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Draft Summary from May REDS Listening Sessions

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EXECUTIVE SUMMARY

1. What's working well in Wisconsin's forest industry

- Long history of forestry and availability of resources in Wisconsin
- Availability of infrastructure and equipment for the forest industry
- Availability of markets for forest products
- Sustainable forest management supported by laws and stewardship programs
- Collaborations within the industry and good relations between the state and industry

2. Challenges facing the forest industry

- Support of and improvements to mills in the state
- Limited or non-existing markets for some forest products.
- Challenges with attracting and retaining workers in the forest industry
- Barriers associated with high costs and limited transportation.
- Restrictions to practicing forestry and use of forest products
- Public perceptions of forests and forestry
- Climate change and associated mitigation practices
- Maintaining healthy and productive forests

3. Opportunities for growth

- Increase engagement of communities with their forest industries
- Identifying new markets for the forest industry
- Specialty products and products with increasing demand
- Paper products replacing plastics

4. Recommendations

i. Policy

- Support industry and woodland owners: Prioritize sustainable forest management and cost-effective practices and support ongoing success in forest industry and encourage new investments.

ii. Communication

- Promote and expand collaboration and communication between stakeholders towards improved working relations, productive discussions, and state-wide commitment and involvement.
- Increase publicity and public awareness of the quality, sustainability, and benefits of forest products to individuals and communities.

iii. Collaborations with educational institutions

- Invest in technical education, workforce development and youth outreach by involving parents and teachers in educational efforts. Also, strengthen connections between industry and all levels of education.
- Promote scientific, research-based improvements and learn from local and global best practices.

iv. Products

- Diversify and upgrade production and product types, follow market changes to remain competitive, and be prepared to adapt to new disruptions including natural disasters.

v. Transportation and infrastructure

- Improve infrastructure and transportation: Provide high speed internet, concentration yards, shorter hauls, road regulations, and railroad systems.

5. Food for Thought – Questions to explore in further discussions

- Impact of natural disasters
- Transportation
- Making mills economically viable
- Role of community in the forest industry
- Creation of niche markets
- Building partnerships
- Impact of regulations

KEY FINDINGS

In this section we discuss the key findings based on the emerging themes from the focus group discussions.

1. WHAT'S WORKING WELL IN WISCONSIN'S FOREST INDUSTRY

▪ Long history of forestry and availability of resources in Wisconsin

Participants noted that the forest industry has a long history in Wisconsin. One of them described logging as:

"... it's part of our heritage, it's part of just our fiber, our fabric of the way that our state has been for so long. It's kind of a rich history. And it's something that, like logging, it's something that is generational, it keeps going forward, year after year, generation after generation..."

This rich history was attributed to the availability of the resources (forests), diversity of tree species in the state and a culture that supports harvesting of timber. Additionally, the state has a good *wood basket*, and most tree species are well utilized and managed. The high quality of the state's timber and forest products has advantages over species and products produced in other parts of the country.

▪ Availability of infrastructure and equipment for the forest industry

A well established and robust infrastructure for managing timber (logging and trucking firms) was touted as being responsible for the flourishing industry in Wisconsin. A participant clarified that the infrastructure makes logging easier, and the availability of trucking firms enhances the transport of timber to buyers not only across the state but also across the country.

Coupled with available infrastructure is the existence of secondary industries in the state that support the forest products industries. A participant elaborated how these two factors work together for the benefit of the industry:

"...The positive then is the total integrated systems. Okay, in addition, and I say ... the amount (sic) of companies that are making support equipment, rollers, bearings, whatever, felts, and shipping stuff all over the world, gives us a huge advantage..."

▪ Availability of markets for forest products

Many of the participants noted that there is a strong market for forest products such as hardwood timber, chips, sawdust, bark, pulp, and low-grade forest products. This has been made possible by established and stable sawmills in the state. Some of these mills were recognized for diversifying their products to adapt to market demands. This has strengthened the forest products industry.

Participants also identified the impact small family businesses have had in support of the industry. Some of these family businesses operate sawmills which ensures a constant supply of products for the market.

- **Sustainable forest management supported by laws and stewardship programs**

The forestry industry in Wisconsin is doing well because of a culture of conservation and strong support for responsible, active forest management. A participant remarked that most landowners in Wisconsin have a good understanding of the need for forest management and the benefits it provides for other forest uses such as recreation, wildlife habitat, etc.

Participants found the Forest Crop Law, Woodland Tax Law, and Managed Forest Law agreeable due to advantages such as low taxes for landowners.

“... There's a long history in Wisconsin, a partnership with our legislature, going back to the Forest Crop Law, Woodland Tax Law, Manage Forest Law now, that has led to this culture of promoting harvesting in Wisconsin for sustainable forestry. And those tax laws require that these forests be managed sustainably, and that we do our best when they're young to get that small wood out so that we can move towards the quality of the forest...”

Some participants pointed out that although there are some disadvantages to the laws, they make long term sustainable forest land ownership achievable due to low taxes. The laws also guarantee habitat protection and sustainable forest management.

The Knowles Nelson Stewardship Program was recognized for preserving natural habitats, protecting water quality, and increasing opportunities for outdoor recreational activities.

The forest certification systems adhered to by businesses and landowners in the state were commended for ensuring sound forest management and maintaining water quality throughout the state.

Additionally, the state's long term forest action and wildlife plans were commended for ensuring that forests are well managed not only presently but also in the future.

- **Collaborations within the industry and good relations between the state and industry**

Participants stated that the existing good relations between landowners and their ability to come together to share ideas and experiences have worked well for the industry. Also, the availability of strong support from the state depicted by good work relations between the Wisconsin Urban Forestry Council, Forest Products team, the DNR and the industry and landowner associations emerged as one of things working well in the industry. A participant explained that the partnerships the industry has with the DNR, the county forests and the Forest Service have worked well to provide constant supply of timber for the market. Another described the role of the DNR to direct landowners towards sustainable forest management:

“...The partnership of individual DNR foresters in each county working with the landowners in that county and getting them started. Not serving in their current role, not necessarily taking over the role of a private consultant or an industrial forester but making that initial contact and kind of doing some hand holding to move landowners

along the path of sustainable management. And I think that alone has made a huge difference in the state...”

The DNR’s role in supporting forest products businesses was mentioned as working well for the industry. A participant described the personal relationship he has with the DNR:

“... I have a direct line to our DNR forest products. And I have a direct line to our DNR urban forestry... So those things are working. And having that direct line and having always an ear is something very important to me...”

Furthermore, collaboration and coordination between local, state, and federal forest management agencies was cited as an important contributor to the regular supply of forest products.

“... Cross ownership coordination, you know, Good Neighbor Authority, stewardship, contracting, the coordination that we're now seeing between federal and state and county and local governments. I think that that's absolutely critical because we can't manage our land based on ownership, property lines...”

2. CHALLENGES FACING THE INDUSTRY

▪ Support of and improvements to mills in the state

Most participants stated how important the mills in the state are and how the loss of one has significant impacts on the practice of forestry, rural communities, the forest industry, and other related industries. Additionally, many recognized that the industry cannot change quickly to react to market conditions. Some identified the lack of political will to support converting mills to other products, while others stated that communities are not prepared to support a changing forest industry. There were frequent discussions on ownership of and investments in the mills, and these centered on the profit-driven viewpoint of outside the state/foreign investors.

Participants noted a lack of investment in the industry and a lack of empathy for local communities and industries.

“... There's some areas where we are not evolving or where we're challenged to evolve, and that is in the area of adapting the existing mills, the mills that we have in Wisconsin. I said that that our mill is continually working to develop new products. Well, that has to be happening across the board and some way of supporting industries to do that. Some way of attracting investment capital from large corporations to be invested in the state...”

▪ Limited or non-existing markets for some forest products

Many of the participants recognized that Wisconsin is fortunate to have markets for pulpwood, and cited examples of other states that do not. Still, there was an acknowledgement that there were parts of the state where you cannot find buyers for pulpwood.

Additionally, participants mentioned that there were few or no market for some species (e.g., white pine), low grade or small diameter wood, tops of trees/biomass, and milling residues. Some pointed to high wood costs in the lake states and cheaper alternatives in other countries for the lack of markets in Wisconsin. Others stated that the improvements in harvesting technology have resulted in an over production of pulpwood.

“...In order to get good management and new forests growing on our landscape, we have to deal with a lot of low-grade lumber and lower value wood, such as pulp wood, and those markets have gotten worse, if not better at all, we always hoped. And access isn't the issue, it's markets that are the issue. There's a misconception that we (Southwest Wisconsin) don't, it's too hard to get it out of the woods here, that's really not the case, it's, in some cases, we can't give wood on the roadside away down here, because they just don't have a place to take it...”

- **Challenges with attracting and retaining workers in the forest industry**

The age of the current work force and the lack of trained replacements were mentioned many times. Some of the comments regarding fewer people entering the forest industry or considering it a career were related to people's perception of the industry (see public perception challenge below). This has resulted in declining enrollment in training and educational programs (either at high schools or technical colleges) for the industry and fewer pursuing advanced degrees in forest industry related fields from Wisconsin's universities. Participants further noted the high costs of equipment for harvesting and extraction of timber was a barrier for many (especially younger people who may lack collateral to get a loan). The high cost for training and worker compensation for forestry employees was also recognized, along with people leaving the industry due to it being hard work and the long hours.

“... Labor is a is a challenge. I've got, again, peers that aren't running at full capacity, because they can't get enough labor, they I've got peers that right now, that have eliminated their attendance policies, because if they enforce them, they wouldn't have enough people to run their mills, that's, that's how dire of a situation it is...”

- **Barriers associated with high costs and limited transportation**

There was a good amount of discussion on the impacts of the high costs for the forest industry and lack of some infrastructure. High costs for landowners included expensive management plans, equipment purchase and maintenance, insurance, and high property tax rates. Some stated that, even enrolling in the Managed Forest Law program (which was recognized as something not everyone wanted to do), did not bring property taxes down to a level on par with agricultural lands.

Many participants identified the limited services provided by railroads as being a problem. A lack of access to rail service, loading facilities, and container yards, leads to more reliance on

trucking and subsequent higher costs for that. Other barriers recognized were a lack of high-speed internet throughout the state and higher production and transportation costs due to a focus on 100-inch sticks versus tree length systems.

- **Restrictions to practicing forestry and use of forest products**

Some participants noted that state or federal regulations (primarily due to insect and disease restrictions but others as well) were making it difficult/expensive to manage timber and potentially deterring investors.

Additionally, regulatory hurdles and building codes were limiting biofuels industries and mass timber use, respectively. The challenge of maintaining SFI and FSC certification was raised and that the introduction of other certification systems was causing problems.

“... Currently between, you know, insect and disease or oak wilt restrictions, we certainly have a lot of challenges with maintaining our certification, whether it's SFI or FSC. And the requirements there. You know, we definitely get pressure from certain environmental groups on our active management within the state...”

- **Public perceptions of forests and forestry**

There were many comments regarding the public's disconnectedness from the forests and forest industry in Wisconsin. Citizens were said to be unaware of the status of Wisconsin's forest resources, their sustainable management, and the products that come from it. This has led to a decline in the desire to enter the industry, the use of alternative materials/products other than those from forests, and more people wanting to preserve forests rather than sustainably manage them. Some participants concluded that these factors were why there was little awareness/interest in mill closures and the impacts those have on local communities. Additionally, participants mentioned the use of forests for recreation is growing in the state. Citizens see forests as a place to play and see wildlife and not necessarily for timber production.

- **Climate Change and associated mitigation practices**

The impacts of a changing climate were recognized by several participants. Some mentioned that less severe winters and reduced snowfall were limiting the ability to conduct harvests in winter only habitats. Others noted that predicted future increases in rainfall amounts and bigger weather events could restrict harvesting to winter months only. Mitigation practices (i.e., the purchase of woodland for carbon storage) by some individuals and corporations was identified as something restricting the practice of forestry. The belief being that these lands would have easements on them that did not allow for timber harvesting. A participant explained:

“... I think you have a new competitor that you didn't have just than just a few years ago for your natural resources. And that some of the, you know, big tech guys like Microsoft

and Amazon and others that are buying up carbon credits are putting easements on lands that may not be available for working forests going forward...”

- **Maintaining healthy and productive forests**

Although many participants acknowledged that the forests in the state were in good condition and, in general, sustainably managed, there were some comments on problems with the forests as well. Many of the problems identified revolved around the re-growth/regeneration of forests, and the impacts of invasive species, pests, and deer on forests. There were also some comments on how there is a growing imbalance in age classes with a preference for older trees. Some recognized that it is difficult for Wisconsin’s forests to compete with the growth rate of forests in the southern states let alone tropical countries.

3. OPPORTUNITIES FOR GROWTH

- **Increase engagement of communities with their forest industries**

A few participants expressed their support for the ongoing efforts to develop a cooperative that takes ownership of the Verso mill. Additionally, participants noted the need for political, technical, and financial support for communities and organizations to become more aware of and involved with the forest industries in their locale. Community support (up to and including outright ownership of local mills and industries) was seen as a way for citizens to become more engaged by having some sense of control over their own and their community’s future.

“... It's maybe premature to say it's a success story, but I like the idea of a different model of operating the mills. And right now, as most people are aware with Verso, the consolidate cooperative, has formed to get that mill, up and running. So, I think, like I said, it's probably premature to call it a success story. But I feel that's moving in the right direction right now.”

- **Identifying new markets for the forest industry**

Another discussion point raised around opportunities for the forest industry was finding and taking advantage of new markets. Carbon sequestration and selling carbon credits were regarded as potential opportunities which could be researched.

“... One of opportunities for landowners is to sell carbon sequestering credits to diversify their revenue income stream.

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It's a great opportunity for the county to

create a new revenue stream for the county from the county forest. And it's just another way we can contribute to climate change and to mitigating it..."

Additionally, availability of cross lamination industry, nanotechnology, mass timber, sawing and marketing white pines were mentioned as some of the markets that the industry could explore. Some participants, on the other hand, stated that they see recreational use of forests as a significant opportunity for expanding and balancing different uses of forestry.

- **Specialty products and products with increasing demand**

Many participants commented on how the forest industry can develop and produce specialty products and products with increasing market demand to successfully evolve and thrive in local and global markets. Some potential opportunities identified by participants were: White oak barrels and liquor storage products, nanocellulose building materials (in collaboration with the Forest Products Laboratory), timber mats, particle boards:

"Southern Michigan here a couple years ago, was able to attract ARAUCO, which makes particleboard, which is in the furniture for IKEA and that was a huge game changer for being able to do a lot more forestry in southern Michigan where their markets were very weak. So, if we can attract people that use that product, whether it's softwood pulp or hardwood pulp, it makes everything else possible."

"... specialty products, those are things that we should be looking after promoting and assisting the local, the Wisconsin mills in pursuing those things..."

- **Paper products replacing plastics**

In several focus groups, participants indicated that the booming trend of paper products replacing plastics, particularly in packaging, is an important opportunity for the forest industry to grow into. Being aware of in-demand products, increasing customer willingness to use paper over plastic and craft-pulp for packaging and packages are seen as potential factors to consider in creating and amplifying this opportunity.

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