

INTRODUCTION

Good morning Mr. Chairman. My name is Tom Nelson. I am the Director of Forest Policy for Sierra Pacific Industries in Redding, California. My testimony today is on behalf of the American Forest and Paper Association (AF&PA). AF&PA is the national association representing forestland owners, manufacturers of solid wood products, and producers of pulp and paper products. The U.S. forest products industry had sales of over \$213.2 billion in 2002 and employed 1.7 million people, more than one percent of the U.S. work force.

AF&PA members are committed to sustainable forestry for all forestlands, public and private, softwood and hardwood, eastern and western. Forest products companies and their employees have a direct interest in the management of American forestlands, both public and private. Our members recognize that actions on federal lands, or the lack of action, can and do affect neighboring private lands, and many of them have had first-hand experiences with the devastating effects and helplessness of watching catastrophic fire, disease or insects spread from poorly managed public lands onto their bordering private lands. The forest products industry supports the important environmental values - clean air, clean water, and wildlife and fish habitat - that are associated with our nation's forests. Our interests go beyond these values in that we also support viable communities and the social and economic benefits from wood fiber that can be removed as a result of treatments to improve forest health. The first priority for federal lands must be restoration of healthy forests.

OUR FOREST HEALTH CRISIS

Our nation faces a severe forest health crisis. Fire and small levels of insects and disease are a natural part of a healthy ecosystem, but our federal forests are not healthy and therefore the fires and insect and disease epidemics that we are seeing today are unnatural and widespread. Whether it is raging fires, ravaging insects, or mysterious pathogens that threaten to wipe out entire species, not a single region of the country, nor any person in it, is being spared the devastating economic and environmental consequences of this forest health crisis. National forest policies have served to exacerbate, rather than solve, the problems. The practice of fighting every wildfire, coupled with a passive forest management philosophy, has created and exacerbated this monumental crisis. Federal land managers are unable to actively manage our forests to address the problems. My testimony today is intended to highlight the current crisis, the urgent need for legislation, and the key elements that should be included in that legislation.

There are currently 190 million acres of federal land at high risk of catastrophic wildfire and insect and disease due to unhealthy forest conditions. Of that, the National Forest System is home to more than 72 million acres at high risk of catastrophic wildfire, and more than 26 million acres at high risk to insect infestation and disease. Unfortunately, these risks do not stop at property lines. They affect millions of acres of private lands that are adjacent to high-risk public lands.

The effects of wildfires are disastrous and far-reaching. The wildfire seasons of 2000 and 2002 were among the most destructive fire seasons in the last half-century. In 2002, forest fires burned nearly 7 million acres at a cost to federal land management agencies of over \$1.6 billion. Since 2000, South Dakota, Oregon, Arizona and Colorado have each experienced the largest

wildfires in their respective history. The impacts are far-reaching: loss of lives and homes, displacement of communities, loss of tourism dollars, destruction of wildlife habitat and watersheds, and damage to timber and non-timber resources. The events of the past few summers have provided us with numerous examples of just how devastating wildfires and other natural events can be:

? Between June 18 and July 7, 2002, the Rodeo and Chediski fires burned over 462,000 acres combined, making it the largest wildfire in Arizona history. Fire suppression costs exceeded \$40 million, more than 30,000 people were evacuated, and 470 structures were destroyed. The fire burned habitat for federally listed species, and erosion and sedimentation threaten to impact three important fisheries. An estimated 300 million board feet of timber were damaged or destroyed.

? The Hayman fire in 2002 was the largest wildfire in Colorado history. The fire burned more than 137,000 acres of public and private lands within 20 miles of the Denver and Colorado Springs metropolitan areas. High winds and dense fuels caused the fire to spread rapidly, burning 19 miles in one day and spotting distances of over one mile. More than 38,000 people were evacuated from their homes. The Cheesman Reservoir watershed, an integral part of the Denver municipal water supply system, suffered the highest burn severity from the Hayman fire, and created the potential for dangerous flooding and erosion. Subsequent storms have already caused flooding which has dumped massive amounts of silt into the South Platte River, killing trout in one of the West's premier trout streams and severely impacting summer tourism revenue.

? The Biscuit fire of 2002 burned almost half a million acres in Oregon and California. Based on an assessment by the Forest Service, some of the greatest impacts of the fire were to federally-listed species and to the timber on the national forests. The fire burned through several Late Successional Reserves set aside for northern spotted owl habitat, destroying 49 activity centers and 11 nests inside the fire area.

? The blowdown that occurred both within and outside of the Boundary Waters Canoe Area Wilderness (BWCAW) in Minnesota in July of 1999 is a classic example of inaction that has created a crisis. Outside of the wilderness area, private landowners were clearing their lands of downed trees by the next day. County and state land managers were cleaning up within the next few weeks. The Forest Service was able to get a "special arrangements" exemption from CEQ to treat a small federal land area outside the BWCAW, but even with that arrangement, the Forest Service cleanup did not begin until winter 1999. Inside the BWCAW, an EIS was required to treat the situation and took 18 months to complete. Even now, four years later, little of the cleanup on the federal lands has been accomplished, and Minnesota is faced with thousands of acres at significant risk of catastrophic wildfire and insect and disease.

And, as we sit here today, a wildfire is raging in Arizona, just outside Tucson. The Aspen fire has already burned over 19,000 acres and destroyed hundreds of homes and other structures. It struck in one of the worst possible places: close to communities, in difficult terrain, and in a forest suffering from years of drought, the ravages of bark beetles, and decades of no forest thinning or management. Yet there are hundreds of areas around the country with similar conditions where this fire could be taking place, and hundreds of communities that consider

themselves lucky that it's not them. We need to rely on more than luck to get us through this summer's fire season - we need action.

Many parts of the country that are not normally prone to catastrophic wildfire concerns - including most of our Eastern forests - are becoming increasingly concerned that the combination of years of mismanagement on our federal forests and increasing fuels from insect- and disease-driven mortality may eventually come together with unusual drought conditions to create the kind of forest infernos in the East that are increasingly ravaging the West each year. With much higher population densities in most of the East, the economic and social consequences of such a scenario could be much greater than even those already witnessed in the West.

As already eluded to, our forest health crisis is not simply one of wildfires. Insect and disease outbreaks are devastating forests around the country, as the following examples illustrate:

? In California, forest lands within the Angeles, Cleveland, and San Bernardino National Forests are suffering from the largest bark beetle infestation in the last 50 years. The beetle epidemic, the result of overstocked stands and drought, has killed trees on 400,000 acres. The resulting fire danger has prompted fire safety officials from the California Department of Forest to suggest that parents not send their children to area summer camps this year.

? The Daniel Boone National Forest in Kentucky experienced Southern Pine Beetle (SPB) outbreaks starting in 1999 and continuing through 2001. Efforts to control the spread of the SPB were delayed by excessive paperwork and appeals, allowing the devastation to quickly spread. More than 100,000 acres - 80% - of pine forest were lost to SPB damage on the Daniel Boone. These pine forests had provided habitat to the federally endangered red cockaded woodpecker; as a result of the SPB outbreak, fifteen of these rare birds had to be captured and relocated to other states where pine habitat was unaffected by SPB. The forest is now faced with thousands of dead pine trees across the landscape, creating hazards and providing little or no habitat for an endangered species.

? In Arkansas, a recent unprecedented outbreak of Red Oak Borer has infected 800,000 acres of federal and non-federal forestlands. The Forest Service estimates that 50% of the red oak population in the Ozark Mountains is infested by the red oak borer. Many scientists believe that this pest has spread due largely to over-mature and stressed trees coupled with poor management and inaction on public lands, a situation that will be seen over and over again throughout many eastern communities in the near future if preventive action is not taken now.

? As just one example of the many forest disease problems throughout the country, Oak Wilt is one of the most aggressive and serious tree diseases in the eastern United States, killing thousands of oaks each year in forests, woodlots, and home landscapes. These are trees that are known for their significant wildlife, commercial, and aesthetic value.

The fires and insect and disease epidemics are merely symptoms of deeper, underlying problems. The fact is our national forests are overstocked, with growth far exceeding current harvest levels. As a result, with each passing year the national forests become more overstocked and are at increasingly higher risk of fires and insects. We must look beyond the

immediate fire and insect and disease crises to develop strategies that will reduce our forests' long-term risks.

There is ample evidence that well-designed forest management strategies can help. A recent report compiled by Forest Service Research Scientists concluded that "treatments to reduce fuels can significantly modify fire behavior and severity and reduce environmental damage caused by fire." Further, the scientists found that treatments to reduce surface fuels will tend to reduce damage to soil, water, and air quality, and that thinning designed to reduce tree crown density will reduce the probability that trees are killed or severely burned.

The strategies must also recognize that mechanical treatments, with removal of trees and brush, will be an integral part of the solution. A recent study by the Forest Service indicates that in New Mexico, comprehensive treatments to reduce fuels hazard can reduce the risk of crown fires and on the average pay for all treatment and haul costs with the value of the timber removed. On a national scale, the costs of preventative work through treating forests with high risks of wildfire and insects and disease will likely be much less than the enormous cumulative costs of suppression of catastrophic events. It makes little sense to remove wood fiber from the forests and not obtain the direct and indirect economic benefits that the fiber provides to communities, businesses, and individuals. We are encouraged by the Administration's call for an increase in public/private partnerships, whereby the private sector and the federal agencies can work better together to efficiently and effectively treat the vast problems in our forests.

However, the Forest Service must be able to develop and implement these strategies efficiently. According to *The Process Predicament*, published by the Forest Service in June 2002, an estimated 40% of the total direct work at the national forest level is consumed by planning and assessment. A single project can take years to move forward and planning costs alone can exceed \$1 million. Even non-controversial projects often proceed at a snail's pace. The Forest Service estimated that improving administrative procedures could shift up to \$100 million per year from unnecessary planning to actual project work to restore ecosystems and deliver services on-the-ground.

The risks and effects of catastrophic wildfire are not confined to public lands. On the contrary, they spill over onto private in-holdings and onto adjacent homes and structures that are outside of the wildland-urban interface. For example, I have attached a map showing ownership patterns in California - specifically, the private lands owned by our company (Sierra Pacific Industries) and the neighboring federal lands. You will note that these two ownerships, as is common throughout the Western United States, are intertwined and intermingled. Private forest products companies, like ours, as well as non-industrial forest landowners have aggressively tried to reduce the risks of catastrophic wildfires on their own holdings for many years, largely through the use of thinning. However, these efforts cannot be effective without the cooperation of our federal neighbors, since wildfires do not recognize property boundaries. The practice of thinning to reduce the potential for stand-replacing crown fires works. Everyday, our foresters see more and more examples of the effectiveness of thinning to reduce the effects of catastrophic wildfires and substantially aid in the success of firefighting operations. In California near our lands, the Goat Fire, Stream Fire, and many others are recent examples of the role that forest thinning plays in fire control successes. Harvesting of trees played a major

role in containing and reducing the effects of each of these wildfires.

DEVELOPING SOLUTIONS

Two initiatives that offer promise are the National Fire Plan and the Healthy Forests Initiative. The National Fire Plan advocates a new approach to wildland fires by shifting emphasis from the reactive to the proactive - from attempting to suppress wildland fires to reducing the buildup of hazardous vegetation that fuels fires and treating areas infested with insects and disease in a timely manner. Unless the fuels buildups are reduced, the number of severe wildland fires and the costs associated with suppressing them will continue to increase. The National Fire Plan establishes a framework to restore and maintain ecosystem health in fire-adapted ecosystems, focusing on 1) improving the resiliency and sustainability of forests, 2) conserving priority watersheds, species and biodiversity, 3) reducing wildland fire costs, losses, and damages, and 4) better ensuring public and firefighter safety. In 2002, Hazardous Fuels Reduction projects were implemented on 1,258,000 acres of national forest lands.

As part of the Healthy Forests Initiative, the Forest Service is reevaluating their tools and processes, and working to reduce the effects of "analysis paralysis." The Forest Service is streamlining their own internal administrative procedures, reducing the number of overlapping federal environmental reviews, simplifying their administrative appeals process, and providing new rules for categorical exclusions for small vegetation management projects.

But more needs to be done. As part of their decisionmaking, the Forest Service must accept public input. The maximum benefit to all parties will come from comments that are submitted during the analysis process, when the Forest Service can consider them prior to making a decision. Too often, groups use the appeals process after a decision has been made, to delay on-the-ground implementation. This is not a constructive use of the process. According to the General Accounting Office's recent review, appeals held up treatment on nearly 1 million acres in FYs 2001 and 2002, including 52% of the thinning projects proposed near communities. While resolving an appeal in three months may sound reasonable, in many parts of the country a three-month delay automatically delays a forest health project by 12 months because the operating season is short and the Forest Service has to wait for the next season to enter the woods and accomplish those projects.

THE NEED FOR LEGISLATION

Our forest health crisis cannot be ignored. The costs of inaction are staggering. Active forest management, including prescribed fire and timber harvesting, is needed to restore our national forests to health. President Bush has taken several actions to address the problem, including establishing categorical exclusions for fuels reduction and restoration projects. While these administrative actions are positive steps in the right direction, legislative action is also needed. And while the National Fire Plan has provided a framework for coordination across federal agencies and non-federal entities, legislation can provide a mechanism for implementing the goals of the Plan and addressing forest health issues across the nation.

The House of Representatives recently passed the Healthy Forests Restoration Act of 2003

(HR 1904), which provided a strategy for ensuring that critical on-the-ground projects are undertaken in a timely fashion to restore forest health. As the Senate moves forward on developing legislation, we encourage you to consider the following key elements:

? We need procedures that allow Federal land managers to expeditiously implement hazardous fuels reduction projects on federal forests and rangelands in critical areas, including areas that threaten communities and areas at high risk for catastrophic wildfire or insect and disease infestation. Federal land managers cannot take several years to get critical hazardous fuels reduction projects accomplished. Congress should allow agencies to take a more efficient approach to NEPA documentation, and allow for expedited handling of administrative and judicial challenges. It is critical that public participation be encouraged, but that this participation is provided early and in a meaningful way.

? While protecting communities and homes is a critical need, efforts to restore the health of our forests cannot be restricted simply to the forests within an area arbitrarily defined as a Wildland-Urban Interface (WUI). As last summer's wildfires so pointedly demonstrate, major forest values, such as wildlife habitat and water quality, are at risk from uncharacteristic fire outside of the WUI. Protection of watersheds and wildlife throughout the forests are important. Moreover, homes and businesses within the WUI may be severely threatened by conditions some distance outside the area where a catastrophic wildfire may originate. As such, healthy forests legislation has to address planning and implementation at the landscape level. The focus of our forest health efforts should not only be on protecting houses, but on protecting ecosystems as well.

? We are seeing unprecedented outbreaks of insects and disease across the country, causing damage to millions of acres of our forestlands each year. The damage caused by these outbreaks leads to a decrease in biological diversity, dangerous accumulations of hazardous fuels, and significant economic loss. In the not so distant past, we saw widespread environmental and economic damage from epidemics like Dutch elm disease and American chestnut blight in the early 20th century that wiped out entire species. These kinds of threats still persist today and cannot go unaddressed. We need ongoing research and an accelerated federal treatment program to halt the spread of these outbreaks. We need legislation that would allow critical research projects to proceed without needless delays, and enable active forest management to slow the rapid spread of existing pests and pathogens, while also improving our ability to identify, isolate and eradicate new threats before they reach epidemic proportions.

? It is critical to involve states and private landowners in our efforts to protect forest health. The creation of a Watershed Forestry Assistance Program would provide states and landowners with technical and financial support in their efforts to protect water quality, restore watershed conditions, improve municipal drinking water supplies, address threats to forest health, and monitor best-management practices. As we expect all landowners to provide these values for our society, we should at least be willing to help them do so by providing basic assistance in these areas.

? Our efforts to restore the health of our forests will come with a price tag. The government will spend millions of dollars to reduce excess fuel loads from federal forests. However, the

government can use this opportunity to help develop markets for the raw materials and help offset this cost. Market incentives or grants would encourage the utilization of otherwise low valued materials that result from thinning projects. To make this viable, the federal agencies must also demonstrate a predictable, sustainable supply of materials, and provide feasible strategies, such as long-term contracts or grants programs, to encourage non-government entities to get involved in forest restoration efforts. Technologies currently exist, and others are under development, to generate power in rural areas from low-grade wood and agricultural waste that could be available from forest thinning projects. Small investments through federal grants could make these and other users of this low-grade material viable business propositions now and into the future.

CONCLUSION

Years of fire suppression and passive management have created a crisis on our federal forests. Millions of acres of federal forests are unhealthy and out of balance with their historic fire regimes. These forests have an over accumulation of fuels and are at increased risk from fire and outbreaks of insects and disease. There is no easy solution that will quickly restore our federal forests, but there are steps that can be implemented now to begin to address the problem. Aggressive action must be taken to reduce hazardous fuels both within the wildland urban interface, in order to protect communities, as well as across landscapes beyond the interface, to protect values such as wildlife habitat and water quality. It is critical that Congress pass legislation this summer that allows our federal land managers to expeditiously move forward with on-the-ground projects that restore balance and health to our federal forests, recognizing that "one size does not fit all" for types of treatments and locations . We cannot afford to wait for more insect and disease outbreaks or another expensive and disastrous fire season to occur.

AF&PA looks forward to working with this Committee and others to help develop solutions to address the growing threats to our nation's forests. Thank you for the opportunity to testify, Mr. Chairman. I would be happy to answer questions from the Committee.