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Comments before the Senate Committee on Agriculture, Nutrition, and Forestry on
November 23, 2009.

Madam Chairman Sen. Blanche Lincoln, Senators, fellow panel members, and guests.

My comments today will concern the part that Forestry plays in the rural economy. First, I know that you are aware of the obvious fact that most, if not all, of the forests and the harvesting of forest products occur in rural Arkansas and America. Chain saws are seldom heard in the city and most harvesting in urban areas occur when forested land is being removed from productivity in favor of shopping malls and housing developments.

The prolonged downturn in housing construction has devastated the "solid-wood" sector of the forest products industry, and the downturn in the global economy has negatively affected the pulp and paper industries. This segment of the timber industry has shown some slight improvement in recent months, but mill closures and consolidations are continuing. Recent employment trends reflect that in 1995 there were some 44,000 workers directly employed by the timber industry, but Dr. Matthew Pelkki of the UAM School of Forest Resources estimated a reduction to 32,000 some 10 years later. Employment numbers are certainly a moving target, with mills in Arkansas and across the nation announcing temporary shutdowns and permanent closures almost on a weekly basis. International Paper recently announced the permanent closure of two mills, and a reduction in capacity at another with the resulting lay-off of 1700 workers. In Arkansas, recent closures of sawmills or plywood plants have been announced by Potlatch, Georgia-Pacific, and Weyerhaeuser Corporations, and several other mills are operating on severely restricted schedules.

Each mill shutdown or closure asserts tremendously negative impacts on supporting businesses, such as logging contractors, equipment dealers, repair facilities, local hardware stores, automobile dealers, and even mom-and-pop stores. The American Loggers Council, representing 24 state and regional organizations, estimated recently that 30% of the forest harvesting contractors has been lost. In Arkansas alone, approximately 30 logging businesses in the Mechanized Logger Program have shut down in 2009, probably never to return. Once forest products facilities are closed, and logging contractors cease operations, these jobs are difficult to recover. The industry is highly capital intensive, and labor lost to other industries is difficult if not impossible to re-attract.

The timber industry is a major economic factor, especially in the compensation of wage-earners. Dr. Pelkki reports that in the five Arkansas counties where paper mills exist, the average wage of timber industry workers exceeds that of the average county wage by from \$360 to \$894 per week. Even in counties with solid wood plants, that is sawmills or plywood mills, the average wages in wood-processing facilities is \$200 per week higher than the county average.

Each mill closure devastates local economies; not only the logging contractors but tax supported entities are also affected, including school systems and state, county, and local governments.

In Arkansas, the Forestry Commission is supported in large part by the collection of "severance" taxes. The Commission staff estimates a net loss of \$1.2 million over the next year because of decreased tax revenue generated from the downward trend of harvesting of forest products.

I won't continue to attempt to impress on you the seriousness of the plight of the timber industry. But I will attempt to make you aware of its importance in the rural agricultural regions of our state and the United States. For too long the timber industry has been a "step-child" in the agricultural field, whatever the reasons. This industry provided the materials for our homes and the paper products that we use daily. Even today we furnish 50% of the energy needs in our manufacturing plants by burning otherwise waste materials.

Let's focus on some other realities. Recent weather occurrences in Arkansas have caused major problems in the agricultural fields. Flooding was at major levels and continues to cause problems. The state is some 25 inches above the annual rainfall totals for this year. But rain falls in the forests just as it does on the fields. Just as flooding wreaks havoc with production and harvesting of crops, so it does with timber. Retrieving timber from the forests becomes much more difficult and expensive, if not totally impossible. The rural timber access roads and county roads deteriorate and suffer increased damage. Tracts offered for sale are often much farther from the normal base of operations, resulting in increased logistical problems and costs, especially for fuel.

Meetings with Federal, State, and Local officials are ongoing. I am especially appreciative of Senator Lincoln's staff for providing audience to the timber industry representatives that have been in contact with that office. In addition, Representative Mike Ross of the Fourth Congressional District and Governor Mike Beebe have listened attentively to our concerns. Some ideas that surfaced from these meetings are:

- Possible involvement of the Small Business Administration on financial matters.

- Possibilities of legislation, i.e. "cash-for-boards", tax breaks for housing purchase, anything that puts housing construction back on track.

- Recognition of forestry/timber issues when considering agriculture relief legislation.

- Continue the efforts to look responsibly at Biomass Energy Programs that are economically feasible and provide value to the American citizen.

- Serious consideration of proposed legislation to increase gvw limits on highways with the addition of a sixth axle.

In closing, I must tell you that in the 49 years I've spent working in the forest, with some 35 years of that time being actively engaged in the logging business, things have never been this bad. Forests and harvesting have always been a great part of the American landscape and I honor the time and experiences that I've been privileged to spend in this arena.

I have defined a logger as a timber harvesting professional who is fiercely competitive, independent, and hard working, that goes about the daily process of delivering wood fiber to manufacturing facilities regardless of the pitfalls confronting all of agri-business, including weather, government and industry imposed regulations, always aware of the financial restraints confronting them. Loggers are the "sharecroppers" of modern agriculture.

I urge you to consider ways to help preserve an industry that is a vital part of the fabric of rural America.