State of Michigan’s Forest Products Industries

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Presentation Outline

- Introduction – Supply Chain Perspective
- Timberlands
- Owners and Activities
- Forest Products
- Economic Role of Forest Products Industries
- Concluding Comments
Introduction – Supply Chain(s) Perspective

Policy/activity areas:
- Markets/Outputs
- Capital_Investment
- Labor
- Wood/Fiber

Forest Owners

Producers

Primary Industries

Secondary Industries
Introduction – Supply Chain(s) Perspective

Forest Owners → Producers → Primary Industries → Secondary Industries → Residues → FINAL DEMANDS

Added Value
Timberlands

Forest land and timberland area, 1935-2012

Source: Pugh, 2013
Timberlands

Timberland area by stand-size class, 1935-2012


Source: Pugh, 2013
Timberlands

Timberland area by forest type groups, 2012

- White/red/jack pine: 11%
- Elm/ash/cottonwood: 11%
- Spruce/fir: 12%
- Aspen/birch: 15%
- Oak/hickory: 17%
- Maple/beech/birch: 31%
- Oak/pine: 3%

Source: Pugh, 2013
Timberlands

Timberland area by region, 2012

Eastern and Western Upper Peninsula
Forestry, mining, tourism, and gov’t services

Northern Lower Peninsula
Recreation, tourism, weekend/summer surge

Southern Lower Peninsula
Woodlots, farming, industrial and urban centers

<table>
<thead>
<tr>
<th></th>
<th>Million Acres</th>
</tr>
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<tbody>
<tr>
<td>Western UP</td>
<td>4.6</td>
</tr>
<tr>
<td>Eastern UP</td>
<td>4.0</td>
</tr>
<tr>
<td>Northern LP</td>
<td>7.4</td>
</tr>
<tr>
<td>Southern LP</td>
<td>3.6</td>
</tr>
<tr>
<td>Total</td>
<td>19.7</td>
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</tbody>
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Source: Vasievich, 2013
Forest/Nonforest lands, 2008

Projection: Michigan GeoRef - NAD83.
Base Source: Michigan Geographic Data Library.
Author: Scott A. Pugh; USDA Forest Service; Houghton, MI, March 13, 2013.

Source: Pugh, 2013
Timberlands

Timberland area by ownership (1,000 ac.), 2012

- Family or individual, 9,169
- Corporate, 2,657
- State, 4,132
- U.S. Forest Service, 2,564
- Other private, 659
- Other public, 505

Source: Pugh, 2013
Owners and Activities

Timber sold volumes, MDNR and USDA-FS

% Roundwood product volume, 2012

MDNR; USDA-FS; USDA-FS TPO, 2013
Owners and Activities

Private family forest ownership, 2006

- Almost
- Over 435,000 owners
- 49,000 had timber harvests in the past 5 years (representing 2.7 million acres)
- 40,000 intended to harvest pulpwood or sawlogs over the next 5 years (representing 2.2 million acres)
- Reasons for owning forest land (area/owners)
  - To enjoy beauty or scenery (#1/#1)
  - Part of home or vacation home (#2/#2)
  - Privacy (#3/#3)
  - Hunting/fishing (#4/#6)
  - Timber production (#10/#11)

Butler, 2008
Owners and Activities

Timber harvesting by total area owned, 2003

Potter-Witter, unpublished 2003
NIPF survey data
Owners and Activities

Minimum parcel size for activities, 2012
(Private sector responses, MACF/MAT/MSAF)

- Harvest of high quality sawtimber
- Harvest of pulpwood
- Preparation/implementation of management plan

Minimum Tract Size (Acres)

Drysdale and Leefers, 2012
Number of firms, 2006

Producers = Loggers

Primary = firms that directly use logs & chips

Secondary = firms that use material from primary

Leefers, 2009 and MDNR, 2013
Forest Products

Location of primary mills and harvest removals

Figure 49.—Location and type of primary wood-using mills in Michigan (2008) overlaid on average annual harvest removals (2005-2009) from FIA plot data (see Map Descriptions and Acknowledgements in Statistics, Methods, and Quality Assurance).

Pugh et al., 2012
Forest Products

Volume of roundwood products, 1996-2012

[Graph showing the volume of roundwood products from 1996 to 2012, with categories for byproducts, total output-softwoods, and total output-hardwoods.]

USDA-FS TPO, 2013
Forest Products

Industrial roundwood products (%), 2012

- Saw logs, 27.2%
- Pulpwood, 31.2%
- Composite panels, 9.2%
- Fuelwood, 26.4%
- Other Industrial, 2.8%
- Posts, poles, and pilings, 1.8%
- Veneer logs, 1.4%

408.9 MMCF

USDA-FS TPO, 2013
Forest Products
Economic Role of Forest Products Industries

- Approximately...
  - 27,600 direct jobs
  - $1.3 billion in employee compensation
  - $8.1 billion in total output
- ~$14.6 billion contribution to the state’s economy
Economic Role of Forest Products Industries

Wood products exports

$1.9 billion in domestic exports in 2007

$146 million in international exports in 2012
Economic Role of Forest Products Industries

Paper exports

$3.4 billion in domestic exports in 2007

$370 million in international exports in 2012
Quiz

If you increase sales/output $100 million, which sectors will generate the most additional output?

1. Sawmills and wood preservation
2. Wood kitchen cabinet and countertop manufacturing
3. Veneer and plywood manufacturing
4. Engineered wood member and truss manufacturing
5. Wood windows and doors and millwork manufacturing
Quiz

If you **increase sales/output $100 million**, which sectors will generate the most jobs?

1. Pulpmills
2. Paperboard mills
3. Paper mills
4. Sanitary paper product manufacturing
5. Sawmills and wood preservation
Concluding Comments

- Forest products industries are part of the fabric of Michigan—who knows this?
- Diverse forests & diverse forest products
- Have a growing resource; need a growing industry
- Certification/Chain of Custody
- What are the expanding and new markets?
- What do we need to do?
- Thoughtful policies and actions