

EXTENSION OF REMARKS BY
CONGRESSMAN LES AuCOIN
JUNE 30, 1980

LES AuCOIN

Mr. Speaker. In my home state of Oregon, timber-related industries are responsible directly or indirectly for employing more than 40 per cent of the population.

In the southern states, too, the lumber industry is a major employer. Although the current recession has caused demand for lumber products to fall drastically, it is important that the industry remain prepared to meet a renewed lumber demand when the market regains strength.

I would like to call the attention of my colleagues to an article from Portland's Daily Journal of Commerce which concisely addresses this subject. Following is the text of the article *which appeared*
June 3, 1980.

Steep climb in lumber prices forecast by industry leader

VANCOUVER, British Columbia (BW) — The outlook for U.S. timber supplies includes steadily rising demand and prices, a continuing shift of focus to the South and new products that more efficiently use the available supply of wood fiber, an executive of Georgia-Pacific Corp. predicted to a financial analysts seminar in Vancouver Monday.

John E. Wishart, G-P's vice president of timber and timberlands, told the Financial Analysts Federation. "Forecasters are unanimous in predicting that timber prices will escalate more steeply in future years than they have in the past."

"And historically," he said, "stumpage prices (the prices for timber in the forest prior to harvest) have outpaced the general level of inflation, particularly in recent years.

"The U.S. Forest Service predicts a 2.7 percent annual growth rate in softwood demand through 1990. The South is becoming more important in fulfilling this demand and will expand its importance in future years."

Wishart attributed this increasing importance of the South to its timber supplies and growing markets and to rising freight rates that have regionalized wood products markets.

Canadian exports to help meet demand may not be as available as current predictions assume, he added.

Wishart observed that timber supplies in the U.S. Northwest,

where the government owns most of the timber, are predicted to decline over the next 30 years, while supplies from the South, where most forest land belongs to private, non-industrial owners, will almost double.

"The challenge in the future will be to increase productivity on these private lands, where economics can still stimulate productive forest management,"

he said.

'Special difficulties'

"There are, however, some special difficulties in motivating these non-industrial landowners to manage their lands for timber production."

These include tax laws that do not take into account the long term, high-risk nature of the tree crop and a maze of regulations, he explained.

On the other hand, timber management is encouraged by rising stumpage prices for Southern pine, a growing awareness of the investment qualities of forest land by private landowners and the development of special programs by forest products companies to encourage and aid timber management by non-industrial owners, Wishart said.

Technological advances

In addition to increased timber supplies, future forest products output will benefit from advances in production technology that result in more efficient use of wood fiber, the forest executive commented.

Products like plywood, which use timber more efficiently than lumber, and the integration of the pulp and paper and building products industries already have enhanced use of wood fiber, he said.

"A new generation of structural panels now coming on line will further intensify the use of wood fiber by allowing greater use of each harvested tree," he said.