

Joint Counties Natural Resource Board

May 18, 2015

Status of the Forest Products Industry

Northern Long-eared Bat



MINNESOTA FOREST INDUSTRIES

Tim J. O'Hara

Vice President of Forest Policy

Minnesota Forest Industries



MINNESOTA FOREST INDUSTRIES

BOISE



UPM



Norbord

sappi



minnesota power

AN ALLETE COMPANY



MOLPUS WOODLANDS GROUP



**SAVANNA
PALLET**



Economic Impact of the Forest Products Industry 2013

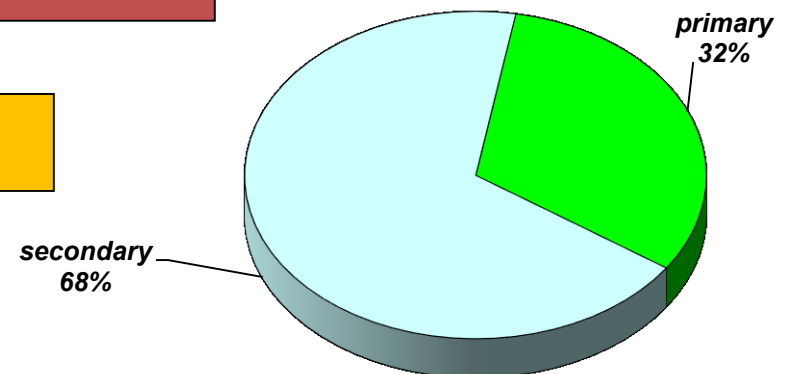
Value of Outputs (value of production)

| | |
|---|-----------------------------|
| Primary Forest Product Manufacturing | <u>\$2.8 Billion</u> |
| Secondary Forest Products Manufacturing | <u>\$6.1 Billion</u> |
| <u>Total value</u> | <u>\$8.9 Billion</u> |

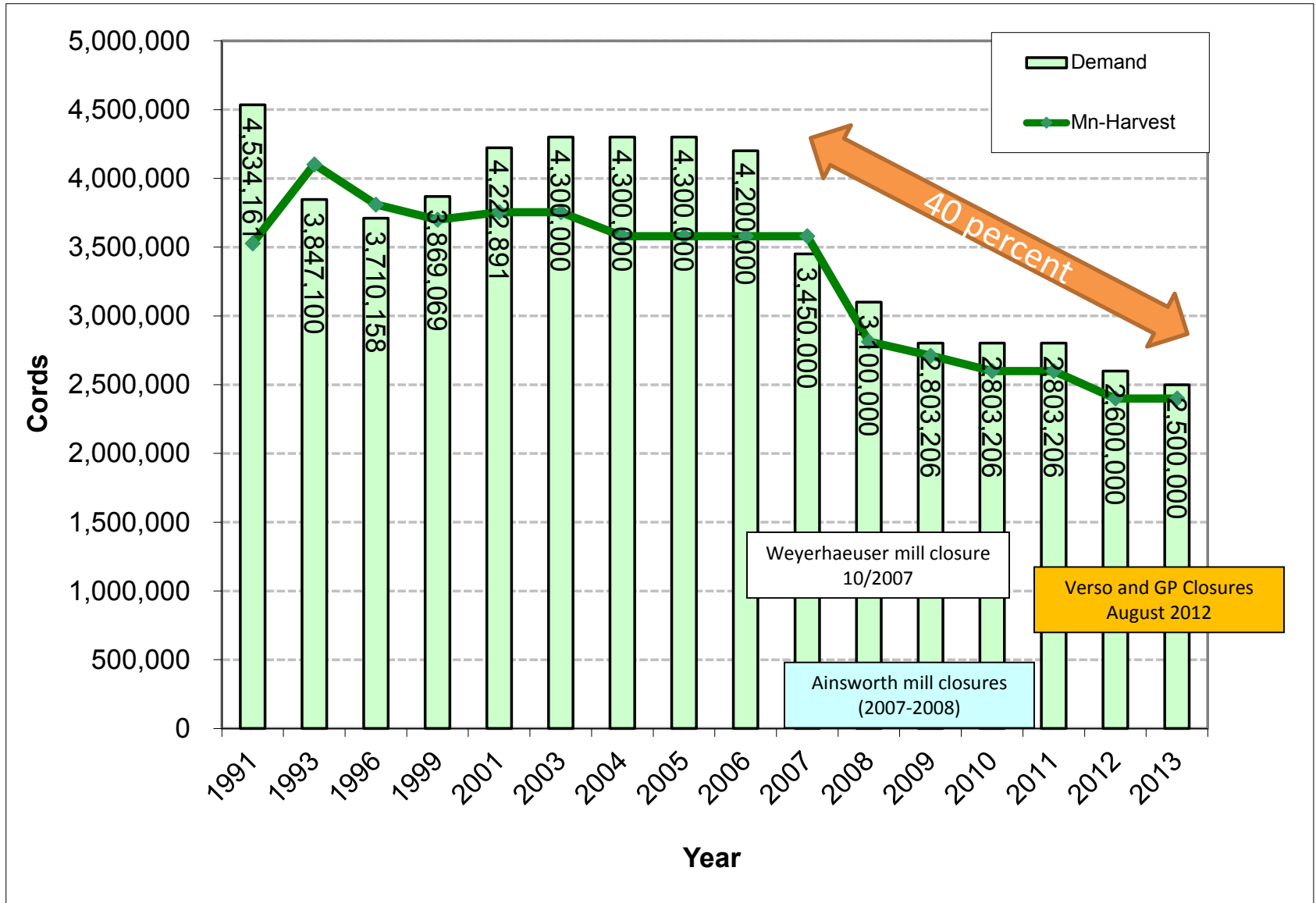
Minnesota's \$8.5 Billion Economy

- **\$1.5 Billion in Wages**

Employ more than 30,100 people

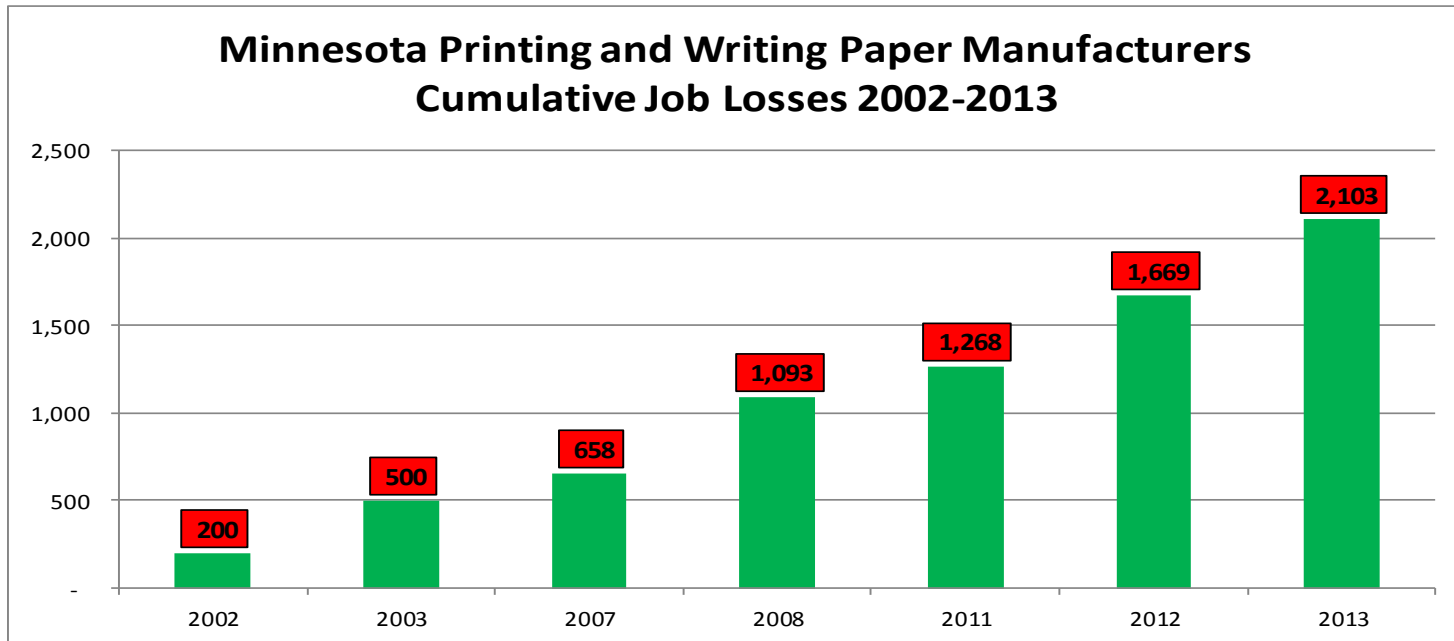


Minnesota Harvest Compared with Utilization



Cumulative Job Losses in Minnesota's Paper Manufacturing Industry

| Year | Mill | location | Type of Closure | Jobs Lost | Cumulative |
|---------------|------------------|-----------------------------|-------------------------|--------------|------------|
| 2002 | Sappi Fine Paper | Cloquet | Restructuring | 200 | 200 |
| 2003 | UPM-Blandin | Grand Rapids | Shutdown paper machines | 300 | 500 |
| 2007 | Weyerhaeuser | Deerwood | Permanent Closure | 158 | 658 |
| 2008 | Ainsworth | Grand Rapids, Cook, Bemidji | Permanent Closure | 435 | 1,093 |
| 2011 | Verso | Sartell | Permanent Closure | 175 | 1,409 |
| 2012 | Georgia Pacific | Duluth | Permanent Closure | 141 | 1,234 |
| 2012 | Verso | Sartell | Shutdown paper machines | 260 | 1,669 |
| 2013 | Boise Paper | International Falls | Shutdown paper machines | 300 | 1,969 |
| 2013 | Wausau Paper | Brainerd | Permanent Closure | 134 | 2,103 |
| Totals | | | | 2,103 | |



Economic Impact

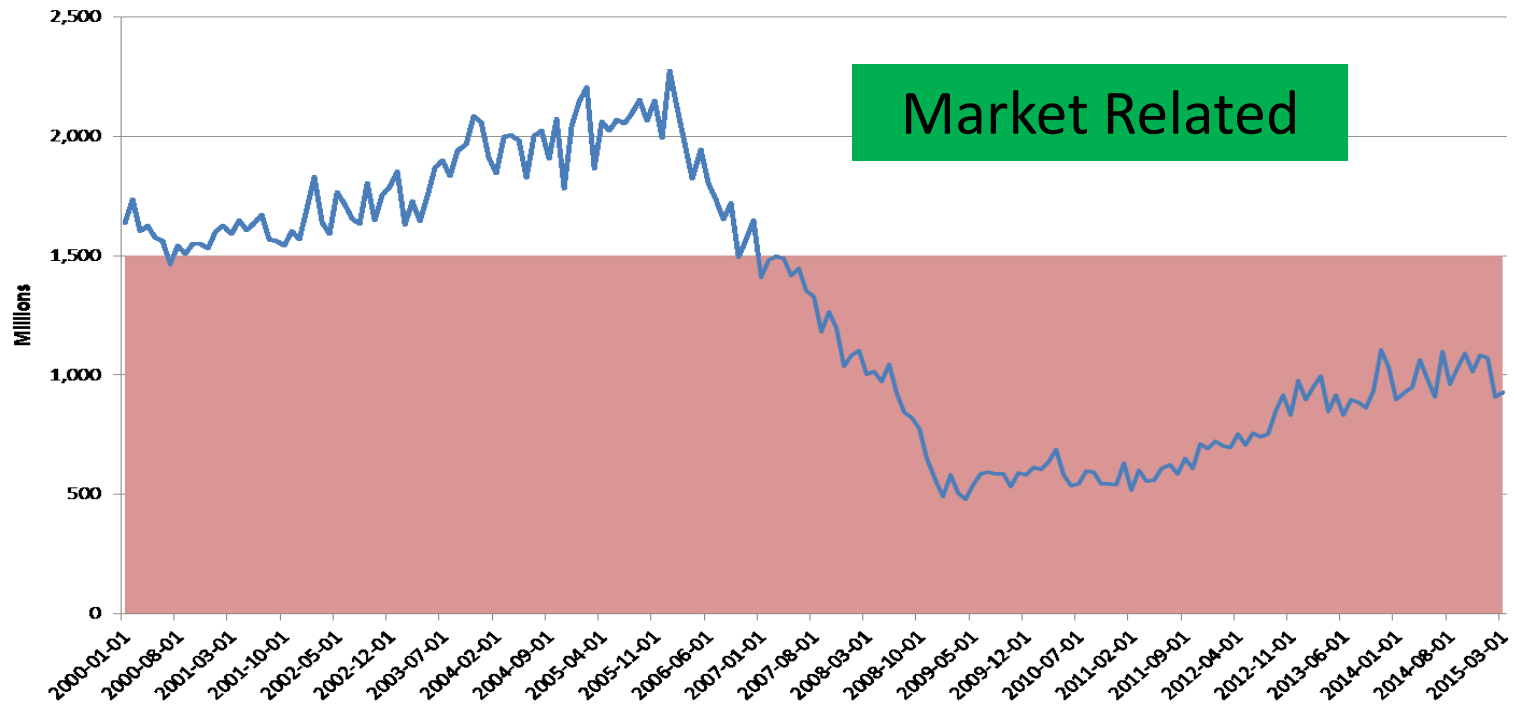
- **(2,103) Direct Job Losses**
 - **(4,445) Indirect/Induced Job Losses**
 - **(\$600) million value added and wages**
 - **(\$63) million in state and local taxes**
 - **(\$1.1) billion loss of outputs**

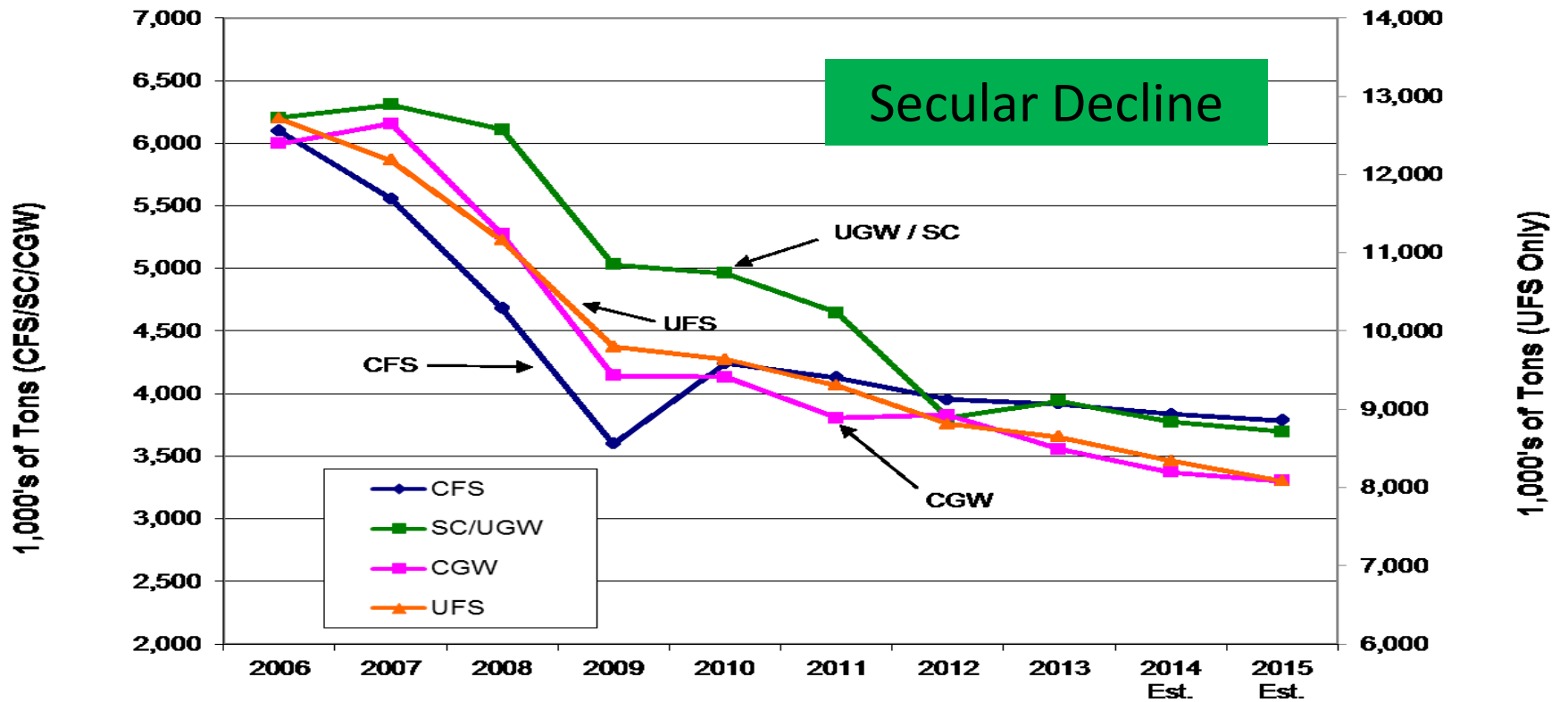


LPZB0103 - 5/08 2.5M



Housing Starts Total: New Privately Owned Housing Units Started 2000-March 2015





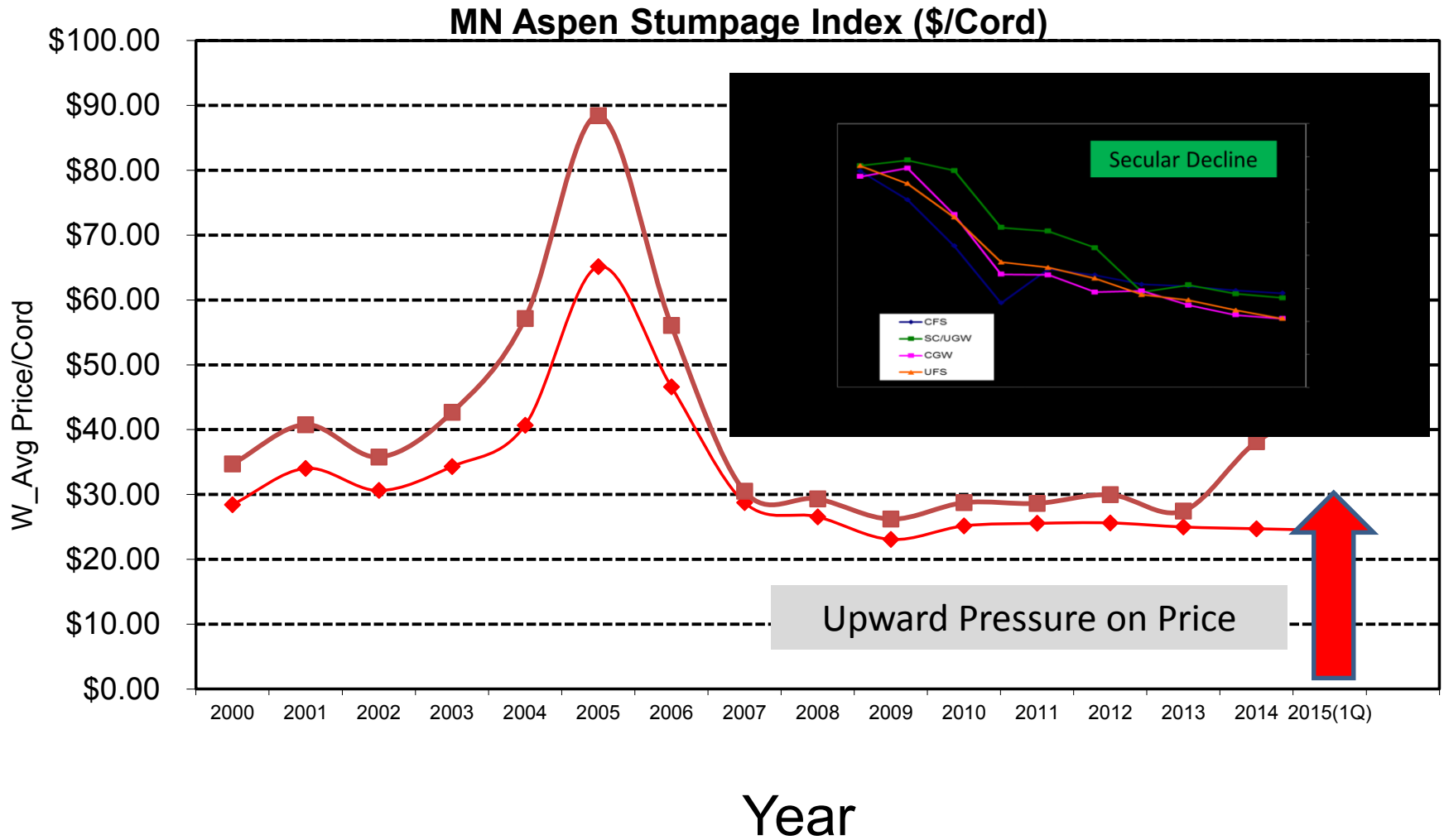
Source: RISI - US Apparent Consumption

Challenges

- ✓ Cost of stumpage
- ✓ Summer access timber
- ✓ Logger capacity
- ✓ Private timber supply
- ✓ Increasing energy costs
- ✓ Erosion of timberlands

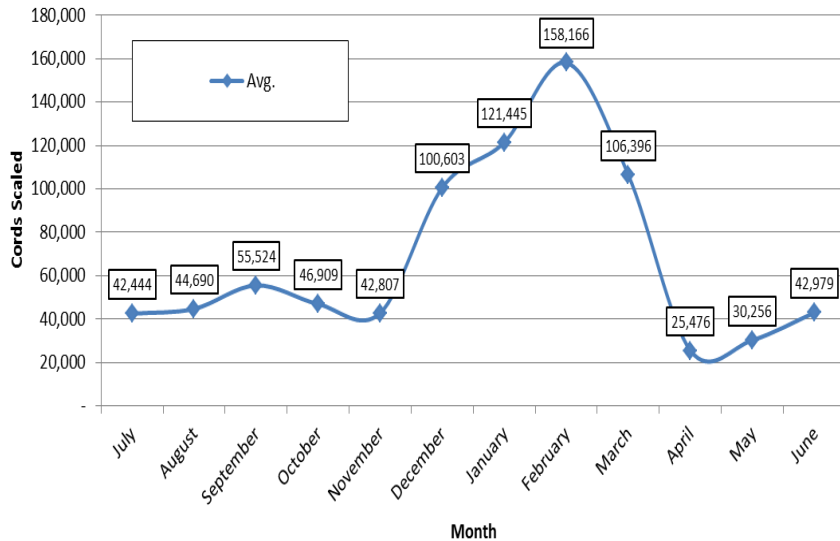


Challenges--Stumpage Price



Challenges—Summer Access Timber

MN-DNR Scaled Timber Volume by Month
Average FY 2008-2012



- Summer Access Aspen Crisis

- Positive Response

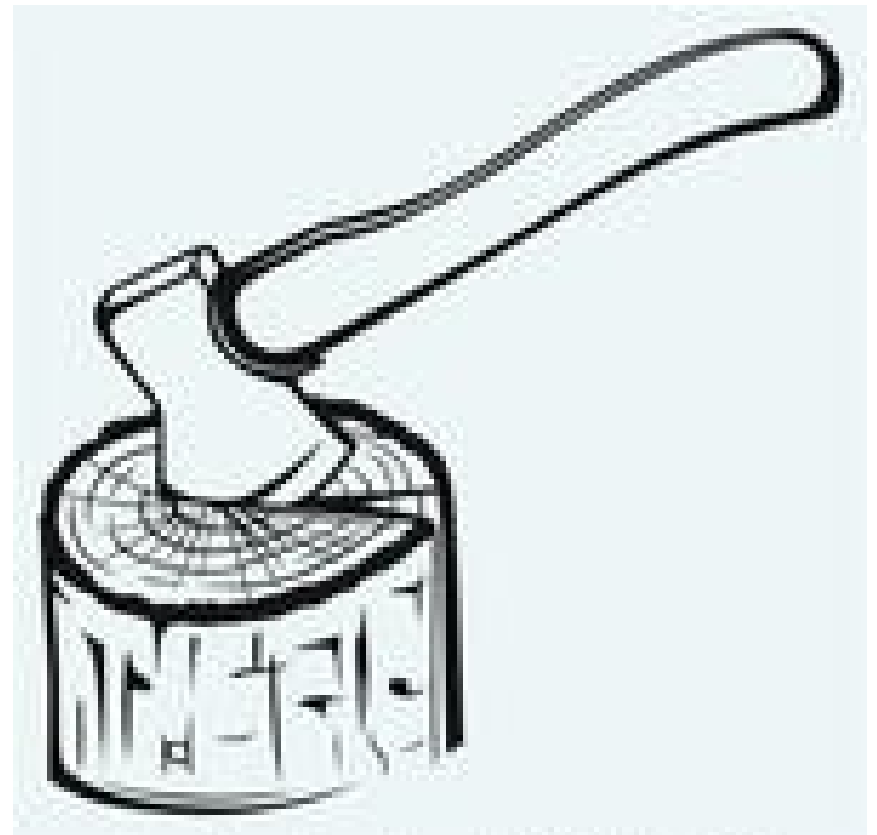
- ✓ MN-DNR, Itasca County, Chippewa National Forest, St. Louis County, Koochiching County, Beltrami County

- Limited/No Response

- ✓ Superior National Forest, Becker County, Carlton County, Crow Wing County, Clearwater County, Cass County, Lake County, Hubbard County, Aitkin County

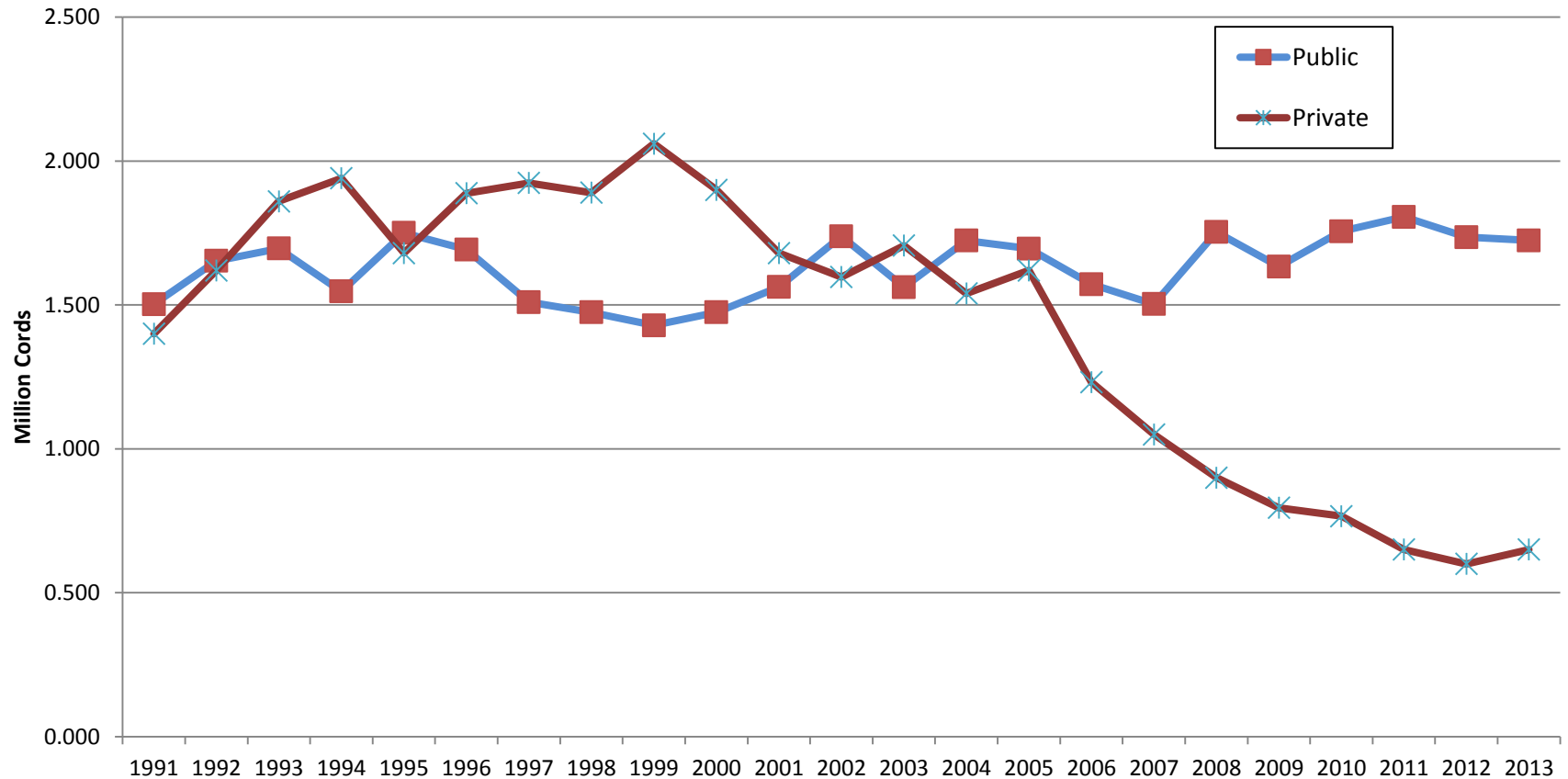
Challenges--Logging Capacity

- Age of equipment
- Trucking Capacity
- Employee Retention
- Barriers to Entry
- Movement towards Larger Logging Businesses
 - Need year round access to timber



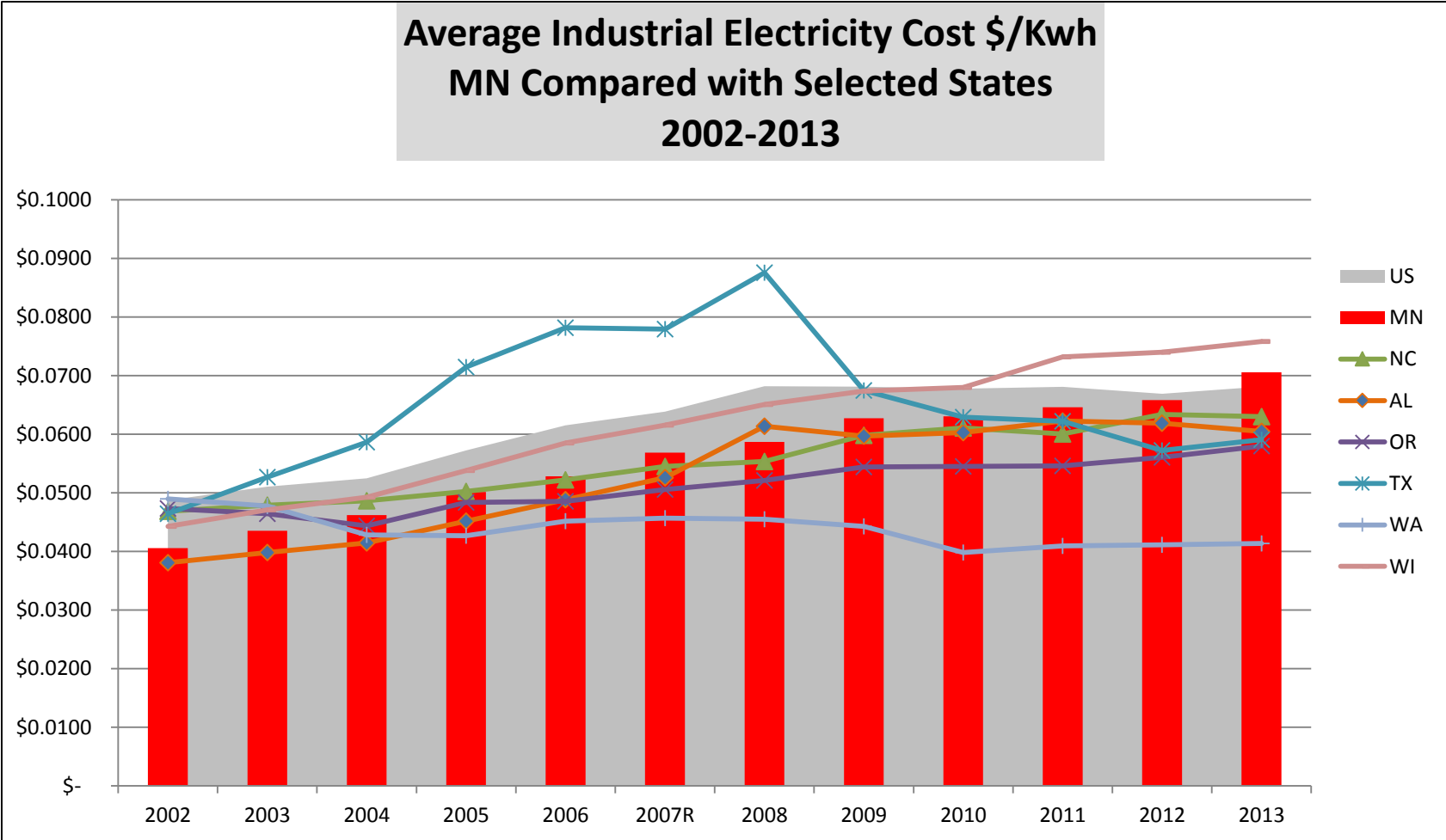
Challenges—Private Timber Supply

Minnesota Timber Volume SOLD by Ownership 1991-2013 Trend



Public timber supply is playing a larger role in the market place

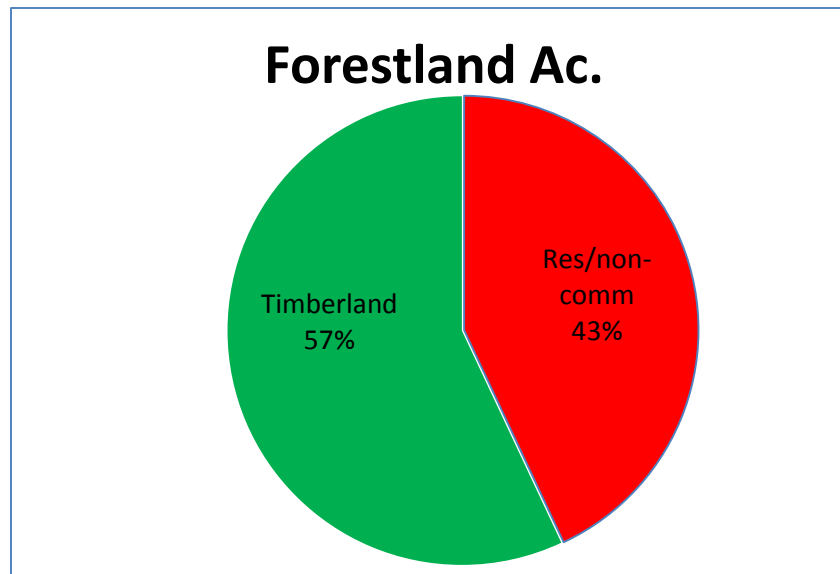
Challenges--Energy Prices



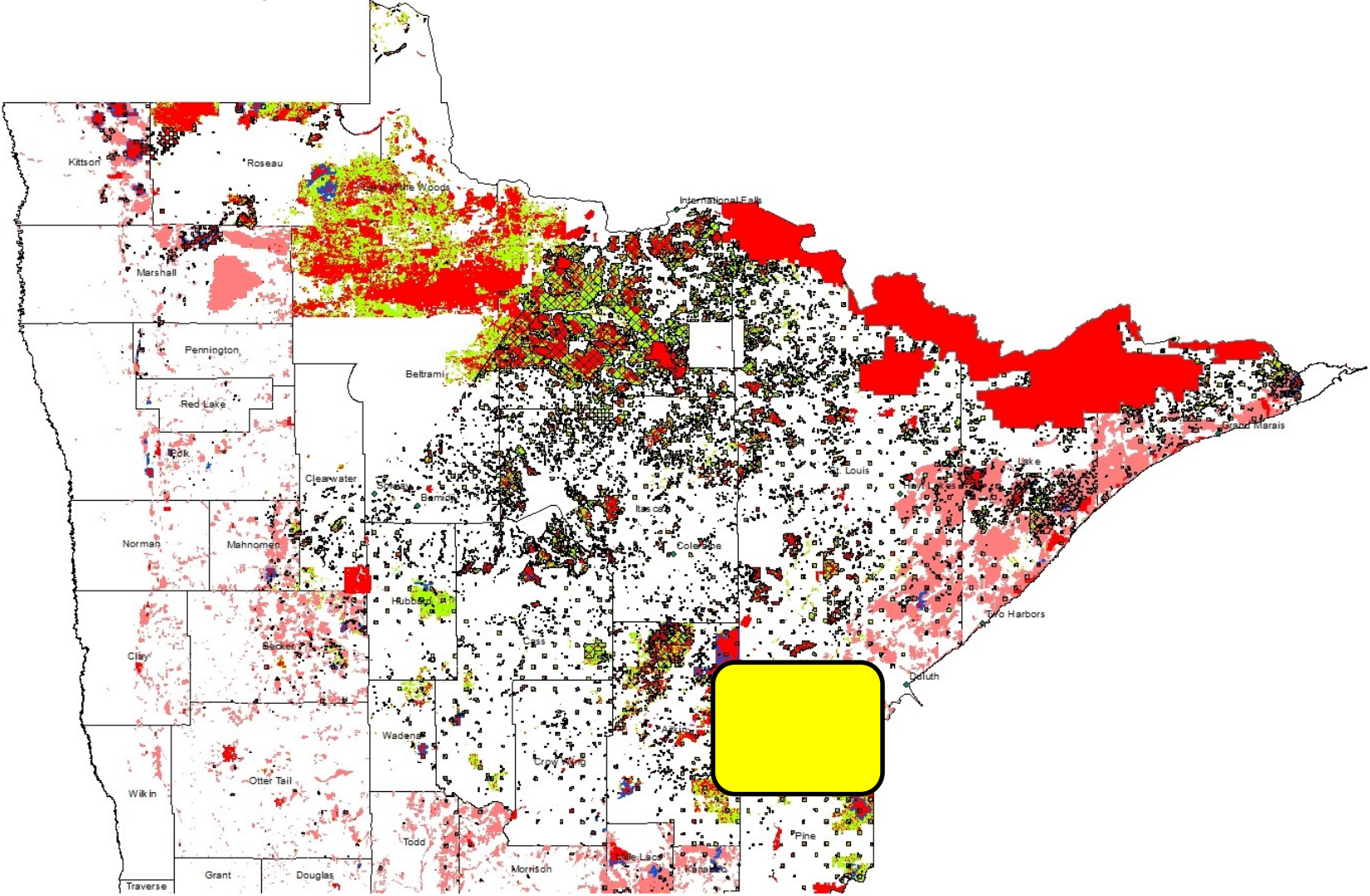
Continued Erosion of the Commercial Timberland Base is the **Greatest Threat** to the Long-term Availability of Timber from State Administered Lands.

MN-DNR Forest Land Ownership

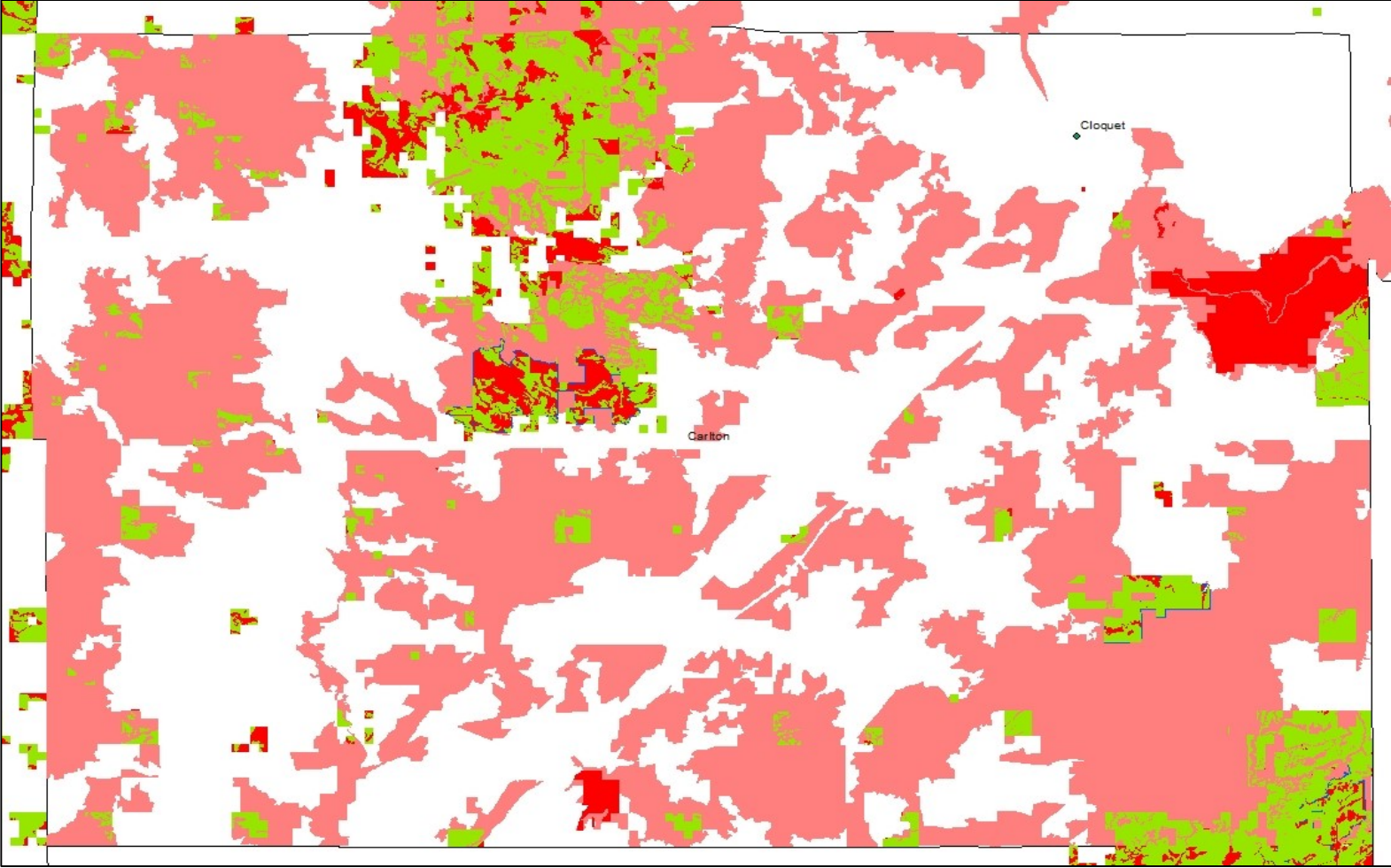
| Description | Acres | Percent |
|--------------------|-----------|---------|
| Forest land | 4,827,906 | 100% |
| Reserved/non-comm | 2,076,936 | 43% |
| Timberland | 2,750,970 | |
| School Trust Lands | 2,394,215 | 50% |
| ST Timberlands | 1,492,032 | |



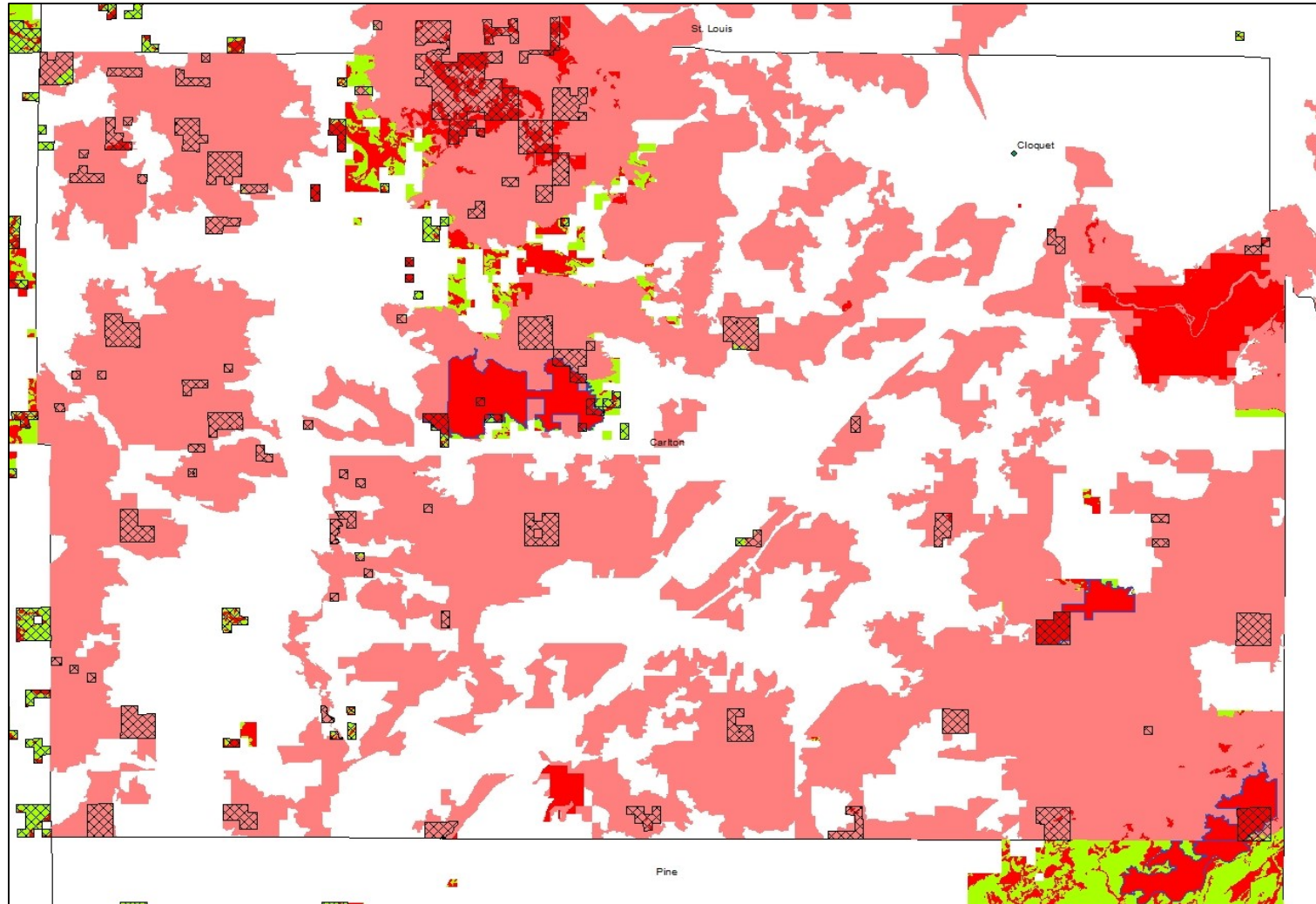
MN-DNR Forest Land Ownership (Timber and non-timber, parks, other reserved areas, Biodiversity Areas, proposed HCVF, School Trust)



MN-DNR Forest Land Ownership (Timber and non-timber, parks, other reserved areas, Biodiversity Areas, proposed HCVF, School Trust)

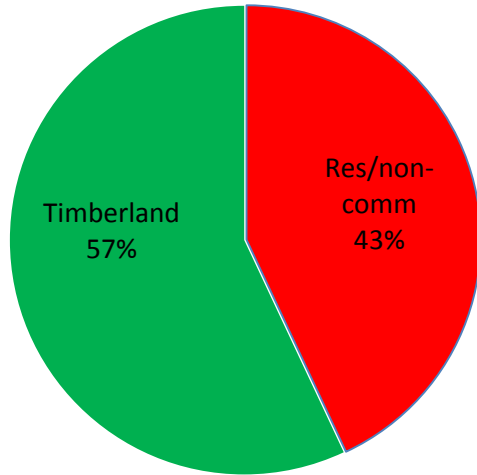


MN-DNR Forest Land Ownership (Timber and non-timber, parks, other reserved areas, Biodiversity Areas, proposed HCVF, School Trust)

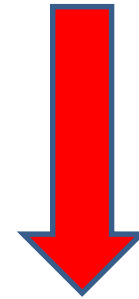


MN-DNR Forest Land Ownership – Timberlands with Special Designations

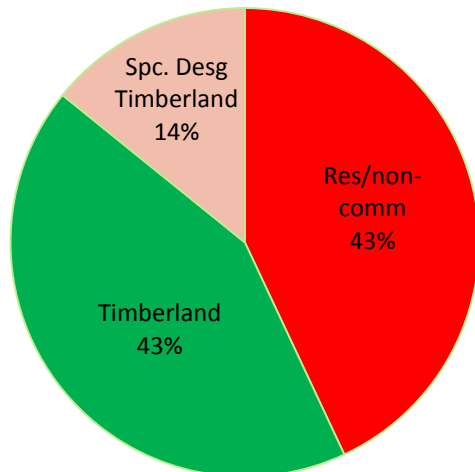
Forestland Ac.



57%

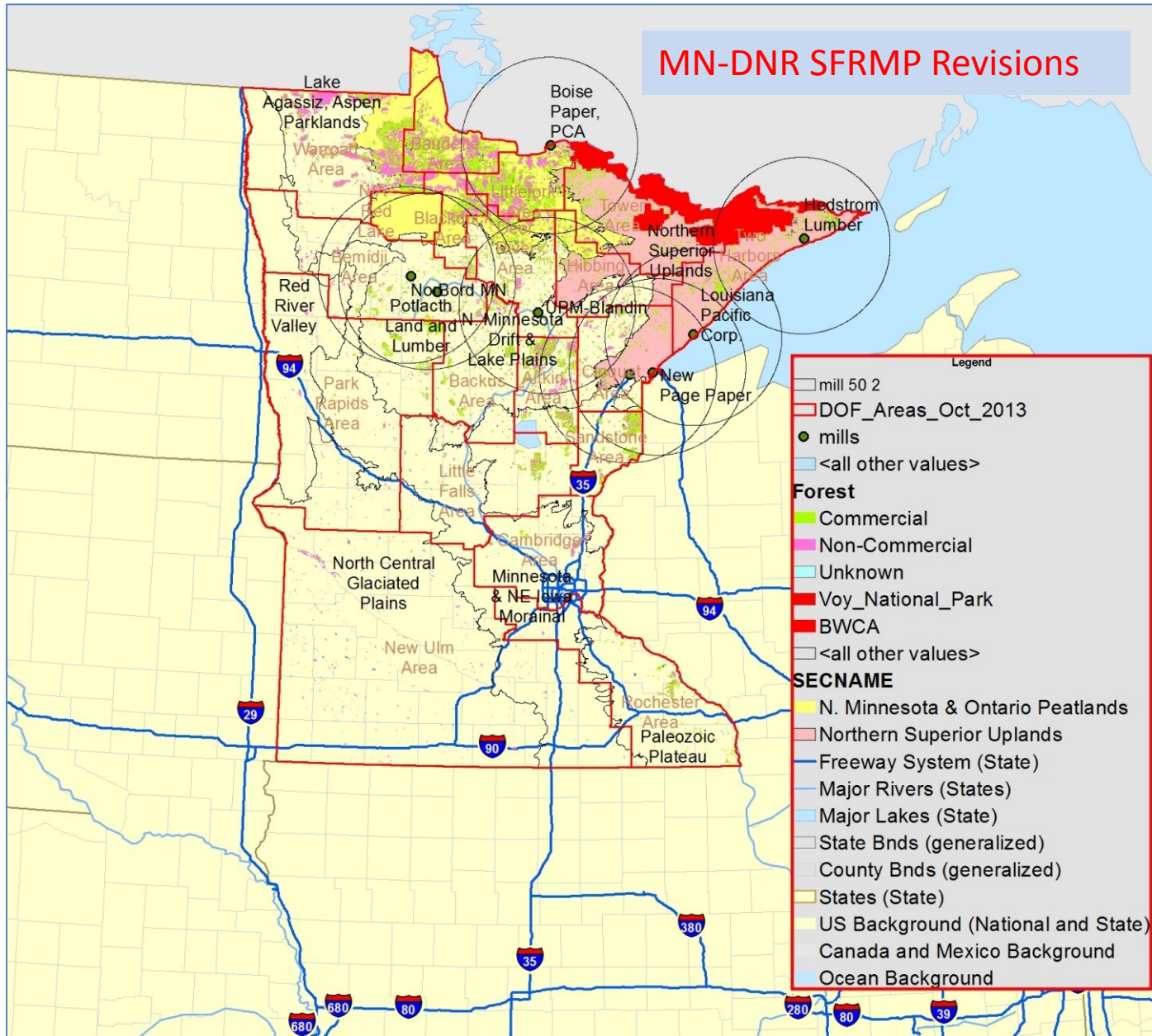


Forestland Ac.



43%

MN-DNR SFRMP Revisions



The Biggest Challenge

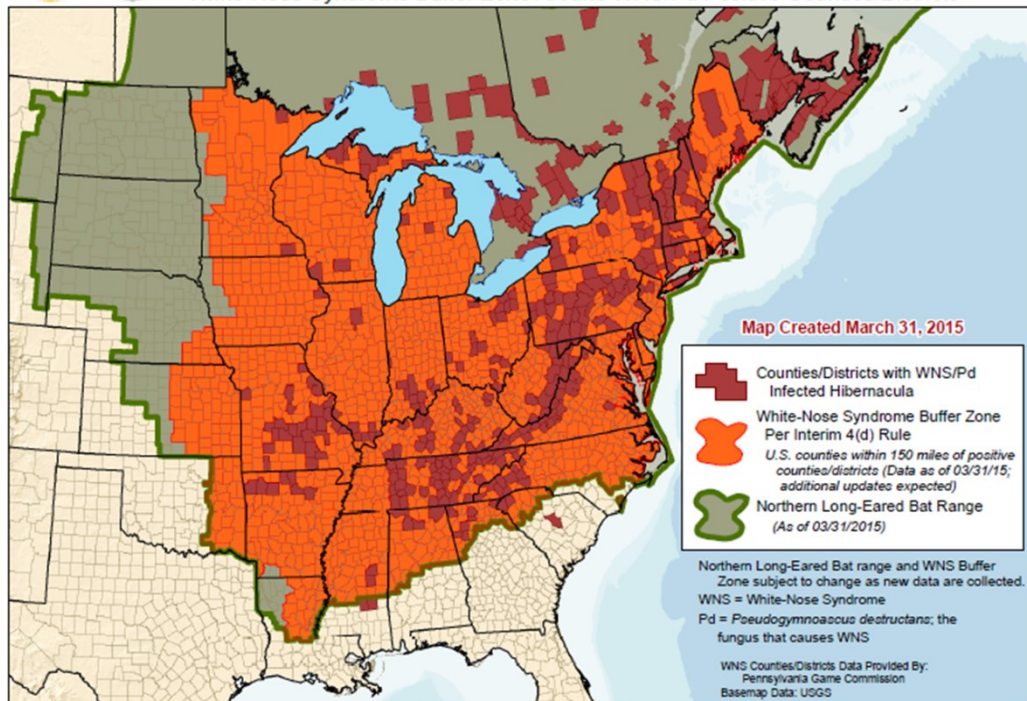


Photo by New York
Department of Environmental
Conservation; Al Hicks

General Habitat Use

- NLEBs use forest and other land cover types
 - Deciduous forest
 - Mixed coniferous-deciduous forest
 - Pine forest mosaics containing deciduous stands
 - Mixed agriculture-forest



WNS is currently the predominant threat to the species, and if WNS had not emerged or was not affecting the northern long-eared bat populations to the level that it has, [they] presume the species would not be experiencing the dramatic declines that it has since WNS emerged (78 FR 61058)

What is the Real Problem?



Photo by U.S. Geological Survey

What is the Real Problem?



Photo by U.S. Geological Survey

Northern Long-eared Bat

- **Forest Habitat for the NLEB is not a Limiting Factor for Species Survival**



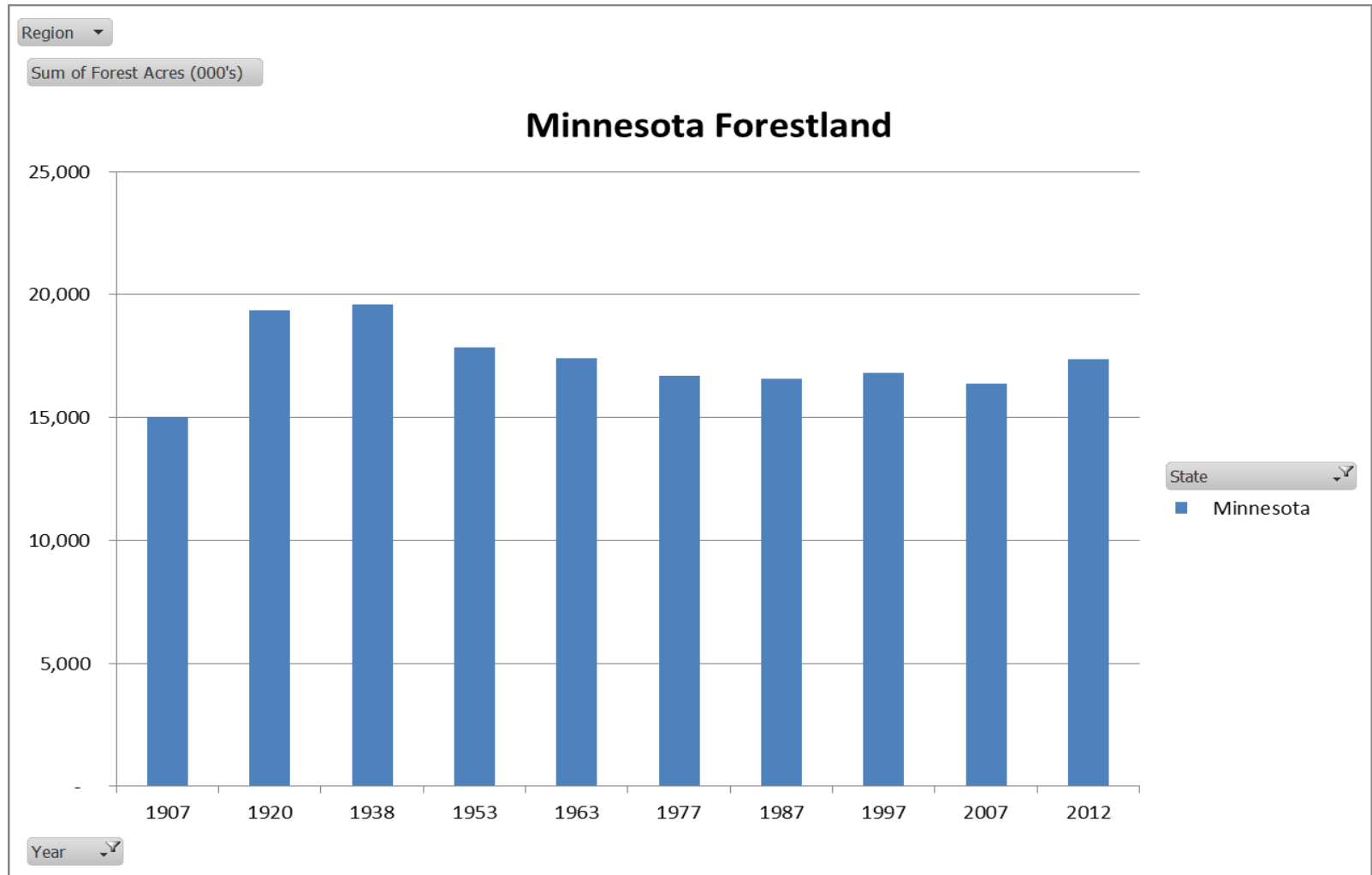
Photos by A. Silvis



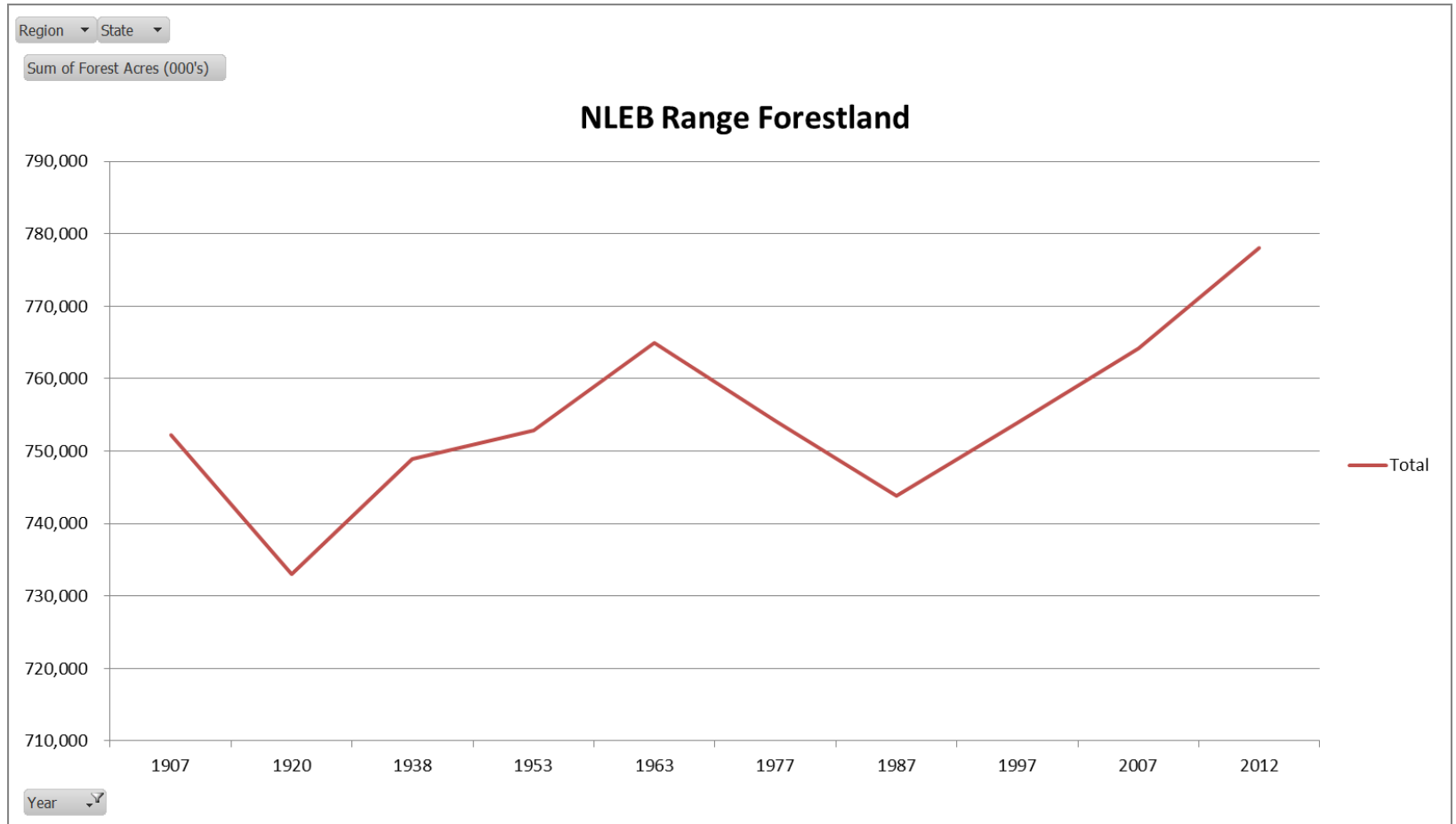
Cavities used by NLEBs as maternity roosts include

- Knotholes in branches/trunks
- Trunk hollows
- Basal hollows

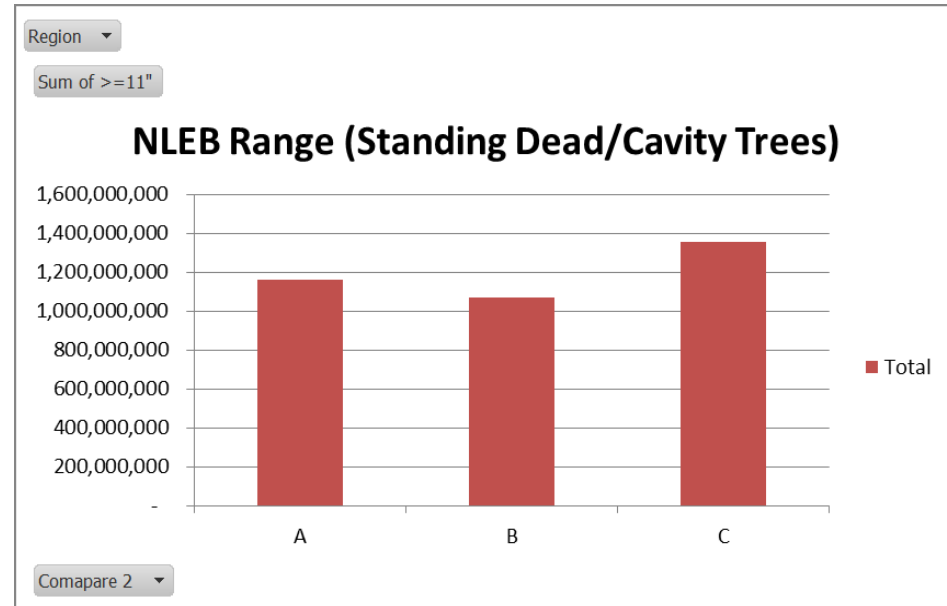
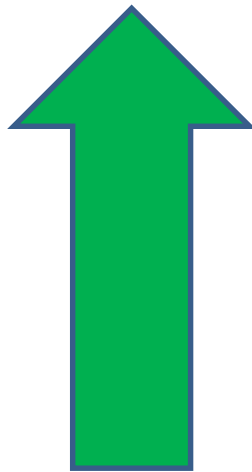
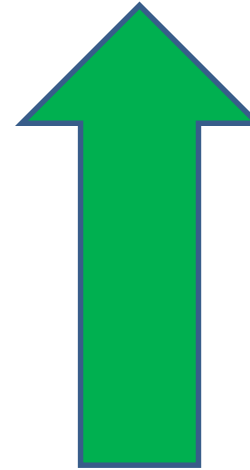
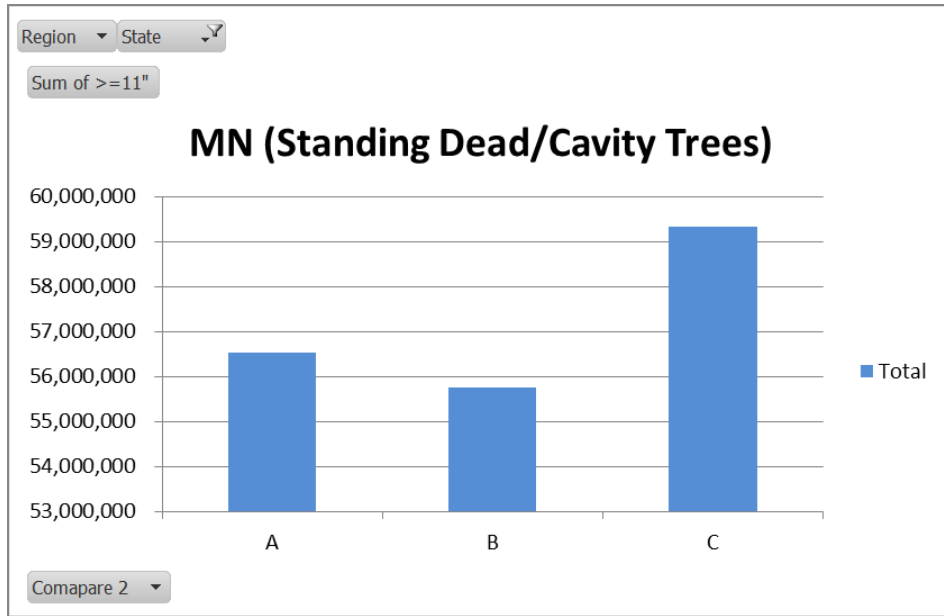
Northern Long-eared Bat



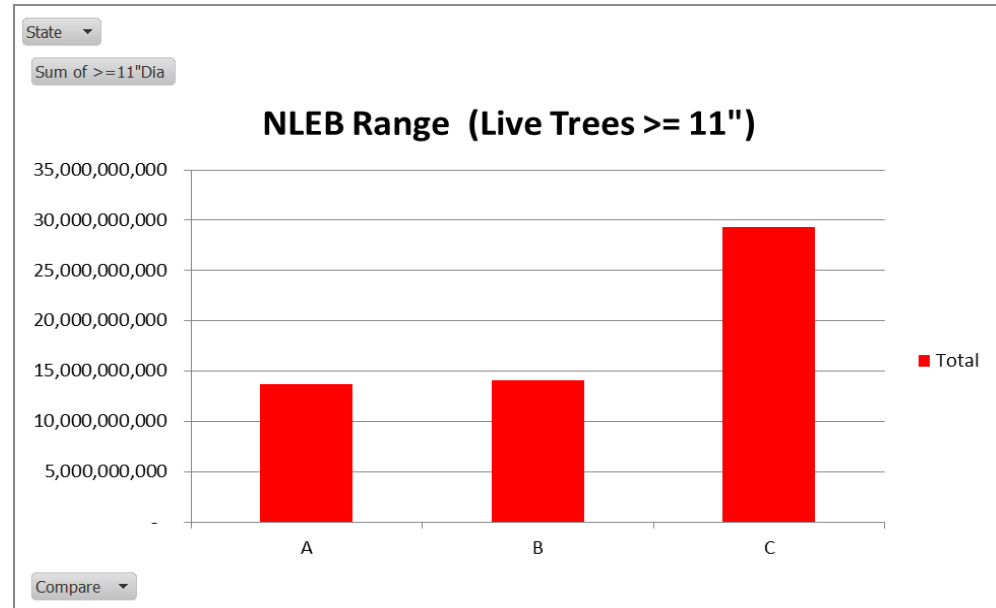
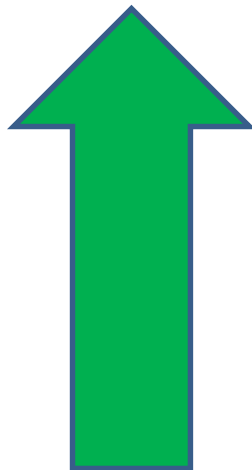
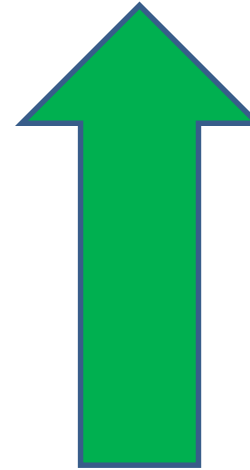
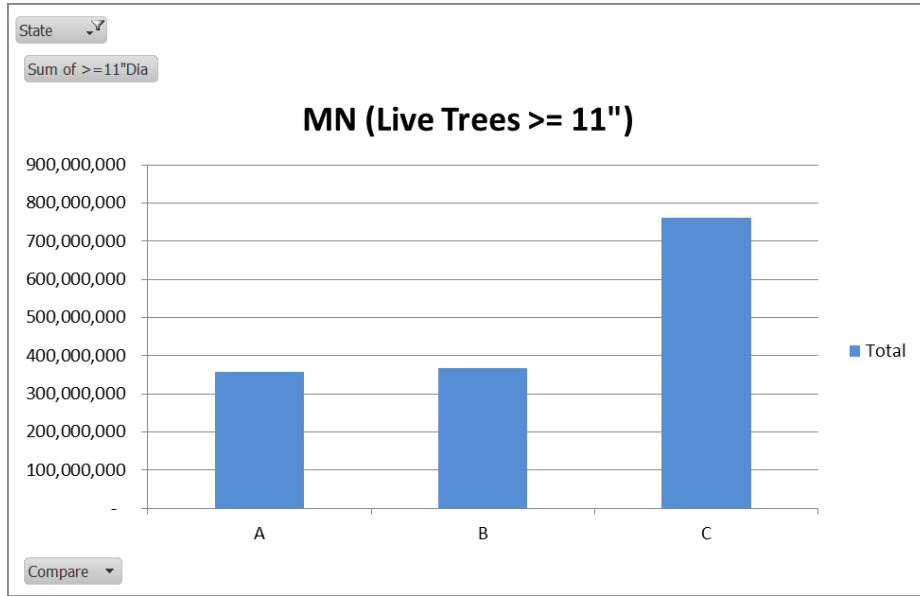
Northern Long-eared Bat



Northern Long-eared Bat

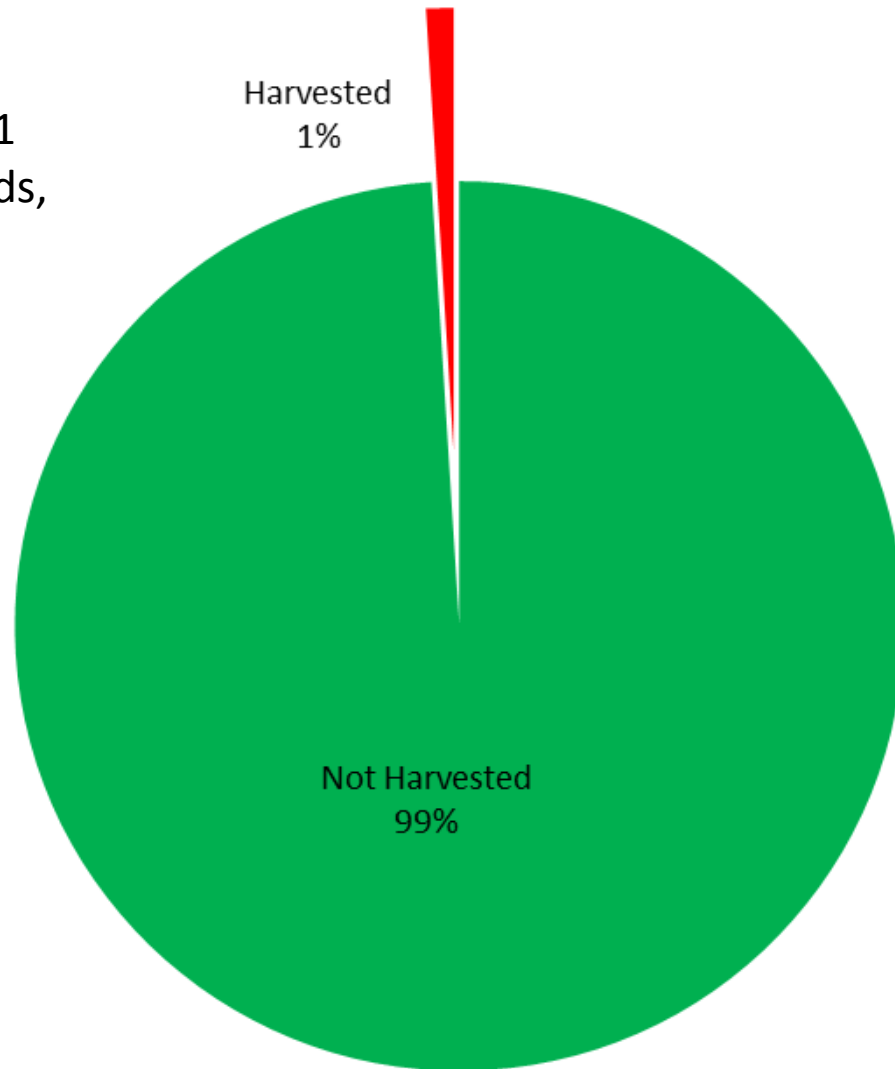


Northern Long-eared Bat

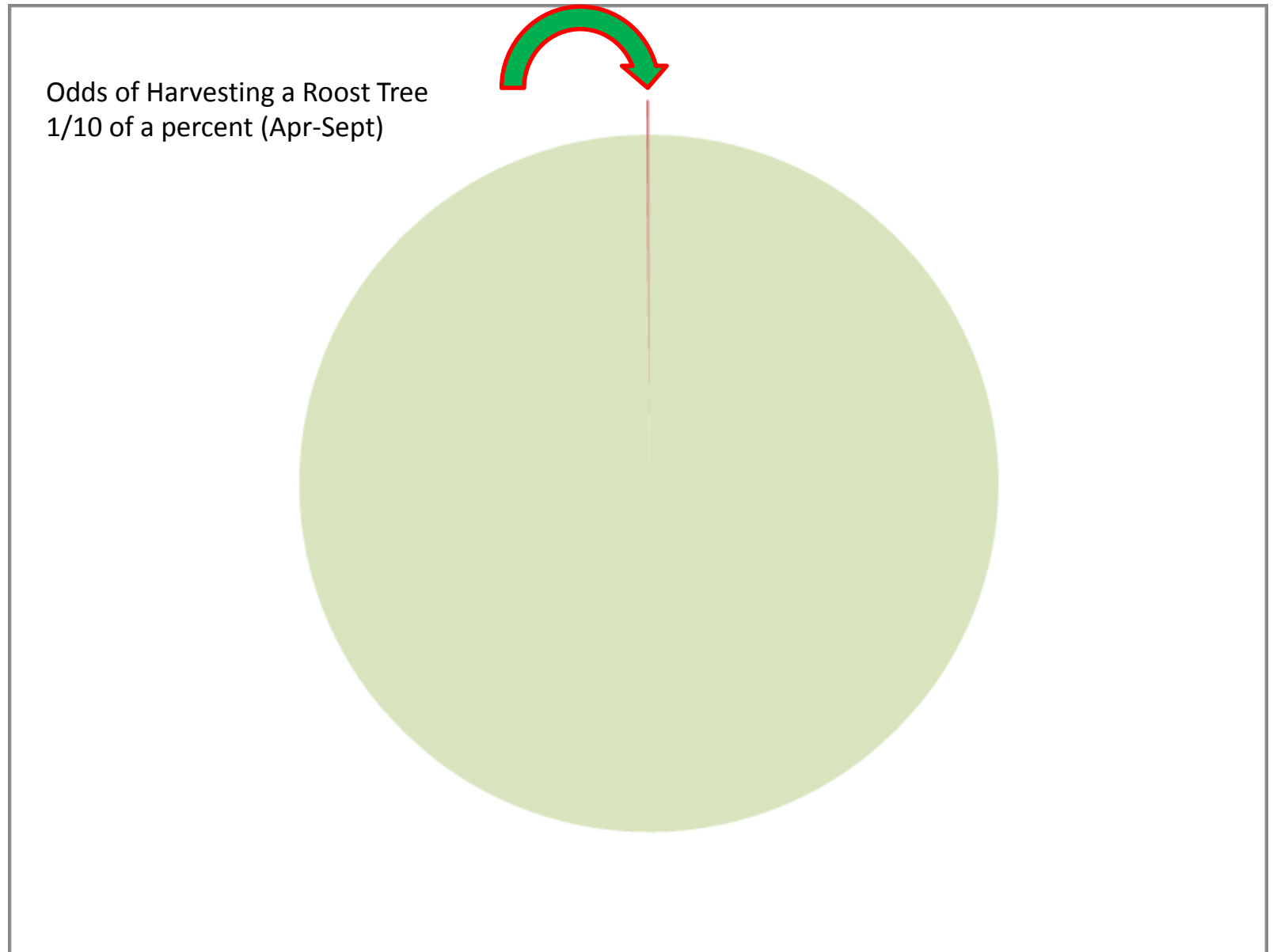


Northern Long-eared Bat

MN harvests less than 1 percent of its forestlands, annually.



Northern Long-eared Bat



Northern Long-eared Bat

- The northern long-eared bat was recently federally listed as a threatened species
- In much of the East, “incidental take” attributable to forest management allowed only if certain conservation measures are used
 - No forestry near known, occupied hibernacula
 - No cutting or destruction of known, occupied roost trees during June-July
 - No even-aged forestry near known, occupied roost trees during June-July

Roost Trees?

- Definition of a roost tree
 - “Known roost trees are defined as trees that northern long-eared bats have been documented as using during the active season (approximately April–October). Once documented, a tree will be considered to be a “**known maternity roost**” as long as the tree and surrounding habitat remain suitable for northern long-eared bat.” (80 FR 10824).

Intent is to protect known, occupied maternity roost trees

The Service concludes that, in addition to preservation of known **maternity** roosts, a 0.25-mile (0.4-km) buffer for all clearcutting activities will be sufficient to protect the habitat surrounding known maternity roosts during the pup season. **Clearcutting** and similar methods is summarized here as the cutting of most or essentially all trees from an area; however, specific definitions are provided within the Society of American Foresters' Dictionary of Forestry. This buffer will prevent the cutting of known occupied roost trees, reduce the cutting of secondary roosts used by maternity colonies during the pup season from clearcutting activities, and protect some habitat for some known maternity colonies at least to some degree. Further, because colonies occupy more than one maternity roost in a forest stand and individual bats frequently change roosts, in some cases a portion of a colony or social network is likely to be protected by multiple 0.25 mile (0.4 km) buffers. 80 FR 18025.

Why is this Important?

- Conversion to planted pine forest could be considered to result in “incidental take”
 - “The conversion of mature hardwood, or mixed, forest into intensively managed monoculture pine plantation stands, or non-forested landscape, is not exempted under this interim rule, as typically these types of monoculture pine plantations provide poor-quality bat habitat.” (80 FR 18024)

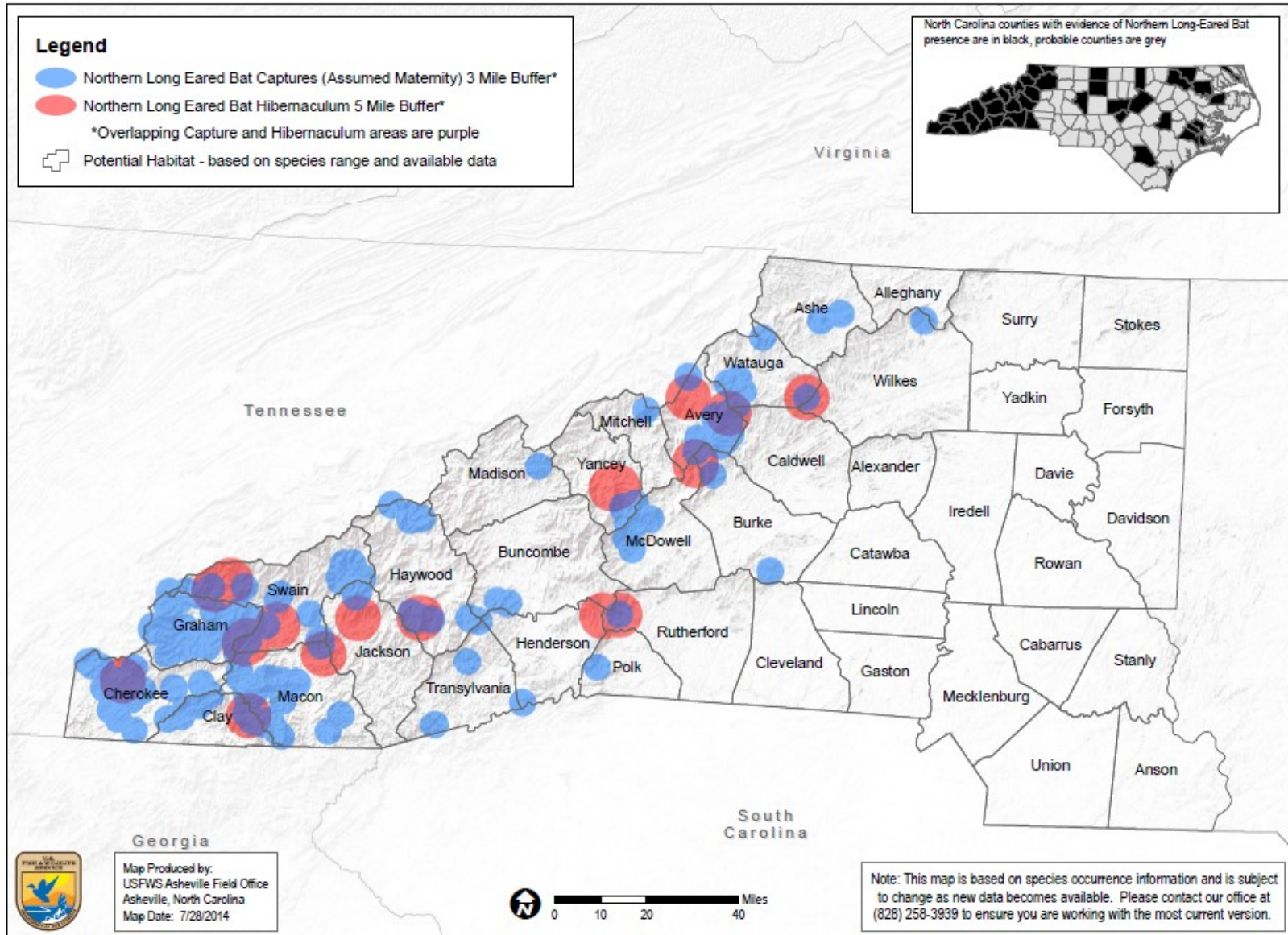
Important Issues

- There is no national database of “known, occupied” roost tree or hibernacula locations
- Ecological Services Field Offices will not release precise locations but some are producing maps of buffered locations or lists of occupied jurisdictions
- Field Offices anticipate working with parties on a project by project basis
 - Parties with “projects” within buffer zones will be expected to communicate with the Service

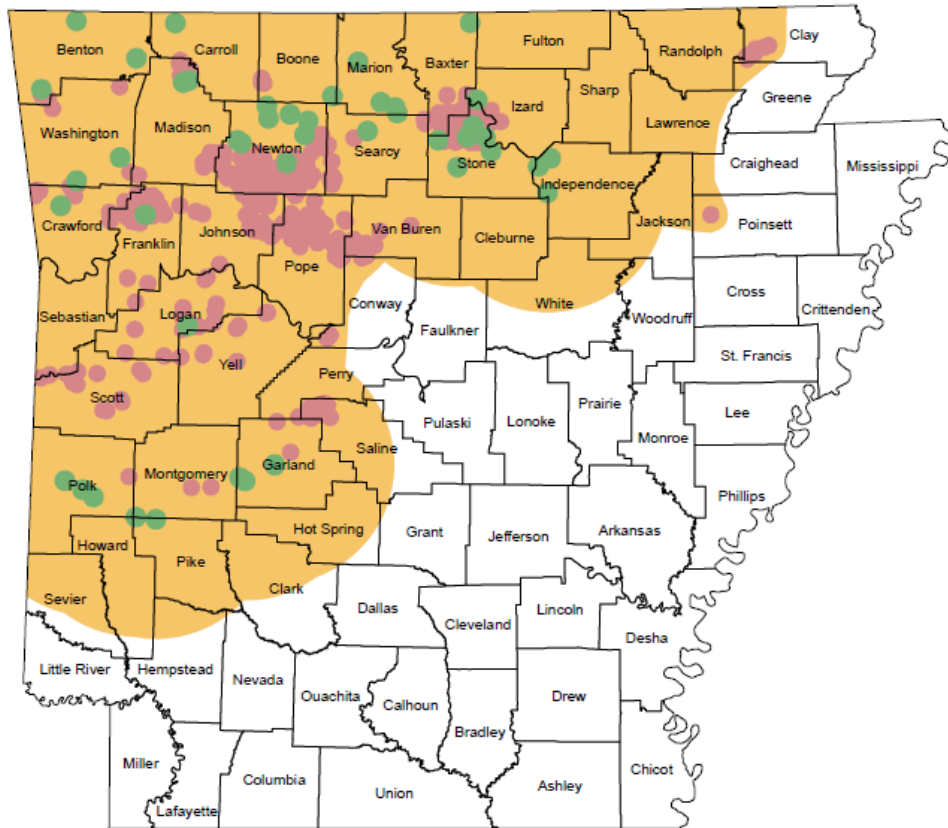
Important Issues




- Field Offices across the country are making recommendations that exceed interim 4(d) rule
- Michigan
 - Field office recommending harvest from October-March
- Arkansas and North Carolina
 - Maps with buffers exceeding $\frac{1}{4}$ mile.
 - Requiring consultation

Important Issues



Northern Long-eared Bat



-  NLEB Hibernaculum (3mi Buffer)
-  NLEB Catch Records (2 1/2mi Buffer)
-  NLEB Consultation Area

If a project requiring tree removal occurs inside the CA, but outside of an individual buffer, from October 15 – April 1 (winter classification for locations outside of known hibernaculum individual buffer) (4), [consultation is required](#).

If a project requiring tree removal occurs within a three mile buffer of known hibernaculum from March 15 – November 30 (summer classification for locations inside of known hibernaculum buffer) and suitable habitat is present, [consultation is required](#)

Where are we

- Interim Rule Comment Period Closes July 2, 2015
 - Forestry practices exempt from take prohibitions of ESA
- Legal Challenge by Center for Biological Diversity
 - Process Challenge, NEPA
 - Likely file for stay or injunction of 4(d) rule
 - If granted forestry practices would not be exempt with conservation measures of interim 4(d) rule.
 - Original guidance no harvest from April-September

Concluding Thoughts

- This listing will complicate management operations throughout the eastern U.S.
- Other bat species are affected by white-nose syndrome and additional listings could occur
 - Tri-colored bat, *Perimyotis subflavus*
 - Little brown bat, *Myotis lucifugus*
- Habitat is not a limiting factor for any of them
- Yet, concern about potential impacts to individual bats is driving regulatory decisions

Investments

- Hedstrom Lumber
- Louisiana Pacific
- Potlatch
- Verso (New Page)
- NorBord
- Sappi
- Boise/PCA

Questions

