

2010 WASHINGTON STATE FOREST PRODUCTS INDUSTRY FOCUS GROUP



A NARRATIVE REPORT

Employment Security Department
Paul Trause, Commissioner

Labor Market and Economic Analysis
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Washington State
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Substitute House Bill 2420, passed during the 2010 legislative session, included the state's forest products industry as part of the renewable energy field. The bill directed the Washington State Employment Security Department to analyze forest products industry occupations.

To fulfill that requirement, the Employment Security Department's Labor Market and Economic Analysis branch published a report in June 2010 entitled, "2009 Washington State Green Economy Jobs - Forest Products Industry." That report used data collected during the 2009 Green Economy Jobs survey to identify green jobs specific to the forest products industry.

During discussions with industry representatives to complete the report, it was suggested that a focus group could provide additional insight into the industry. This narrative captures the comments shared by the focus group.

Forest Products Industry Focus Group

On Aug. 10, 2010, six representatives from the forest products industry were convened to discuss the status and future of green jobs in their industry. Debora Munguia, director of governmental relations at the Washington Forest Protection Association, selected the focus group participants, and Sally Zeiger Hanson, workforce research associate at the Washington State University Extension Energy Program, facilitated the discussion.

Summary

Focus group participants stated there is a need for a statewide forest products industry champion. The group identified:

- Examples and plans to reduce the costs of manufacturing, increase productivity and improve product quality.
- Evidence their industry as key producer of renewable resources, and a contributor to reducing environmental pollution.
- Biomass production as a key growth area, but greater state leadership is required to achieve their potential.
- Issues with the Leadership in Energy and Environmental Design (LEED) requirements for publicly-funded construction that discourages use of Washington-grown and manufactured products.

Focus group participants represented a range of employers in the forest products industry. The group included:

- Sean O'Sullivan – Representative of the Association of Western Pulp and Paper Workers. Mr. O'Sullivan previously worked at Kimberly-Clark in Everett for 37 years. He worked in chips, digesters, paper mills and converting.

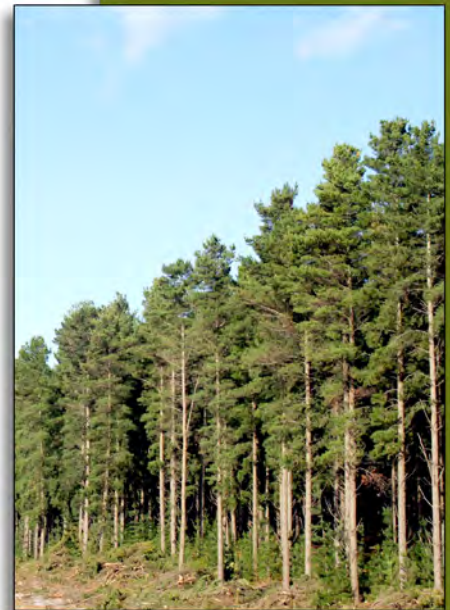


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This report provides perspective from the forest products industry on green-economy jobs in Washington.

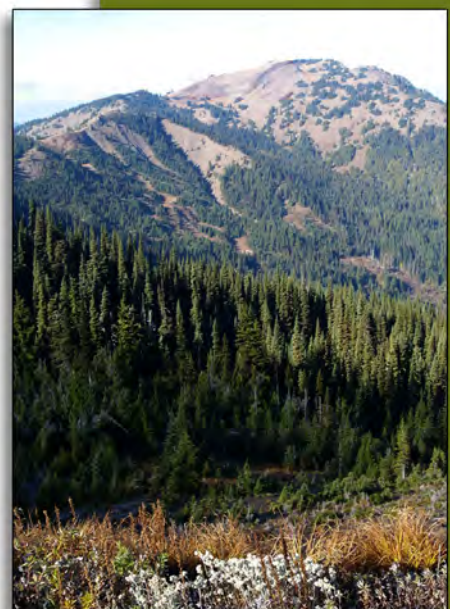


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- Duane Evans – Vice President of Operations for Port Blakely Tree Farms. Mr. Evans’ main role is to facilitate harvest planning for the future. He is also involved in national policy work for forest owners.
- Dave McEntee – Vice President of Simpson Investment Company. Mr. McEntee is responsible for renewable energy development, environmental protection, governmental affairs and corporate real estate.
- Debora Munguia – Director of Governmental Relations for the Washington Forest Protection Association (WFPA).
- Tammie Perrault – Co-owner of Two Cats Timber, a small forest land owner in Grays Harbor County.
- Harry Bell – Owner of 50,000 acres of land and manager of an additional 75,000 acres.

Defining green-economy jobs

Greg Weeks, Ph.D., director of Labor Market and Economic Analysis at the Washington State Employment Security Department, provided an overview of Washington state’s approach to green jobs. He outlined the findings from the 2008 and 2009 Green Economy Jobs reports and provided the working definition for green-economy jobs used for the green-jobs survey, both green-jobs reports and the focus group discussion:

The green economy is rooted in the development and use of products and services that promote environmental protection and energy efficiency. It is composed of industries and businesses engaged in:

1. Increasing energy efficiency
2. Producing renewable energy
3. Preventing and reducing environmental pollution
4. Providing mitigation or cleanup of environmental pollution

Green jobs are those that promote environmental protection and energy security.

Participants raised concerns about the broad scope of jobs that could meet this definition.



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Focus group participants discussed five topics related to green-economy jobs.

Forum topics

Focus group participants responded to the following forum topics:

- What types of activities do you do in one or more of these four core areas?
- What caused you to undertake activities in these areas? (For example: land use regulations, increased efficiencies, improved company image, consumer demand, marketing strategy or policy incentives.)
- What would cause you to perform more activities associated with these four areas?
- Over the next three years do you expect more of your employees to be primarily engaged in these four areas? How many more or what percent more?
- What factors are incentives or barriers to your organization creating more of these types of jobs?

Activities Associated with the Four Core Areas

What types of activities do you do in one or more of the four core areas?

Of the four core areas, participants focused activities on increasing energy efficiency and preventing and reducing pollution. Focus group participants conveyed how they are constantly trying to find ways to reduce manufacturing costs, increase productivity, improve product quality and continuously improve processes and efficiencies.

Focus group participants cited the cost of fossil fuels as an incentive to find new ways to conduct business. Transportation is the key to the economics of the industry, and its costs are a huge component of delivering wood, logs and fuel to operations. Participants shared they were looking for ways to improve the fuel efficiency of their trucks by four miles per gallon. This may initially appear to be a small increase in efficiency, but when this reduction is applied to all company trucks, it translates into significant energy savings.

Participants also shared how they affect their supply chain by encouraging their contractors to use new technology, fuel-efficient trucks and equipment that produce less pollution.

What caused you to undertake activities in these areas?

(For example: land-use regulations, increased efficiencies, improved company image, consumer demand, marketing strategy or policy incentives.)

Focus group participants believe the forest products industry is a viable state industry with green jobs because of their key role in environmental protection and the production of renewable resources. They went on to share their belief that the future in pulp and paper manufacturing rests in making wood fiber a carbon-neutral, renewable resource by burning it in company boilers to produce electricity and steam.

The issue of carbon neutrality is extremely important to all focus group participants. They shared their desire for the forest products industry to be recognized as carbon-neutral, for capturing residential carbon emissions and for contributing to the reduction of environmental pollution. The participants expressed a need to be financially recognized for their contributions in this area.

Participants conveyed that forest owners want to be recognized and financially compensated for the public benefits provided by the private investment made in forestry – a land use that benefits the ecosystem through clean air, clean water and habitat for fish and wildlife. For the most part, focus group participants feel Washington state can do more to encourage and support long-term investments in forest management activities.

Focus group participants are passionate about the forest products industry. They view themselves as not just fighting for the industry, but also fighting for family-wage jobs.



Photo by iStock/Tony Tremblay

The forest products industry encourages contractors to take advantage of new technology, fuel-efficient trucks and equipment that produces less pollution.

Focus group participants believe Washington state can do more to encourage and support long-term investments in forest management activities.



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The forest products industry advocates harvesting and planting practices that ensure a sustainable timber supply.

The export market and biomass are two key growth areas for the forest products industry.



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What would cause you to perform more activities associated with these four areas?

Participants stated the forest products industry has tremendous potential to provide renewable energy. Participants discussed that one-half of the state is forested and that the trees could supply available biomass in Washington state. Timber harvesting and replanting occur every year. Timberland managers monitor their rate of harvest to ensure there will always be a sustainable supply of timber. Participants stated that, in any given year, only a small fraction of the commercial forest – private and public – is in the harvest phase of the forest cycle. Across all ownerships, more trees are growing than are harvested in a given year. The industry is in the business of planting, growing, harvesting and re-growing trees.

Participants also discussed how the available biomass could be obtained in a sustainable manner. They shared that biomass is the only renewable energy source that can be used for liquid transportation fuels, unlike wind or solar. Participants believe biomass production is a key growth area. However, participants who want to reopen mills and biomass plants believe that leadership at the state level is lacking right now. Participants believe job growth in the industry is possible, but requires state-level advocacy to happen.

Focus group participants believe there is a significant disconnect at the federal and state levels regarding production of renewable energy.

Participants discussed the important role of exporting raw materials. An important growth area is in sales of high-quality wood to the export market. One participant shared that if it weren't for the Korean export market, his business wouldn't be here today. A barrier discussed was that companies can still harvest on state land, but can't export state trees out of the country. Participants expressed a need to develop a way to open more timberlands and produce more jobs in the export market.

Over the next three years, do you expect more of your employees to be primarily engaged in these four areas? How many more or what percent more?

Several focus group participants indicated biomass as a forest industry growth area for the future. For example, Simpson would like to build two new biomass plant mills with a total investment of \$70-100 million.

Participants also identified the export of wood materials to Asia, particularly China and India, as another growth area.

The majority of focus group participants anticipated expansion of land base over the next three years.

What factors are incentives or barriers to your organization creating more of these types of jobs?

Focus group participants spent time discussing barriers in meeting Leadership in Energy and Environmental Design (LEED) certification. LEED is a green-building certification system administered by the U.S. Green Building Council (USGBC). It provides third-party verification that a building or community was designed and built using strategies intended to improve performance in energy savings, water efficiency, carbon emissions reduction, improved indoor environmental quality and stewardship of resources and sensitivity to their effects. Washington state law requires LEED certification for publicly funded buildings.

Focus group participants stated that the state law surrounding LEED certification discourages the use of Washington-grown wood. They suggested that the Governor and Legislature could change state law to allow sustainably managed Washington wood products to be used in publicly funded buildings.

Participants also said that LEED gives extra credit for wood certified by the Forest Stewardship Council (FSC), but does not recognize other certification standards. They cited the Pacific Coast FSC, which Washington falls under, as the most restrictive standard. They said the Pacific Coast FSC standard is not viable for commercial forestry because it requires that 25 percent of timber be left standing. They added that the governors of Washington and Oregon have written to the USGBC asking it to accept other types of certified wood.

Participants said another problem with LEED certification is that it favors the use of fossil-fuel-intensive building materials, such as concrete and steel, over renewable, natural wood products.

Other federal-funding barriers expressed by the focus group participants include the more federal subsidies for solar power plants and wind mills than for biomass. Furthermore, participants identified a need for sound, practical state policies on woody biomass as a renewable crop.

Additional barriers discussed included the high cost of taxes, insurance and workers compensation in hiring employees.

Participants said they had limited access to market information on which to base their decisions. For example, information justifying an increase in land base over the next three years is not available. Accessing credible, reliable and easy-to-understand information related to market demand is greatly needed to justify farm expansion.

Participants expressed a need to promote forest products industries and the use of wood products. They also expressed a need to increase forest products industry advocacy and leadership. Participants suggested that the Commerce Department or the Department of Agriculture should take on the role of forest products industry champion.



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The forest products industry wants changes to laws and standards so that more Washington-grown wood can be used in green construction.