

Pacific Northwest Research Station\USDA Forest Service

News & Information

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Alaska Timber Projection Study Reveals Market Trends

PORTLAND, Ore. March 27, 2006. A recently completed economic study of timber demand projections for the next two decades in southeast Alaska explains four alternatives describing how the forest products industry could develop. The peer-reviewed study now in process of being published, *Timber Products Output and Timber Harvests in Alaska: Projections for 2005-25*, was prepared by Pacific Northwest Research Station scientists Allen Brackley, Thomas Rojas, and Richard Haynes.

“The projections of future demand are represented in our study by four scenarios,” explains Brackley, a research forester based at the Alaska Wood Utilization Research and Development Center in Sitka, Alaska. “The first scenario projects a future very similar to the recent past. The second one assumes that lumber production increases and is stimulated by marketing and promotion programs that recognize the unique characteristics of lumber produced from the region. Scenarios three and four assume that an integrated industry returns to southeast Alaska.

“In 2015, the projected derived demand (a 5-year average based from 2013 to 2017) for forest products from southeast Alaska ranges from 37.9 to 299.0 million board feet (Scribner C-log scale), and the maximum projected derived demand in 2025 is 360 million board feet. An implicit assumption of all the scenarios is that an economically viable timber supply is available in southeast Alaska.”

The key findings of the study are based on the following assumptions: an economically viable timber supply exists in southeast Alaska; demand for lumber in the Pacific Rim nations increases in the next 20 years to a level similar to that in Japan in the last decade of the 20th century; Alaska continues to produce for home markets and for the lower 48 States. An overview of the four scenarios includes:

- Total sawmill capacity remains unchanged but production increases in response to export and domestic market demands. But timber supply is limited, resulting in investment risk, preventing new mills from moving into Alaska.
- Mills make technological improvements but the sawmill capacity remains unchanged. Marketing of Alaska timber stresses the superior strength values of Alaska species in engineered wood products to stimulate demand.
- The National Forest System becomes a certified producer of sustainable products eliminating the constant challenges to the timber program. Low-grade logs are used to produce chemicals, energy or engineered wood products.
- Global demand for products allows addition of a second facility to use low-grade logs to produce a fiber, chemical, or energy product; assumes limited volumes of low-grade logs are available for private timberland owners in southeast Alaska.

The Ninth Circuit Court of Appeals ordered that the study be done after ruling that a 1997 study of timber demand projections was misinterpreted rendering the record of decision for the Tongass Land Management Plan arbitrary. A draft copy of the current study is available at <http://www.fs.fed.us/pnw/pubs/brackley/index.shtml>