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FOREST PRODUCTS INDUSTRY POSTS GAINS, OUTLOOK STILL GLOOMY

MISSOULA —

Montana's forest products industry saw increases in employment, wages and production during the second quarter of 2009, but these indicators remain at very depressed levels, according to a University of Montana researcher.

Todd Morgan, director of forestry industry research at UM's Bureau of Business and Economic Research, said the increases are not a sign of industry recovery, but are good news.

Lumber production increased 33 percent at Montana sawmills between the first and second quarters of 2009, he said, but the increase only seems large because the first quarter's production was the lowest in more than five decades. About 128 million board feet of lumber were manufactured in Montana during the second quarter of 2009 compared to 96 million board feet in the first quarter.

Despite recent increases, lumber production is still off by 35 percent from a year ago, Morgan said. Total lumber production in Montana for the first six months of 2009 was less than any three-month period during 2005, when U.S. housing starts were near their peak.

The number of production workers employed in Montana mills during the second quarter of 2009 increased to 2,490 – about 2 percent higher than the first quarter of 2009, Morgan said. Production wages also experienced a slight increase to \$21.6 million – about 1 percent higher than the first quarter. Wages, however, are down nearly 27 percent compared to a year ago.

Compared to 2005, there are more than 1,000 mill employees out of work and employee income is down by \$12 million, Morgan said.

“Housing has not yet recovered enough to significantly increase the demand for lumber and other wood products, and the outlook for the remainder of the year does not show much improvement,” he said. “It remains to be seen whether private and public forest management activities, recovery act projects being implemented by the Forest Service, the revolving loan fund, and a focus on niche markets and woody biomass for energy will enable loggers, other contractors and mills to survive until new home construction and wood products demand rebound.”

With the mountain pine beetle outbreak, millions of acres of short-interval fire-adapted forests with high fire hazard, and a significant maintenance backlog on national forest roads and trails, there are numerous opportunities and needs for forest management activities across the state, he said.

“The real question is whether or not private landowners and land management agencies are willing and able to respond to these issues in a meaningful way while Montana still has the work force and facilities to capitalize on the opportunities,” Morgan said.

Wage, employment and production figures refer only to Montana production workers at timber-processing facilities and mills that use wood residue. Production workers account for 30 to 40 percent of the workers in Montana’s forest products industry. Estimates do not include several thousand workers in logging, trucking and other related jobs.

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