

*Oregon Business Plan White Paper*  
**ACHIEVING MORE BENEFIT FROM OUR FOREST RESOURCES<sup>1</sup>**

**The Objective**

Achieve the environmental, economic and social potential of our rich forest resource to enhance prosperity and quality of life for Oregonians.

**What We Are Trying To Accomplish**

Develop public policies that enable sustainable use of Oregon’s forest resources. Specifically, build economic strategies on Oregon’s strong environmental performance resulting in market advantages for Oregon wood products, landowner rewards for environmental contributions, encouragement of new forestry investments, reduced risk of catastrophic wildfire, and public-private collaboration on conservation solutions. These include:

- Develop an understanding among Oregonians about the potential of Oregon’s forest assets to make enhanced contributions to statewide prosperity, especially in rural communities, along with the environmental benefits of utilizing the productive capacity of our forests.
- Replace *disincentives* to environmentally desirable actions on the part of landowners with real and positive *incentives* through public-private partnerships such as The Oregon Plan for Salmon and Watersheds and the Applegate Fire Project in southern Oregon.<sup>2</sup>
- Market Oregon wood as produced under some of the world’s strongest environmental laws, requiring successful reforestation, protection of streams and fish and wildlife habitat, and protection from conversion to non-forest use (a “Brand Oregon” associated with sustainable forest management).
- Manage Oregon’s federal forests to restore health, reduce the risk of severe fire and create jobs in rural communities.
- Increase contributions of federal forests to Oregon’s wood supply and environmental goals.
- Build understanding that forests managed for a variety of environmental, social and economic objectives across the landscape are more likely to result in long-term sustainability than if all forests are managed to produce identical benefits. While not mutually exclusive, focus on high-yield, intensive forest management in some areas (primarily on suitable private lands), and provide a management emphasis on mature forest habitat or other conservation and recreation values in other appropriate areas (primarily on federal land legally designated to meet goals other than wood production.)

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<sup>1</sup> The recommendations presented in this paper are specific to Oregon’s forest cluster, but many of them are applicable to agriculture and other natural resources.

<sup>2</sup> NOTE: The Oregon Plan is a unique state-led conservation strategy to restore salmon and watersheds. Adopted by the Legislature in 1997, the Oregon Plan is based on public/private collaboration and encourages proactive, voluntary restoration efforts that are providing real and quantifiable results. The Applegate Fire Project is based on similar principles of collaboration.

- Continue to move Oregon wood to higher value and specialty products (e.g., research-based engineered products) in addition to commodity products.
- Build solutions to conservation priorities through public-private collaboration that moves Oregon beyond conflict and its huge drain on time, money, human energy, and good will.

### **Why It's Important**

Oregon's greatest natural asset, along with its people, is its tremendous forest endowment. Almost half, or 28 million acres, of the state's land base is forestland.

This includes some of the most productive forestlands in the world, where trees grow larger and faster than most other places. Nearly 57 percent of Oregon's forestland is federal, with large portions either reserved from timber harvest or managed primarily for fish and wildlife habitat. About 40 percent of Oregon's forestland is privately owned.

Forests are important to Oregonians for many reasons. They provide clean water and air, fish and wildlife habitat, recreation, scenic beauty, jobs, wood products and revenues to support schools and government services.

The economic contribution of Oregon's forests has declined in recent decades. Oregon forestland available for commercial harvest has declined dramatically, resulting in decreased timber harvests. Primarily, this is due to government decisions and legal conflicts that have resulted in reduced timber harvest from federal land (from around 5 billion board feet in the 1980s to 173 million board feet in 2001). Harvest levels on private land have remained relatively stable for several decades; most of Oregon's recent timber harvest (3.4 billion board feet in 2001) now comes from private lands.<sup>3</sup> Employment in the forest sector has fallen during this period, creating significant economic challenges for rural communities.

Public expectations that forest products will play a significant role in Oregon's economic future also have declined, threatening the forest sector's potential for optimal contributions. This has been exacerbated by a conflict model for addressing environmental concerns, resulting in higher relative costs for Oregon-grown wood products, as well as regulatory and legal burdens and uncertainties that discourage future investment.

Initiatives to turn this situation around are important for environmental as well as economic reasons:

- Private forestlands need to remain economically viable, or pressure will mount to convert them to less environmentally friendly uses (e.g., urban development) as has happened in other states.
- Research confirms that wood, a fully renewable resource manufactured in a low pollution process, is environmentally superior to alternative products such as steel, cement, and plastic for most purposes. In addition, wood grown in Oregon meets some of the highest environmental standards in the world. Oregon has a responsibility to meet its fair share of world demand, recognizing that the U.S. is a net importer of wood from other countries where environmental standards may not be as high.

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<sup>3</sup> Source: Oregon Dept. of Forestry

- Even though the U.S. has established standards that apply to the import of foreign wood, logs and other natural resources, many scientists are concerned that imports that don't meet the standards have the potential to introduce invasive, damaging species, pests, and diseases, putting Oregon's resources at risk and limiting the ability to export Oregon products.
- Incentive-based public-private partnerships such as the Oregon Plan have been shown to be a highly effective means of stimulating positive conservation and restoration efforts by private landowners. Top-down regulation can only prevent adverse actions.
- The combination of fire suppression and inadequate forest management has left about 75 percent of Oregon's federal forest at moderate to high risk of fire. Thinning and other management activities needed to restore healthy conditions in federal forests will not only reduce fire risk and create jobs in rural communities, but also will help protect forest ecosystems, including old growth habitat, over the long-term.

### **Why It Matters in Meeting Oregon's Economic Goals**

Oregon's prosperity must extend statewide. Natural resources remain the economic foundation of many rural communities. These resources and the businesses built on them constitute the "traded sector" or export economy for smaller communities throughout the state. They are the primary source of outside dollars coming into many Oregon communities and hold the greatest potential for creation of family wage jobs.

Even with the recent reductions in timber harvest, Oregon's wood-processing industries annually generate around \$13 billion in total industrial output, provide nearly 75,000 direct jobs and contribute approximately \$2.8 billion in labor income in addition to substantial indirect jobs and income.<sup>4</sup>

Oregon is still the largest producer of forest products among the 50 states. The scientific expertise exists to double or triple forest productivity on lands managed primarily for wood production, while providing the environmental protection required by Oregon law.

### **What We've Done So Far**

In addition to our substantial natural resource assets, Oregon has a well-developed set of human created assets that support them. Oregon has always been at the forefront of change in the natural resource sector, and continues to be a leader in sustainable resource management. We have:

- Land use planning to prevent conversion of our forest and agricultural lands to urban development
- Forest products industry infrastructure and know-how that excels at growing, processing, and marketing high-quality, high-value goods, including research-based engineered products
- Growth in secondary wood products manufacturing, recovery of more product per board foot of wood harvested, and state-of-the-art processing of smaller timber and recycled fiber
- A diverse mix of ownerships that provides the flexibility to meet and sustain a variety of forest contributions, from wood products to old growth habitat

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<sup>4</sup> Source: Dr. Rebecca Johnson, Oregon State University College of Forestry

- The Oregon Forest Practices Act that encourages and enforces sound, sustainable forest management
- World class academic institutions with depth and breadth in forest resource and agriculture teaching, research, and extension
- The Oregon Plan for Salmon and Watersheds, a national model as a state-led strategy for addressing conservation priorities through voluntary actions and incentives
- The Forestry Program for Oregon, the state’s strategic forest plan, which is being revised to incorporate internationally accepted guidelines of sustainable forestry
- Programs to promote public forestry education, and
- The Oregon Sustainability Act of 2001 that requires state government to encourage activities that “best sustain, protect and enhance the quality of the environment, economy and community for the present and future benefit of Oregonians.”
- Some results of these efforts include:
  - High-quality water on Oregon forestlands, and water quality improving statewide
  - Over 90 percent of Oregon’s historical forestland base still available for forest use
  - Forest contributions to a diverse range of economic, social and environmental values
  - Substantial, ongoing investments in fish habitat restoration under The Oregon Plan and a network of community-based watershed councils
  - Prompt, successful reforestation after harvest
  - Statewide timber growth significantly in excess of harvest, and
  - Growing public support for balanced forest management.

### **Breakthrough Opportunities**

There are several high-potential opportunities Oregon leaders can seize to create momentum for positive change in Oregon’s natural resource economy:

1. Support and improve The Oregon Plan at the state and local level and work toward a full federal buy in. The Oregon Plan represents the best opportunity for achieving outcomes that meet and surpass the requirements of federal law (e.g., Endangered Species Act, Clean Water Act) while retaining the productive capability of forestland.
2. Build public consensus for a forest management approach to the “working landscape” that balances and integrates conservation and wood production priorities in alignment with the goals of private, state and federal landowners. Maintaining a strong forest economy goes hand in hand with conservation planning.
3. Develop a marketing strategy (e.g., as part of the state’s Brand Oregon program) associating Oregon wood products with sustainable forest management.
4. Renew investments in forestry related higher education, research, tech transfer for innovators, new knowledge-based resource businesses and continual improvement in existing businesses. (This is complements the Oregon Business Plan white paper “Expanding Our Capacity for Innovation.”)

5. Revise federal laws so that “static” forest management strategies and protection of single species are not pursued at the expense of long-term forest ecosystem health, including failure to address conditions that increase the risks to Oregon forests from severe fire, pests and drought.
6. Move quickly to implement thinning and other management actions needed to create federal forest conditions that will be less vulnerable to severe fires, disease and other threats. Expedite essential environmental assessments and enable proactive, collaborative citizen involvement to reduce appeals and time consuming review procedures. Focus strategically on federal forests in areas of highest risk and where the greatest community and conservation benefits will accrue.
7. Provide the right incentives for productive, environmentally responsible forest management, recognizing that “all lands are not created equal” in terms of productive capacity or conservation values. Use incentives to align management regimes with a range of desired outcomes (e.g., wood production, multi-value, conservation). If necessary, arrange land exchanges to better match forest ownership with management objectives.
8. Promote collaboration among government agencies, private landowners and solution-oriented conservation advocates, marginalizing “either/or” perspectives. The vast majority of Oregonians wants forest management and other decisions to be balanced and fair, and is increasingly alienated by conflict.

#### **What Can Be Done In the Near Term to Address the Overall Issue?**

Develop and promote a statewide vision and understanding of the role of forests and other natural resources in Oregon’s economy – a role that recognizes and rewards environmental and social contributions, locally as well as beyond our state borders.

Encourage solution-oriented parties, both private and public, to work in collaborative partnerships to address each of the breakthrough opportunities.

For additional information relevant to this white paper, the reader may wish to visit the following site:

Oregon Forest Resources Institute  
<http://www.oregonforests.org/>

<b>White Paper Summary: Enhance forest resource benefits to the economy and the environment.</b>	
<p><b>Specifically:</b> Build economic strategies based on Oregon’s strong environmental performance, resulting in market advantages for Oregon wood products, landowner rewards for environmental contributions, encouragement of new forestry investments, reduced risk of catastrophic wildfire, and public-private collaboration on conservation solutions.</p> <p><b>Why:</b> Oregon's forests provide clean water and air, fish and wildlife habitat, recreation, scenic beauty, jobs, wood products, and revenues to support schools and government services. They can and should be managed to achieve all of these benefits in a compatible manner.</p>	
<b>Initiatives</b>	<b>Top Action Items</b>
Replace <i>disincentives</i> to environmentally desirable actions on the part of landowners with <i>incentives</i> through public-private partnerships such as The Oregon Plan for Salmon and Watersheds and the Applegate Fire Project in southern Oregon.	<ul style="list-style-type: none"> <li>• Support and improve the Oregon Plan at the state and local level and work toward a full federal “buy in.” The Oregon Plan offers the best opportunity to surpass federal environmental requirements while retaining the productive capability of forestland.</li> <li>• Provide the right incentives for productive, environmentally responsible forest management, recognizing that “all lands are not created equal” in terms of productive capacity or conservation values. Use incentives to align management regimes with range of desired outcomes. If necessary, arrange land exchanges to better match forest ownership with management objectives.</li> </ul>
Help Oregonians understand both the economic and environmental benefits of utilizing the productive capacity of our forests.	<ul style="list-style-type: none"> <li>• Build public consensus for a forest management approach to the “working landscape” that balances and integrates conservation and wood production priorities in alignment with the goals of private, state and federal landowners.</li> </ul>
Identify Oregon wood products with environmentally responsible forest management.	<ul style="list-style-type: none"> <li>• Develop a marketing strategy associating Oregon wood products with sustainable forest management.</li> </ul>
Manage Oregon’s federal forests to restore health, reduce the risk of severe fire and create jobs in rural communities.	<ul style="list-style-type: none"> <li>• Revise federal laws so that “static” forest management strategies and protection of single species are not pursued at the expense of long-term forest ecosystem health, including protection of forests from severe fire, pests, and drought.</li> </ul>
Increase Oregon’s federal forestland contribution to available timber supply without compromising environmental goals.	<ul style="list-style-type: none"> <li>• Move quickly to implement thinning and other management actions needed to create federal forest conditions that will be less vulnerable to severe fires, disease and other threats. Expedite essential environmental assessments and enable proactive, collaborative citizen involvement to reduce appeals and time consuming review procedures. Focus strategically on federal forests in areas of highest risk and where the greatest community and conservation benefits will accrue.</li> </ul>
Build solutions to conservation priorities through public-private collaboration that moves Oregon beyond conflict and its huge drain on time, money, human energy, and good will.	<ul style="list-style-type: none"> <li>• Promote collaboration among government agencies, private landowners and solution-oriented conservation advocates, marginalizing “either/or” perspectives. The vast majority of Oregonians wants forest management and other decisions to be balanced and fair, and is increasingly alienated by conflict.</li> </ul>
Continue to move Oregon wood to higher value and specialty products (e.g., research-based engineered products) in addition to commodity products.	<ul style="list-style-type: none"> <li>• Renew investments in forestry related higher education, research, tech transfer for innovators, new knowledge-based resource businesses, and continual improvement in existing businesses.</li> </ul>