



Primary Wood Products Export Volumes Decline

Environmental policy changes and fluctuations in world economic markets have impacted quantities of primary wood products exported from the Pacific Northwest (PNW). While export volumes have decreased substantially, gross revenue derived from this market has declined only moderately.

While revenue from primary wood product exports has declined much less than export volumes, the PNW share of the U.S. export market has been hard hit by the impacts of environmental policies that reduce regional timber harvests.

Softwood logs experienced a 56 percent export volume decline, and a 21 percent loss in the total U.S. log export market since 1989. Export of plywood, the Northwest's third leading wood export, has been similarly impacted. Plywood export volumes have fallen 51 percent while the share of the U.S. market declined 50 percent during the last six years. Even though the decline in log exports diverted logs from lumber production, lumber export values were still down 43 percent. The general reduction on U.S. lumber supply resulted in a greater share of exports from Canada and little change in the PNW's U.S. export share. While product volumes shipped from the Seattle and Columbia-Snake River Customs districts have declined dramatically, revenue from the leading forest product exports has declined less significantly. Since 1989, total revenue from softwood logs declined 12 percent, and revenue from lumber declined 11 percent, indicating that prices increased in response to a decrease in raw material supply. These price increases may eventually give way to increased competition from other global suppliers and substitute materials.

Hardwood lumber export revenue and volumes exported from PNW ports have experienced consistent growth since about 1990. However, many of these hardwood products merely pass through PNW ports, originating in the Midwestern and Eastern United States. Revenue from lumber, the leading hardwood

product, grew 96 percent since 1989, and volume exported increased 17 percent. Logs, the second leading hardwood export, had a 43 percent increase in export revenues and a 28 percent volume decrease. A total of \$145 million in hardwood lumber was shipped through PNW ports during 1995. Japan received 47 percent of the hardwood lumber shipped. The remaining product is widely dispersed. Notable countries receiving lumber are Korea (15%), Canada (9%) and Taiwan (7%). Japan remains the leading importer of primary wood products with 78 percent of the wood products exported from the PNW in 1995. Canada and Korea trailed in import levels with 7 and 5 percent market shares, respectively.

PNW Leading Export Products Share of U.S. Market (in thousands)

	1989 Export Volume	1995 Export Volume	(1989-1995) % Volume Change	1995 % of U.S. Market	(1989- 1995) % Change in Share
Softwood logs (cbm)	16371.8	7269.6	-56	62.7	-21
Softwood lumber (cbm)	4783.2	2731.0	-43	61.8	2
Plywood (cbm)	306.2	151.5	-51	10.9	-50
Hardwood lumber (cbm)	231.3	272.4	18	10.9	-9
Hardwood logs (cbm)	192.2	139.2	-28	5.6	-72
Total	21884.6	10563.8	--	--	--
Average	4376.9	2112.8	-32	30.4	-30

Source: Dept. of Commerce



Destinations of U.S. & Pacific Northwest Primary Wood-Product Exports			
	Total U.S. Exports	Total Exports via Seattle and Columbia-Snake River Customs Districts	
Japan	\$3,046,546,088	Japan	\$2,285,172,9907
Canada	\$1,071,427,098	Canada	\$226,811,183
Germany	\$297,797,316	South Korea	\$158,027,411
South Korea	\$294,282,058	Australia	\$53,988,031
United Kingdom	\$209,244,854	Taiwan	\$34,9223,568
Italy	\$194,082,010	Italy	\$28,214,514
Mexico	\$193,075,952	Hong Kong	\$16,368,513

Source: U.S. Dept. of Commerce

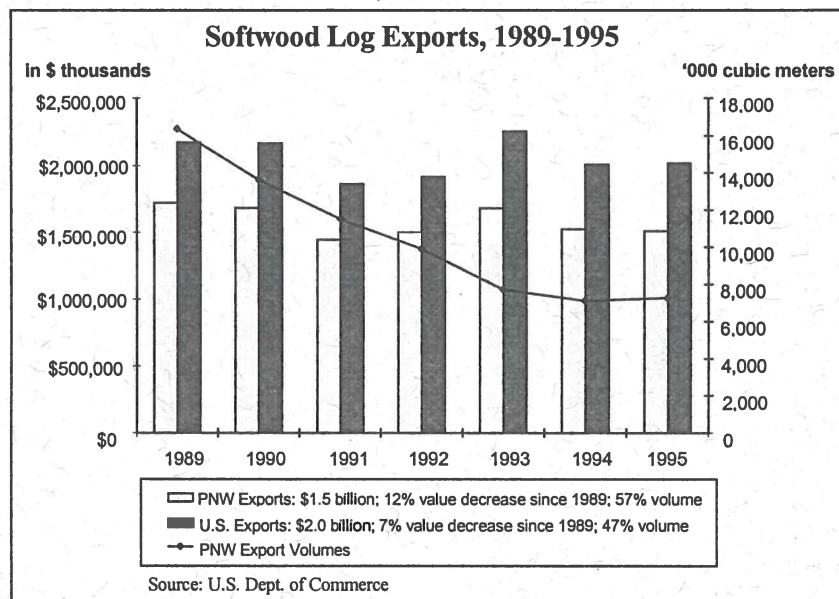
Policy Changes Impact Timber Harvest

Log export volumes from the PNW have declined as a result of economic recessions in Japan and Canada and policy changes that restricted log exports from State of Washington. Policies to protect endangered

species, such as the northern spotted owl, have also greatly reduced sales of federal timber. In 1990, the Forest Resources Conservation and Shortage Relief Act was passed, which banned export of logs grown on State of Washington Department of Natural Resources land. Timber harvest volume on federal and state lands dropped from 2.3 billion board feet in 1989 to 857 million board feet in 1995, representing a 63 percent decline. Logging on private lands was also impacted by policy changes and declined 24 percent during the same period.

Forest Industry Employment Impacted by Market Downturn

Employment rates in the forest industry have been significantly impacted as a result of lower harvest levels. Since 1989, employment rates for Washington workers in the lumber and wood products industry (excluding pulp and paper) have experienced a 16 percent decline, while Oregon had a 21 percent decline. The disparity between the large decline in log harvest and moderate decline in logging industry



employment indicate that processing mills are operating considerably below total industry capacity. In other words, relative to the amount of raw product PNW mills receive, the output of wages and operating costs is inefficient. While these mills may be able to absorb this decline in volume temporarily, in the long term, production will have to scale back, and employment will decline further. Early indication of the impacts of reduced harvest has been evident in the number of mill closures. Since 1989, 53 lumber mills, and two pulp mills closed in Washington, resulting in layoffs for 3,285 workers. During the same time period, 111 mills in Oregon closed, resulting in layoffs for 11,600 workers.

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