FROM FOREST TO BUYER-SEEING THE PROBLEMS & SOLUTIONS IN THE US HARDWOOD FOREST PRODUCTS INDUSTRY

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Harry Watt
North Carolina State University
and
US Forest Service’s Wood Education and Resource Center

web www.cnr.ncsu.edu/usalocalwood

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North Carolina State University
Wood Products Extension

Since 1950 has supported the wood products industry in North Carolina in the areas of wood education, training, troubleshooting problems, research and overall assistance in making a large variety of wood products.

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Website = www.ces.ncsu.edu/nreos/wood
Wood Education and Resource Center

- Is the focus of the US Forest Service effort of support of the hardwood forest industry in the states east of the Great Plains
- Our WERC projects websites = www.cnr.ncsu.edu/woodworkshops and www.cnr.ncsu.edu/usalocalwood

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Other Supporters of WERC Grants to NC State Wood Products Extension

• Independent Sawmill and Woodlot Magazine

• WoodShop News Magazine

• IWF 2012 in Atlanta-booth and lecture session

• Shows-NC Home Builders Association, Kentucky Wood Expo, Paul Bunyan Show, Richmond Logging Show
WERC Local Wood Products Grant

- WERC funds grants to promote the improved utilization and marketing of hardwoods

- Goal is to promote the growth of locally made wood products made with US woods in the USA

- Want to recreate markets lost to imports to support growth of jobs and economic activity

- Want to provide better markets for minor hardwood species
Local Wood Products - Marketing Geography Lesson

- Local
- Regional
- National
- International

Every area of the US can support local wood products businesses
Forest to the Buyer Problem

Where is the problem?
• Forests
• Processing operations
• Wholesale and retail marketing outlets?

What is the problem? = poor prices and a lack of buyers!
Can’t Be the Forests and Processing Operations-Must Be in Marketing!

Figure 15-1. Eastern hardwood lumber production, 1961 to 2009 (Luppold 2011)
Can’t Be the Forests and Processing Operations-Must Be in Marketing!

Table 15-1. Hardwood lumber consumption in billions of board feet, by market sector from 1999 to 2009 (Hardwood Market Report 2009b, p.10), Johnson 2011

<table>
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<th></th>
<th>1999</th>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tr>
<td>Building products</td>
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<td>4.4</td>
<td>4.1</td>
<td>3.6</td>
<td>2.7</td>
<td>1.6</td>
</tr>
<tr>
<td>Pallets</td>
<td>4.5</td>
<td>3.8</td>
<td>3.7</td>
<td>3.6</td>
<td>3.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Ties and mats</td>
<td>0.7</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>1.2</td>
<td>1.0</td>
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<tr>
<td>Exports</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
<td>1.2</td>
<td>0.9</td>
<td>.08</td>
</tr>
<tr>
<td>Total</td>
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<td>11.6</td>
<td>11.2</td>
<td>10.3</td>
<td>9.0</td>
<td>6.7</td>
</tr>
</tbody>
</table>
History of US Economic Recoveries-
smarter not to wait this one out!
Understanding How the Industry Works

Framework for insights-

**Large mills**- higher volume, greater geographical coverage, less product variety-serve lumber niche markets by sorting
  - Large in our industry is not large in other industries

**Small mills**-lower volume, smaller geographical coverage, can cut for variety, can offer customization
  - Niches can be very small in our industry
“Forest to Buyer Problem”-for US Hardwoods

- Almost never good full set of markets for what is out in the forest
- We don’t have a good organized effort to improve the situation
- Our industry is working as thousands of isolated businesses
- Cooperation is at a small scale outside of limited industry trade associations, state forestry departments, and those of universities and non-profits
- Realize that we have been a “Push” industry and the world wants a “Pull” = out of step
Industry Problems Have External and Internal Problems and Solutions

- External-politics-election will settle things down
- External-we can replace imports with US products and create new products our domestic market wants
- External-world will be wanting US hardwoods
- Internal-individually we can work on our businesses-clean them up to increase sales and profit margins
- Internal-we can unite and work as an industry to grow markets in all geographic areas-local, regional, national, international
Leadership-company and industry

- Need leaders with vision
- Many business opportunities but not at high margins
- Goal has to be for US domestic industry to out compete globals
- Advantages belong to the US on most counts
- Have to challenge every imported product to replace with US made
- Have to challenge product designs and development to create new products that can compete with wood and non-wood products
Greater Effort in Marketing, Networking, Industry Support

• Need to increase contacts 10x
• Have to get out and network
• Have to engage the public to our cause
• Have to develop some political strengths
• Good example to follow = agriculture and the Local Food Movement