

New University of Idaho Report Measures Pulse of Idaho's Forest Products Industry

"Idaho's Forest Products Industry Current Conditions and 2011 Forecast" reports the industry is in better condition now than a year ago, but performance is still hampered by the general economic conditions affecting the nation as a whole. The industry continues to make substantial contributions to the state's economy.



Nationwide Operating Conditions 2010

Though the economic recession ended in 2009 and recovery has been slow, the average U.S. lumber price during 2010 was approximately 27 percent higher than in 2009 as a result of two factors:

- Softwood lumber exports increased by more than 50 percent from 2009.
- U.S. housing starts increased about 10 percent over 2009 to just under 600,000 units per year.

Idaho Industry Sales, Employment and Production 2010

Sales value of Idaho's wood and paper products manufacturing industry was estimated at just over \$1.8 billion, about a 10 percent increase from 2009. Most of this (\$1.5 billion) is from primary processing of raw timber into lumber, other wood products, or pulp and paper, with the rest of the sales from additional secondary processing of primary products. Through the multiplier effect, estimated by an economic impact model, each dollar of sales by the forest products industry exported from the state generates an additional \$1.01 of sales in other industries, for a total sales value of more than \$3.3 billion from converting timber into useful products.



In 2010, the various segments of the industry directly employed 10,300 workers, nearly the same as in 2009. These jobs provide wages that average approximately 13 percent higher than the average for all Idaho industries. Models show that for every 100 workers directly involved in making forest products exported from the state, an additional 209 jobs are supported in other sectors of Idaho's economy. To summarize, more than 27,000 jobs are supported by Idaho's forest products industry.

Lumber products account for approximately one-fourth of the industry's sales. Lumber production increased nine percent from 2009 to an estimated 1.2 billion board feet in 2010, well below the 1.9 billion board feet produced, on average, between 2001 and 2007. Many other products, including composite panels, wood pulp and energy, are made from the residual trimmings and chips produced in the process of converting logs to lumber.

Timber harvest volume in Idaho was estimated at 830 million board feet, up 10 percent from 2009.



Timber harvest from private lands accounted for almost 60 percent of the total harvest. State endowment lands provided just under one-third of Idaho's total harvest, up about 40 percent from 2009. Federal lands have more than 70 percent of Idaho's timber resource, and provided about 10 percent of the 2010 harvest, but volume declined about 10 percent from 2009.

Outlook for 2011

National forecasts for 2011 call for a modest rise in the U.S. economy, housing starts and consumption of wood and paper products, with larger improvements expected to follow in 2012.

Primary factors that will continue to affect the Idaho forest products industry's overall economic condition into 2011 include:

- general market conditions
- raw material availability
- health insurance costs and legislation
- increases in transportation and energy costs

The report is available online at www.cnrhome.uidaho.edu/pag or by calling the College of Agricultural and Life Sciences Educational Publications Warehouse at (208) 885-7982.

