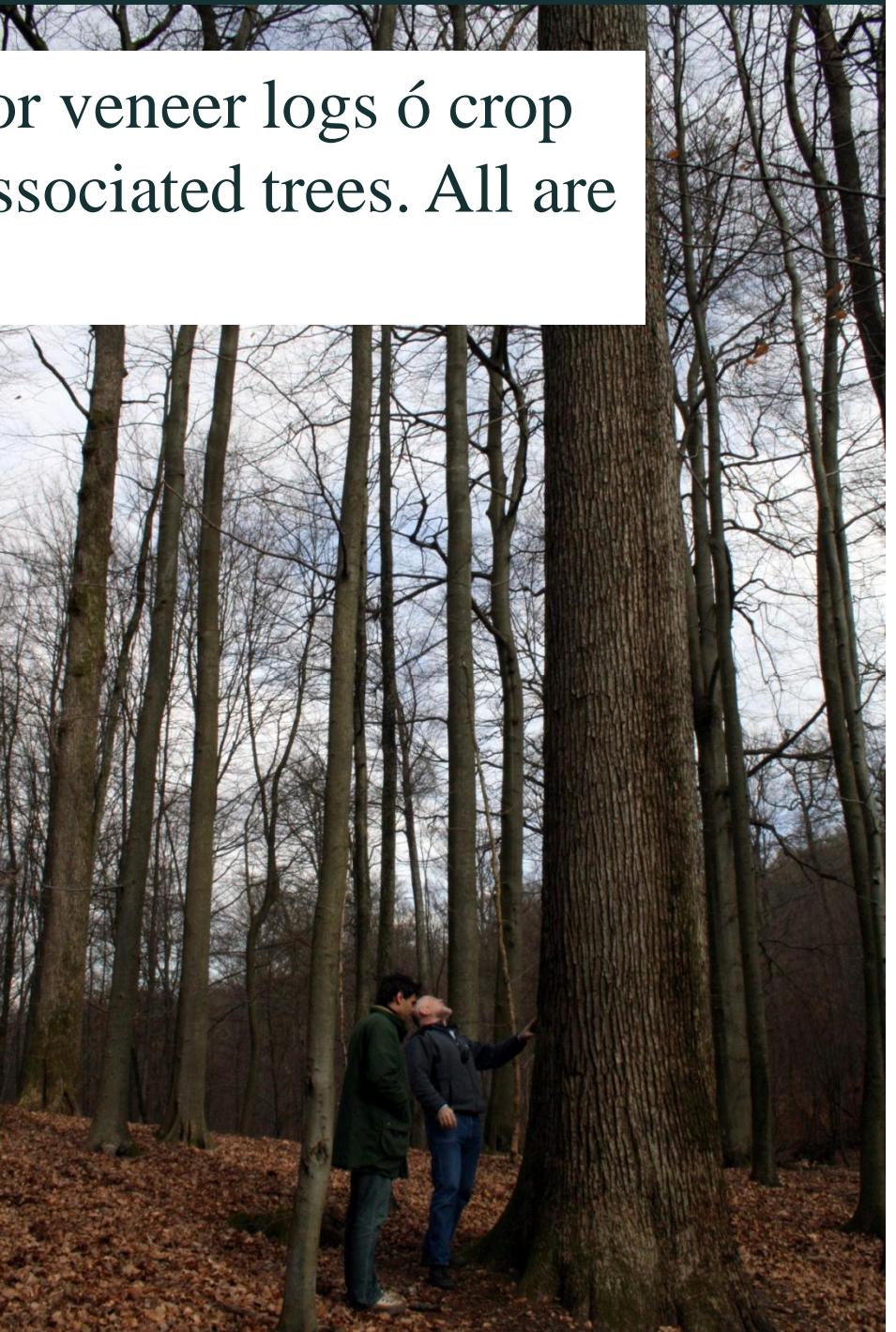


Photo: Klaus Puettmann

German oak logs on deck for auction



Photo: Klaus Puettmann

To support the balance on multi-use forests in Oregon

Should we take a closer look at high-quality wood and making the most of every tree?

- É Look at existing examples ó design and test approaches.
- É Transform some infrastructure and re- diversify at appropriate scale.
- É Pursue small but significant fraction of harvest ó high-volume commodity markets will continue to be essential .

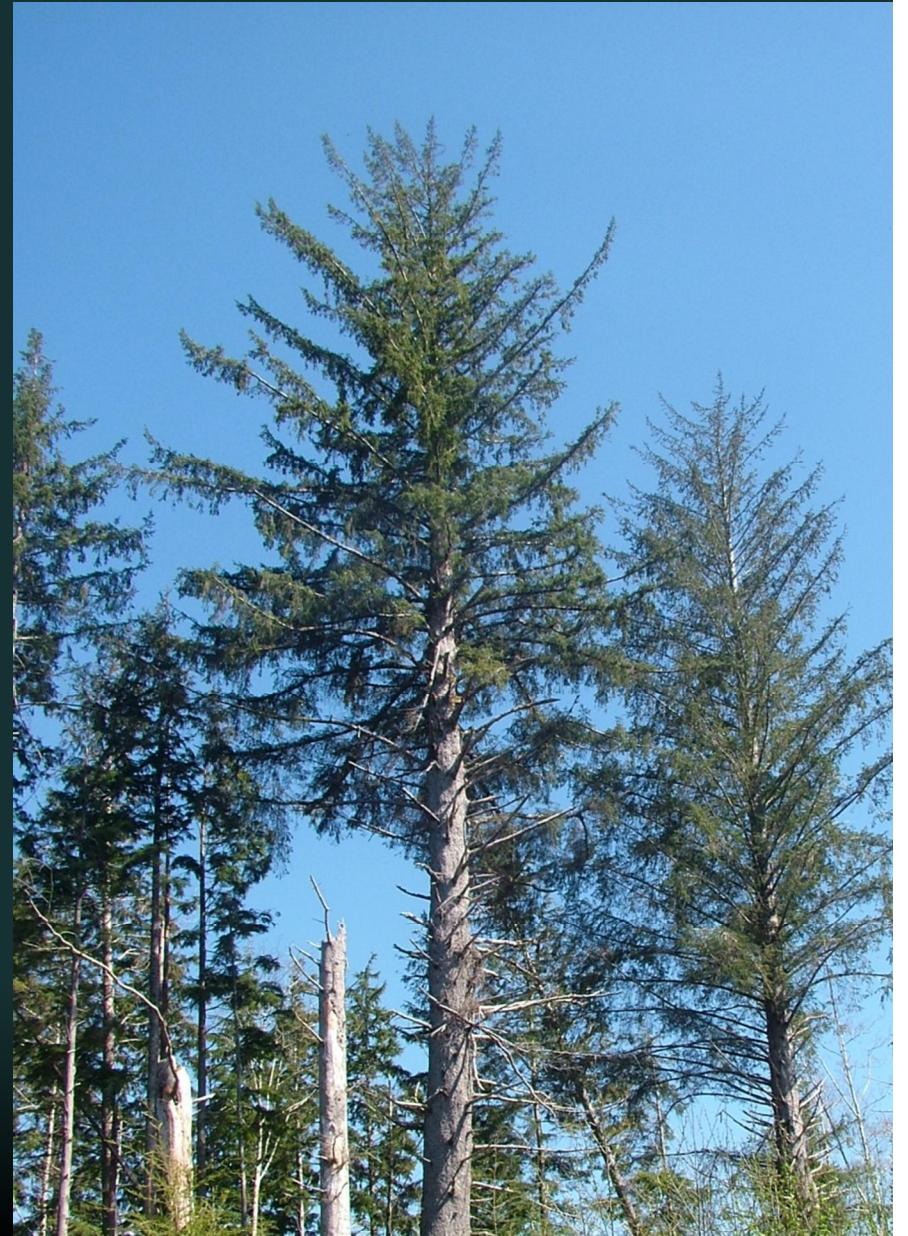
Essential Elements

- É Acceptance ó collaboration across philosophical aisles.
- É Silvicultural expertise in managing for high quality wood.
- É Skilled operators and NR professionals.
- É Dedicated wood-products entrepreneurs.
- É Appropriate scale.
- É Long-term commitment and persistent effort.

Managing stand structure and wood quality older stands?



Managing stand structure and wood quality older stands?



The Path to Balanced Forest Management?

- É Pursue more incentives and support for managing diverse forests.
- É All sides stay at the table, compromise and move forward with the next 10-year plan for public forests.
- É Learn from other countries, give it time, plan for change, create change.
- É Keep working forests working and let NR professionals do their best.

A photograph of a large, rugged mountain peak, likely Mount Si in Washington State. The mountain is covered in dense green forest, with some bare, rocky areas visible on its slopes. The sky is clear and blue. In the foreground, there is a dense forest of green trees.

Questions?