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Embargoes On and Off: Some Effects of Ending the Export Ban on Federal Logs and Halting Exports of State-Owned Logs

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Abstract

Congress is considering two legislative changes affecting softwood log exports from the West. One would drop the ban on exports from Federal lands. The other would permit States to embargo exports of logs from State-owned lands.

Lifting the ban on federal log exports would increase exports about ten percent, or about 430 million board feet (bd. Ft.) annually. High-grade (old growth) shipments would increase about 630 million bd. Ft., while lower-graded log exports would decline about 200 million bd. ft.

Halting exports from State-owned lands would suppress log exports about ten percent. High-grade log exports would decline to a rate of about 400 million bd. ft. per year, with little change in lower-grade shipments.

Upper-grade log prices would change significantly under either proposal. Under the first plan, export prices of high-grade logs would drop about \$100 per thousand bd. ft. (Mbf), with domestic logs in these grades rising about \$100 per Mbf within the region. Price effects on lower grades would be negligible. If exports of State logs were halted, export prices of high-grade logs would rise about \$150 per Mbf; domestic log prices in the same grades would decrease by about \$50 per Mbf, and lower-grade log prices would be largely unaffected.

Direct employment in the timber industry would decline by about 375 persons under the federal-log plan; it would increase by about 700 positions with the State-log proposal.

Some economic effects would take years to be felt fully. Either policy might induce early speculative demand that would fade. Changes in mill capacity would occur to meet declining (federal-log policy) or rising (State-log plan) demand for high-grade lumber and veneer. In addition, either plan would change product lines and, perhaps, marketing channels.

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