

# Sustainable Forests

A resource for Georgia landowners, sponsored by the SFI Implementation Committee.

## Why Markets are Important to Sustainability



Georgia has more forests than any state in the South. Trees cover 67 percent of the land or almost 25 million acres, according to the most recent USDA Forest Service survey. Timber inventory has increased on Georgia lands, which is a good indicator of forest sustainability.

So, why are we focusing on markets for wood? When something is valuable, people care for it and sustain it. A healthy forest products industry and markets for wood means Georgia landowners can afford to sustain their forests, enjoying all of the non-timber benefits that forests provide – recreation, wildlife and water quality – while being able to harvest timber and sell it at a fair price to support their lifestyle and help them maintain their forest.

That's why we wanted to devote some space in this publication to markets for wood in Georgia.

# MARKETS FOR WOOD IN GEORGIA

If you own and manage timberland in Georgia, you're probably painfully aware that the economy and slowdown in housing has slowed and even closed some of the state's wood-using mills in recent years.

Well, there is some good news. The number of wood-using mills in the state has stabilized – up from 163 total in 2009 to 166 at the end of 2011. "While there hasn't been big growth and it's not the boom of 2006 or 2007, the industry is no longer declining," said Nathan McClure, Forest Utilization Department Chief, Georgia Forestry Commission. *(Continued)*



# MARKETS FOR WOOD IN GEORGIA

Georgia leads in the demand for large and medium size logs among the Southern states.

In Georgia, the main types of wood-using mills in operation today are sawmills and chip mills. Biomass, mainly for the production of wood pellets for use in European utility plants, is also having some impact in Georgia. Plans for a wood pellet plant in Sandersville were recently announced, making it the third large pellet plant in Georgia.

Export pellet markets and even some domestic pulp and paper producers are starting to require procurement of certified wood, which will ultimately impact landowners. Georgia landowners whose land is included in the American Tree Farm System's (ATFS) certification program already meet this requirement if re-inspected during or after 2010 when the new ATFS sustainable forestry standards were adopted.

In other encouraging news, the Department of Commerce reported that September housing starts were up 15 percent, the highest level in four years. "Beginning home construction" and "building permits," which indicate future construction, jumped in September to 872,000 and 894,000 annual rates, respectively, the fastest increase since July 2008. *(Read more on page 3.)*

## Trend to More Mature Timber

In recent years, many landowners have chosen not to harvest their timber. The result is an increase in large diameter trees that are growing in Georgia forests.

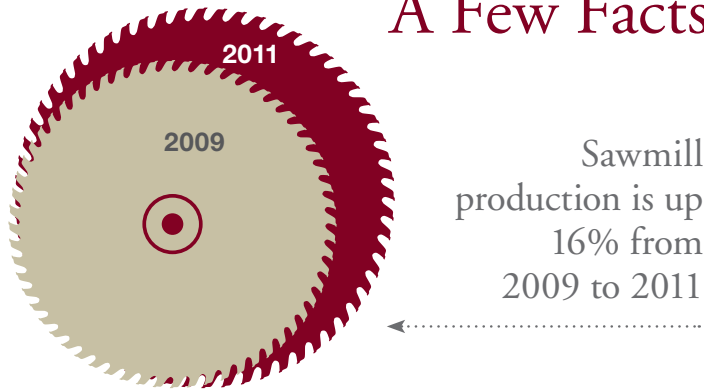
"If you look specifically at pine, volume is shifting from small to large diameter wood, which means a lot more sawtimber will be available in the future," said Nathan. "Because tree planting rates are down, we could see increased demand for pulpwood or smaller diameter trees in the next 10 years."

Nathan notes that some landowners are making a decision to begin planting trees again, anticipating future markets for pulpwood.

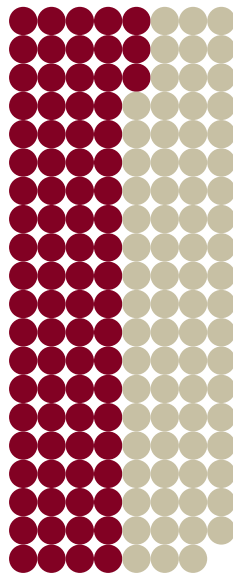
A lot will depend on the demand for wood products markets. Will housing continue to improve creating demand for traditional wood products? Will we see more demand for wood pellets for export? And, will pulp and paper improve?

Demand for pine pulpwood increased 7.3 percent in the third quarter of 2012, the largest increase among Southern states.

## A Few Facts



83 of 159 Georgia counties have wood-using mills



Percent of mills using only Southern pine

48%



## Housing Starts, Newsprint & Demand for Logs and Pulpwood

*Dr. Tim Sydor, who manages the Wood Demand Research Program at UGA's Center for Forest Business, shares more insights on markets and demand for logs and pulpwood in the South.*

“Generally speaking, growth in housing starts has a strong positive impact on the forest industry in the South. Higher demand for lumber for housing leads to demand for logs and that is good news to timberland owners.

In the past five years, the Southern U.S. produced, on average, 50 percent of softwood lumber in the country. The demand for pine grade (large and medium-size logs) increased 2.8 percent in the second quarter of 2012 but declined the same amount in the third quarter.

Georgia leads in the demand for large and medium size logs among the Southern states. Across the South, pine grade demand declined 29 percent between 2006 and mid-2012, but demand declined only 19 percent in Georgia in the same timeframe. This speaks to the strength and resilience of the lumber industry in the state.

While total housing starts increased substantially in September, it is important to remember that not all housing numbers are equal. For example, about half of it (53%) is in single-family housing units and the rest (47%) is in multi-family housing units. A multi-family housing unit requires 2.5 times less softwood lumber and 3.3 times less structural panels (plywood and OSB) to build than a single-family housing unit. This means that the size of housing growth impact depends on whether this growth is driven by single or multi-family units.

Consumption of newsprint in the country has been steadily declining and financial results of publishing companies have been weak. These trends are a result of a still weak economy and the competition of electronic media for ad revenues and news delivery. These trends hurt the pulp and paper industry in the South and particularly in Georgia.

The forest products industry in Georgia consumes 21 percent of all pine pulpwood in the South and demand for pine pulpwood increased 7.3 percent in the third quarter of 2012, the largest increase among Southern states.”

## BMP Compliance Strong

### Opportunities to Improve Stream Crossings & Roads

Every two years, the state conducts an audit to make sure that forestry Best Management Practices (BMPs) are working to protect water quality in Georgia.

“The 2012 numbers were strong,” said Georgia Forestry Commission’s John Colberg. “Of the 5,711 individual BMPs evaluated, statewide implementation was 95.3 percent, a 1.2 percent increase from 2009.” The audits were conducted on 187 sites across all ownership types.

BMP implementation for stream crossings and forest roads has steadily improved in the 20 years since BMP audits have been monitored, and improved 3 percent and 6 percent, respectively, since 2009. “However, on private lands in the Piedmont region of North Georgia, stream crossings and forest roads continue to need some work,” said John. Only 86 percent of BMPs for stream crossings and 85 percent for forest roads were in compliance.

“For stream crossings, we could make a substantial improvement just by eliminating skidder fords or debris-type crossings,” said John. “Proper installation of water diversions and stabilizing and reshaping forest roads after forestry activities continue to be the biggest forest road challenges.”

To maintain and continue to improve, the forestry community sponsors outreach and education for loggers, timber buyers and landowners, including some 80 presentations a year on BMPs. The SFI Committee in Georgia helps sponsor logger education as a way to support sustainable forestry in the state.

GFC is also posting on-line modules geared to loggers. A module on Temporary Stream Crossings and the **Forestry BMP Manual** is available on [www.gatrees.org](http://www.gatrees.org) or by calling 1-800-GA-TREES.





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# SFI Supports Forestry Community Habitat for Humanity House

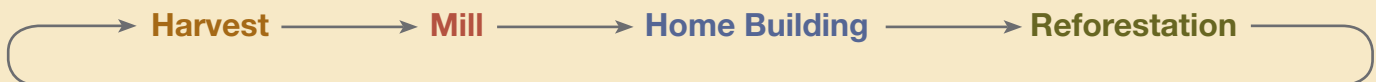


# Habitat for Humanity®

Bring a hammer and nails. Georgia's forestry community is coming together to build a Habitat for Humanity home in Macon in early 2013. The Georgia SFI Implementation Committee is one of several forestry community groups sponsoring the build. "We'll provide a home for a family in need, while highlighting Georgia grown and manufactured building products," said Larry Spillers, SFI Implementation Committee Chairman from Jordan Forest Products. A shopping trip with the family will highlight products made from wood.

The entire project will be captured on video to help demonstrate sustainability from the harvesting of trees from a Georgia forest and manufacturing at Georgia mills to building a home and replanting the forest for the next generation. For more information, contact the SFI office at (706) 542-7691.

## Cycle of Sustainability



For More Information about SFI, call 706-542-7691 or log on to [www.sfi-georgia.org](http://www.sfi-georgia.org).

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