Pennsylvania's Renewable Forest Resource

Pennsylvania's forests provide our economically important forest products industry with a renewable resource, while still providing the citizens of the Commonwealth with a vast array of ecological, recreational and aesthetic benefits.

More than half of Pennsylvania – nearly 17 million acres – is forested. The total forested area is essentially the same as in 1989 and more than it was one hundred years ago.

A majority of Pennsylvania's forests are currently dominated by concentrations of large, high quality and commercially valuable hardwood sawtimber that is 80 to 120 years old.

The current sawtimber volume in Pennsylvania is 89 billion board feet, the highest recorded since the inception of the U.S. Forest Service inventory. Sawtimber volume has increased 18 percent since 1989.

Annual volume growth in our forests is still more than twice the volume harvested to support industry.

Pennsylvania is a national leader in the implementation and promotion of sustainable forestry practices that provide renewable resources to support industry, while ensuring sustainability of our forests for future generations.

Sources: Central Pennsylvania Workforce Development Corporation; Pennsylvania Forest Products Association; Pennsylvania Hardwoods Development Council; Penn State School of Forest Resources; U.S. Census Bureau; U.S. Forest Service; Pennsylvania Department of Labor and Industry

Challenges to the Industry

Although it is a driving force in Pennsylvania's economy, the last few years have seen the forest products industry experience significant business challenges.

Pennsylvania sawmills and value-added wood manufacturers have seen declining demand for their products. Causes include weakened housing and remodeling markets; the continued impacts of the off-sourcing of furniture production; increased foreign competition in both value-added products and lumber; shifting consumer taste away from certain species and softening demand in key overseas markets.

Prices received for many species of hardwood lumber have declined 10-20% in recent years. The price of cherry lumber dropped as much as 30% in 2008.

While demand and prices for their product have declined, sawmills and secondary processors are experiencing higher energy, transportation, labor and other production costs, impacting overall company profitability. Timber costs have also not declined as fast as lumber prices. National financial and banking issues have impacted the ability for some companies to access capital.

As a result, the production of lumber and many value added wood products has declined since 2006 – for hardwood lumber production, the drop has been 20 percent or more. Secondary processors and sawmills have reduced their labor force and some loggers have left the industry.

Even those sectors faring better under the current conditions, such as paper, pallets, rail ties and energy products, have been impacted by fewer loggers and reduced sawmill production.

Produced by the Pennsylvania Forest Products Association with a grant by the Pennsylvania Hardwoods Development Council. Pennsylvania Forest Products Association, 310 Chestnut Street, Suite 102, Harrisburg, PA 17011, (717) 901-0420, www.paforestproducts.org

The Pennsylvania Hardwoods Development Council - Supporting the Industry

Pennsylvania has its own agency dedicated to supporting and growing the state's forest products industry.

The support of the HDC is critical at this time - to both assist Pennsylvania hardwood companies weather the current business downturn and help them emerge in a stronger competitive position once conditions improve.

The Pennsylvania Hardwood Development Council (HDC) is an office within the Pennsylvania Department of Agriculture. The HDC's goals include

- promoting timber access on public and private lands;
- developing domestic and international markets;
- developing value-added wood processing and technologies; and
- educating the public about the importance of the state's forest products industry.

Utilizing grants and its own staff, the HDC serves the forest products industry through targeted research, domestic and international marketing efforts, technical assistance, and outreach to industry.

The HDC also serves to coordinate efforts among key state and local agencies, education providers and industry trade groups to assist hardwood manufacturers with business financing, location and expansion, workforce development, development of export markets and other technical assistance.

The HDC has partnered with industry to create and operate the Pennsylvania WoodMobile, a traveling program that educates students and the public on the state's forest resource and forest products industry.

For more information, contact:
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Pennsylvania Forests and You

Pennsylvania Hardwoods Leading the Nation

Pennsylvania Forest Products Association

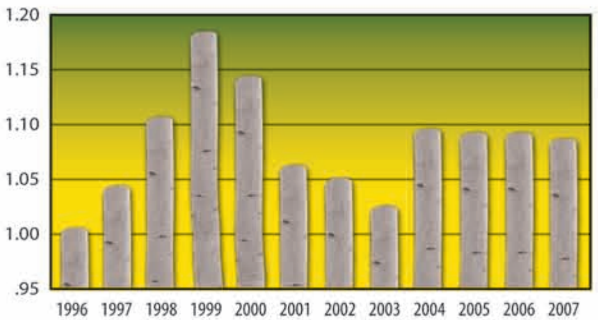
Pennsylvania Hardwood Stands for Quality

Pennsylvania Hardwoods – Leading the Nation

Pennsylvania is known throughout the world as a leading source of high quality hardwood products.

Pennsylvania is home to the nation's largest concentration of hardwood growing stock. We are world renown for our high quality black cherry, northern red oak, red maple, sugar maple, white oak, poplar and ash.

Hardwood Lumber Production in Pennsylvania 1996-2007 (billion BF)



Pennsylvania leads the nation in the production of hardwood lumber, accounting for about ten percent of the country's annual production. Pennsylvania typically produces more than a billion board feet of hardwood lumber annually.*

Pennsylvania also ranks nationally in the production of value added wood products such as millwork and flooring; kitchen cabinets; and pallets and containers.

Other forest products made in Pennsylvania include veneer, paper and consumer paper products, railroad, mine and landscape ties, housing timbers, engineered wood products, tool handles, baseball bats, wood fuel pellets, and landscape mulch, just to name a few.

Pennsylvania is also a leading exporter of hardwood lumber and wood products, reaching $1 billion in 2006.

* A board foot is a unit of volume equal to a board one foot wide, one foot long and one inch thick.

Economic Impact

The forest products industry has a significant positive impact on Pennsylvania's economy.

In 2005, Pennsylvania's annual forest product industry output (sales) was $16.7 billion. Of this amount, $11.7 billion is generated by sectors that primarily rely upon utilization of locally harvested hardwood timber.

The total economic impact of the forest product industry in the state was $24.7 billion. The total impact generated by sectors depending on locally harvested hardwood timber was $18.4 billion.

The purchase of timber provides private landowners with hundreds of millions in revenue annually. Industry purchase of timber from public lands also provides Pennsylvania's taxpayers with tens of millions annually and helps support the operations and activities of the Pennsylvania Department of Conservation and Natural Resources Bureau of Forestry and the Pennsylvania Game Commission.

For every additional million board feet of sawtimber supplied to Pennsylvania sawmills, an additional $10 million of industrial output would be realized and 71 new jobs created.

Job Creation

The forest products industry is a significant employer in the state and a source of future job growth.

In 2006, there were 2,420 forest product establishments in Pennsylvania, employing 79,910 individuals. Forest products companies account for one of every nine manufacturing jobs in Pennsylvania.

Pennsylvania's Forest Products Industry (2006)

NAICS	Sector	Establishments	Employees
113	Forestry/Logging	247	756
321	Wood Product Manufacturing	1,058	31,637
322	Paper Manufacturing	273	24,029
337	Furniture & Related Products	842	22,488
	TOTAL	2,420	78,910

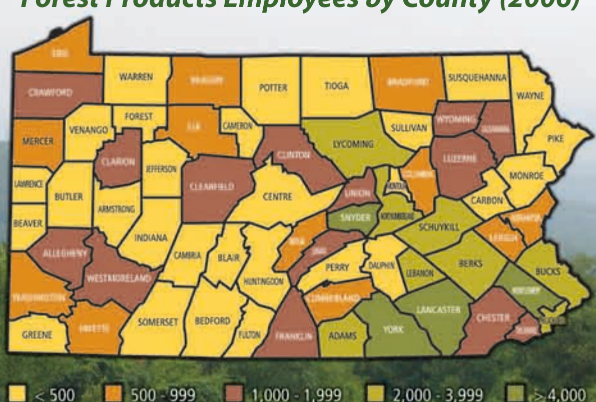
Additionally, Pennsylvania is home to over 2,800 self-employed individuals and other non-employer businesses involved in forest product processing and manufacturing.

The forest products industry has a presence in every county in the Commonwealth. Lancaster County has the most establishments (212) and employees (5,936).

The forest products industry continues to have its greatest job impact in many rural counties. Forest products jobs account for at least half of the total manufacturing employment in Clarion, Clinton, Forest, Juniata, Perry, Snyder, Sullivan, Union and Wyoming counties.

Employment in the hardwood industry is expected to rise by 11 percent over the next decade.

Forest Products Employees by County (2006)



Timber Access – Supporting an Industry

One billion board feet or more of timber and pulpwood is harvested in Pennsylvania each year. This timber needed to support Pennsylvania's forest products industry comes primarily from privately owned forests.

More than 70 percent of the nearly 17 million acres of forests in the state are privately owned. Only a small percentage of this private forestland is owned by forest product companies. Most is owned by families and individuals. Other private ownerships include other corporations, clubs, and land trusts.

State and federal government entities own nearly 30 percent of the forests in Pennsylvania. But these agencies provide little more than 5 percent of the timber needed annually to sustain the state's forest products industry.

Due to the limited access to public lands and the challenges to economically locate, purchase and harvest timber on private lands, most mills are forced to acquire as much as one quarter of their timber resource from outside their local area, including adjoining states.

Pennsylvania Forest Land Ownership

* Includes Timber Investment Management Organizations