

INDUSTRY'S NEEDS AND CONCERNS

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Abstract: The central hardwood resource is utilized by a diverse group of industries with varying timber requirements. Most saw and veneer mills desire high quality sawtimber of a few select species. Over the last 20 years, stumpage prices of these species have increased faster than lumber prices as a result of competitive markets and an apparent shortage of high-grade sawtimber. Furthermore, reduced supplies of high-grade timber on private lands are occurring at a time when National Forest timber is becoming less accessible. In the short run, lumber and veneer industries have been able to absorb increased timber prices by better production and marketing practices. However, it is feared that eventually the lack of high-quality sawtimber will require building or retooling production facilities to better utilize lower grade material. The pulp and composite industry has become a major user of hardwood timber during the last two decades. Because these operations are capital intense and technologically complex, production can only be stopped at a high cost. This makes continuous material supplies critical. The long-term concern of the pulp industry is not having adequate volumes of material priced low enough to be competitive in an international market. Perhaps the most important emerging issue is whether the different users of hardwood sawtimber will cooperate with or compete with one another. Although the pulp and composite industries consume low-grade material, the sheer growth of these industries has caused the sawmill industry to be concerned over long-term timber supply. Still, demand by pulp and composite industries is allowing for greater utilization of timber on poorer sites and in some instances can actually increase the volume of higher grade material available. These markets for low-grade material also may allow for thinning options that have been historically uneconomical. Although nothing is certain in hardwood markets, the industries that derive the most value from the forest resource will be able to pay the highest price for the timber resource.

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