



## Industry Initiative –

# *Support, Develop and Diversify Wisconsin's Forest Products Industry*

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- Critical part of our state and local economies, health of our rural communities
- Cornerstone to being able to sustainably manage our forests and maintain healthy, versatile, and resilient forests
- Managing our forests tied directly to recreational use and WI resident's well being, access for recreation, wildlife & game habitat, climate, water and air quality and so much more.
- Local, regional, and global changing and challenging markets along with complex social, political, economic, and ecological considerations.
  - How do we adapt, thrive, and adjust what we have done so well in Wisconsin for so long into this future world?

September 2024

## Next Steps

Council drafts a summary report on the overall initiative with a letter recommending proceeding as follows. Proposed audience is the Governor, Legislative Forestry Committees, and DNR Secretary (CoF's "clients")

### ❖ Council Recommends Legislative Action:

- To establish funding through the DNR or other state entity to allow for an organization to receive the funds and contract a consultant to complete this study as the *first phase* of developing a comprehensive strategic plan and roadmap. (WI Forest Practices as example reference.) Funding could be in addition to this study cost for future efforts.
- To Direct DNR or other state entity to take necessary steps, in cooperation with the Council, to form and manage an "Industry Strategic Planning Steering Committee" which would include wider stakeholder representation.
  - The purpose of the Steering Committee would be to advise/assist the contracting organization in steps necessary to secure a study consultant, manage the study process, and provide input to the Council throughout the process
  - The Steering Committee will remain engaged in potential future strategic plan and roadmap efforts as recommended by the Council.
    - Committee includes (?) Council Chair, Vice Chair, Council Committee Chairs (all council members should be on a committee), Council partner representatives, other varied stakeholder representatives.
- To Direct the Council upon completion of the study to provide recommendations to the Legislature regarding this study's outcomes and potential next steps for the continued development of a comprehensive strategic plan and roadmap.



## Next Steps

- ❖ Include in our letter:
  - A statement regarding support from (named ?) Council partners (Steering committee seats.)
  - A sense of urgency and a request for initial evidence of support for a “head start”.
  - Reference “attached” summary report covering Council and other recent past and ongoing efforts to support, develop and diversify Wisconsin’s forest products industry.
- ❖ Build support from Council partners and others.
- ❖ Examine options for “steering committee” and secure willing study client/fund manager and study cost estimate
- ❖ Establish an initiative catchphrase “ Healthy Forests, Healthy (Robust, Diverse) Industry, Healthy (Strong, Thriving) Communities”
- ❖ Possible Timing
  - Study completed by the late summer of 2025, final recommendations to legislators late fall 2025



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June 27th Meeting - USDA Forest Products Lab / Office of the WI Secretary of State

Potential coalition partners meeting attendees: DNR, GLTPA, WPC, WEDC, CFA, MTE, CNNF, BCPL, CoF

Pursuing USDA FPL and WI SOS MOU to explore and pursue opportunities to support our current infrastructure, develop new opportunities, and diversify production to maintain healthy forests, healthy industry, and healthy communities.

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### Industry Metrics (draft)

In 2023, sold stumpage was 25 percent lower on County Forest lands and 30 percent lower on State lands as compared to 10 years earlier in 2014. 2023 sold stumpage was 8 percent and 14 percent (respectively) lower than the average 10-year sold figures.

After adjusting these dollar figures (real dollars) for inflation, stumpage revenue decreased by over 40 percent (state and county forestland combined) in nominal dollar terms.

Cord equivalent harvests also decreased 16 percent on County Forest lands and 22 percent on State lands, comparing 2023 to 2014. Combined species sawtimber and cordwood prices (in nominal terms) also decreased by about 40 percent over this period.



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### **Industry Metrics (draft)**

Comparing 2021 harvest levels to 2014 harvest levels, using the most recent USDA Forest Inventory and Analysis (FIA) figures, shows a combined species and product decrease in removals of about 12 percent statewide.

The decreased harvest levels are the largest in the state's northeast region with a 34 percent lower removal level. While the state's northern region, as a whole, shows a decrease of about 20 percent comparing 2021 to 2014.

With the decreasing harvest levels, the growth to removal ratio statewide increased from 1.78 in 2014 to 2.39 in 2021, meaning Wisconsin is growing more wood fiber than twice the amount being removed.

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## Industry Metrics (draft)

In a survey of Wisconsin logging businesses:

The percentage of businesses that indicated they will go out of business in five years increased from 19 percent in 2003 to 30 percent in 2021.

In 2021, 75 percent of operators indicated that they did not plan to expand their business in next five years.

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## Industry Metrics (draft)

Between 2014 and 2023, the number of Wisconsin's forest products industry establishments decreased by about 6.5 percent.

Wisconsin has lost an average of about one paper mill per year since at least 2006.

Since 2020 alone, five major Wisconsin pulp mills have closed, including the Verso kraft paper mill in Wisconsin Rapids which alone represented about 25% of total pulpwood processing capacity in Wisconsin.

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## MAJOR INDUSTRY SEGMENTS INCLUDE:



- Paper bags and packaging products – More than 13,000 jobs
- Paper mills – Nearly 7,300 jobs
- Sanitary paper – More than 3,300 jobs
- Wood building materials – More than 6,400 jobs
- Sanitary paper – More than 3,300 jobs

*Lightcast 2024.1 Dataset*

LOOK FORWARD ➤

WEDC.org

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ECONOMIC DEVELOPMENT



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## Industry Metrics (draft)

Suggestions *depending on use*:

- More background, introduction etc.
- Include graphics
- Cite sources
- Where possible use latest data compared to 10-year average
- Consider more subjective information, quotes etc., to fill in the gap to today
- Include interpretation of possible implications, consequences of trends

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### MEANWHILE...

- Researchers from Purdue Forestry and Natural Resources are teaming up with partners across the state to stimulate, expand and support the utilization of hardwood lumber by creating the **Indiana Wood Utilization Team (IWUT)**. Goals for the project are to increase forest health and resilience, competitiveness of the wood products industry and economic development in rural areas of the state.
- The **Senate Advancing Forest Innovation in Georgia Study Committee** was formed this year to look for ways the state can encourage investment in sustainable forest products that will generate demand in the future in a push to find new markets for Georgia's oversupply of wood in innovative clean energy industries ranging from cleaner aviation fuel to mass-timber building construction to electric-vehicle batteries

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### **Industry Metrics - GOOD THINGS!**

#### Wood Innovations Grants in Wisconsin:

- Krueger Lumber Co was funded \$187,500 for a Stationary Sash Gang Reciprocating Saw Installation
- Menominee Tribal Enterprises was provided \$866,062 for Enhancing Efficiency and Utilization within Menominee Tribal Enterprises in Wisconsin, which includes updating their mill with newer optimized equipment.
- UWSP/WIST has been awarded a grant, with support from WI DNR and Wisconsin Paper Council to investigate new uses for underutilized, sustainably managed hardwoods. The award also incorporates an effort to survey regional pulp users to understand the challenges and hurdles to using more regionally sourced hardwoods in their operations
- ARPA (American Rescue Plan Act) dollars have been awarded to WIST by the State and managed through WEDC's Office of Rural Prosperity. This investment is to create an enduring, sustainable platform to provide research, development, commercialization, and industry support for Wisconsin's forest product sector. Already it has enabled the appointment of new technical staff for testing fiber-based packaging as well as for business-facing applied research and development. New communications and engagements efforts are in preparation.
- UWSP - WI Forestry Center, WEDC Forest Industry Workforce Recruitment and Development Grant

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# WI DNR – Good Things From the Forest Products Team

Temporary Bridge Program – \$167,000 grant for a program to provide large wood mats for woods operations.

White Pine CLT Research Project – Working with MI Tech and Forest Products Laboratory to construct panels and test to determine feasibility for commercial applications.

Great Lakes Mass Timber Collaborative – group includes foresters, sawmill operators, architects, engineers and other invested stakeholder from MN, WI, MI, OH, IN, PA and NY.

WDNR facilitated interview with a mass timber developer for an episode of *Into the Outdoors*

- *Bakers Place – Madison 14-story hybrid mass timber apartment building (material from EU)*

- *The Edison – Milwaukee 32-story hybrid mass timber apartment building on track to be the new world's tallest mass timber building*

Mass Timber Feasibility Study – Michigan State University project to identify hotspots of softwood availability, locations for new mass timber facilities, and estimate the economic impact contribution of a new mass timber facility.

WI NRCS Cost-Share Program – Incentivizing biochar application as a soil carbon amendment.

Economic Contribution of a Biomass Powerplant – administered by MIDNR, study to estimate economic contribution to the state and regional economy in 2017 and in 2022 (2017 study done).

Unraveling the Impact of Covid-19 – Administered by MIDNR, five-year repeat analysis to quantify changes in the contribution of the forest products industries in northeastern states compared to 2017.

Now that we have this, how  
can we make it better, what  
can we do with it?



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