

Current State of the Forest Industry in Michigan

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Preliminary Estimates

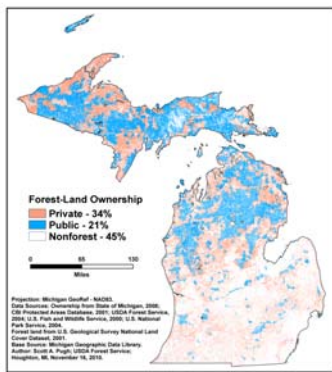
- Approximately...
 - 26,000 direct jobs
 - \$1.3 billion in employee compensation
 - \$8 billion in total output
- ~\$14 billion contribution to the state's economy

But, there is more to it than that...

Source: Leefers, IMPLAN-MIG, 2012

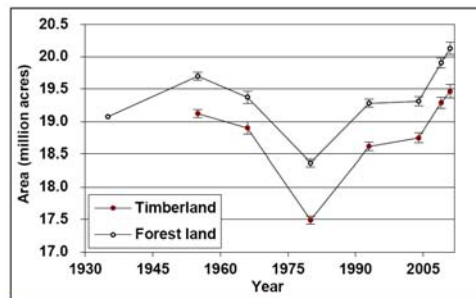


Distribution of Public and Private Forests



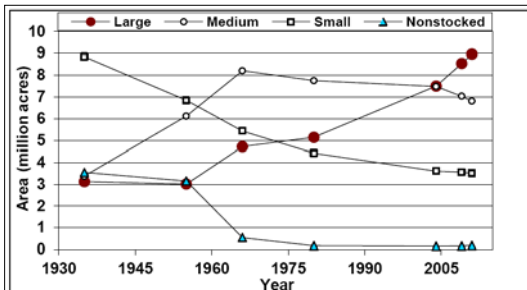
Pugh, 2010

Area of Timberland and Forest Land by Year



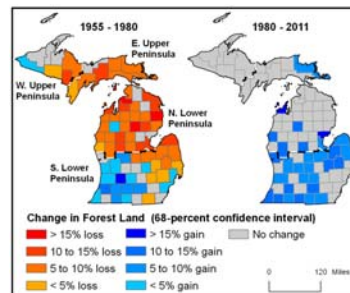
Pugh, 2012

Timberland Area by Stand-Size Class and Year



Pugh, 2012

Change in Forest Land as a Percentage of Total Land by County, 1955-2011



Pugh, 2012

Timberland Area by Region

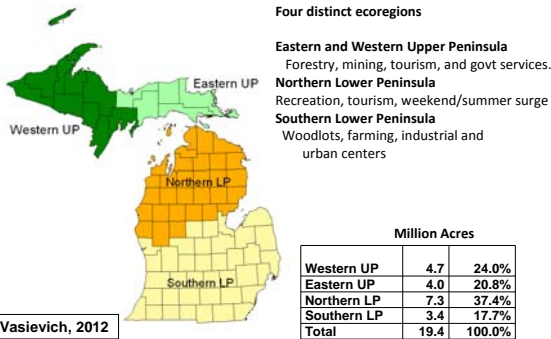
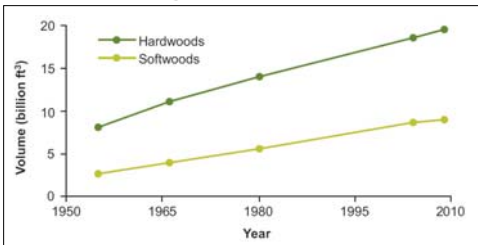


Figure 1.—Regional landscape ecosystem sections and FIA inventory units or regions, Michigan (see Map Descriptions and Acknowledgments in Statistics, Methods, and Quality Assurance).

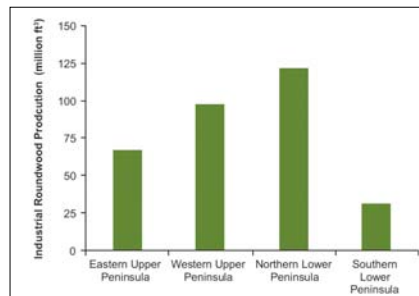
Pugh et al., 2012

Distribution of Growing-stock Volume on Timberland by Species Category and Year



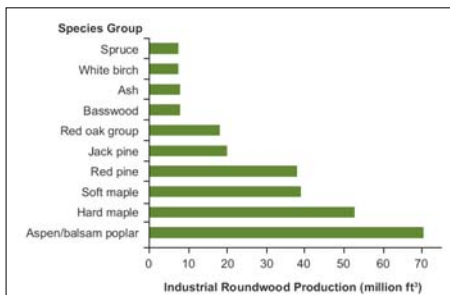
Pugh et al., 2012

Industrial Roundwood Production by Region, 2008



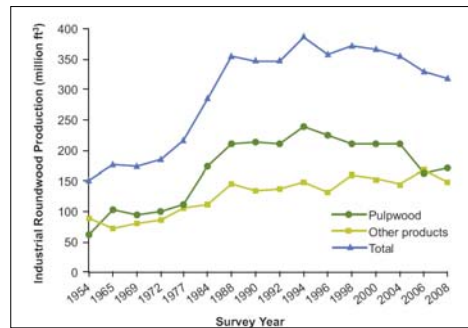
Pugh et al., 2012

Industrial Roundwood Production by Species Group, 2008



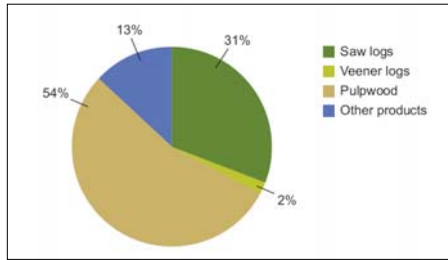
Pugh et al., 2012

Production of Industrial Roundwood by Product and Year



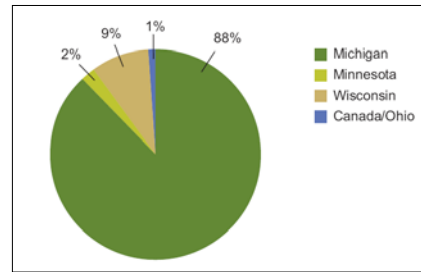
Pugh et al., 2012

Distribution of Industrial Roundwood by Product, 2008



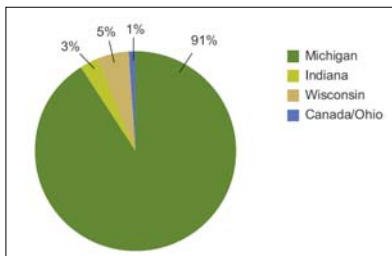
Pugh et al., 2012

Distribution of Pulpwood Production by Destination, 2008



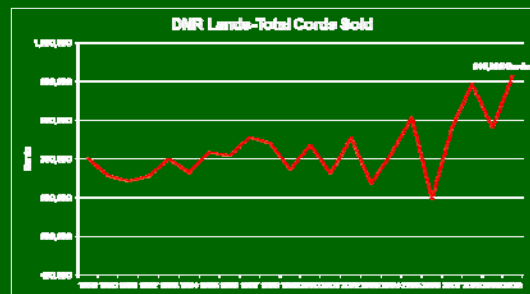
Pugh et al., 2012

Distribution of Saw-log Production by Destination, 2008



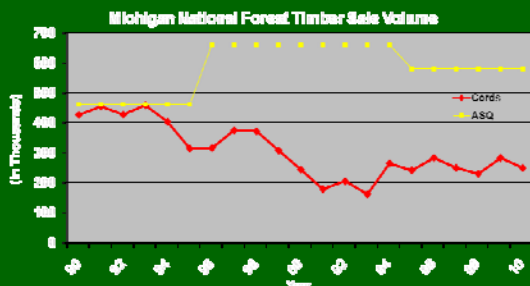
Pugh et al., 2012

State Timber Production



MFPC, 2011

Federal Timber Production



MFPC, 2011

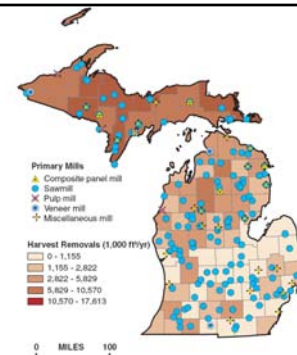
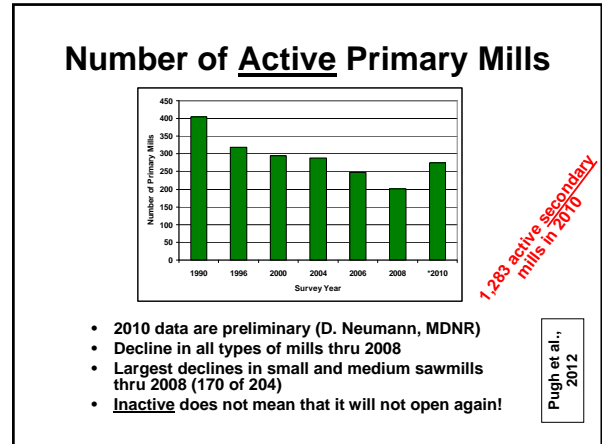
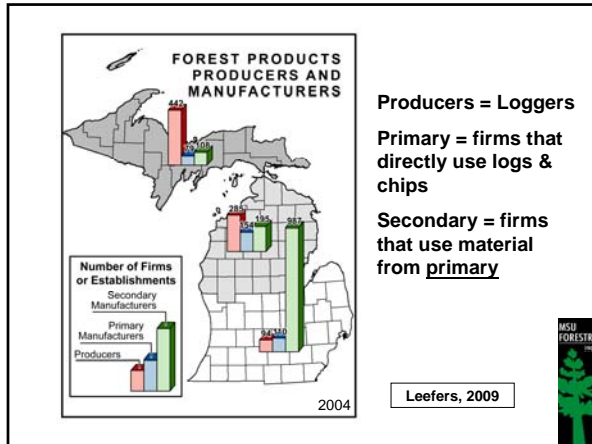


Figure 45.—Location and type of primary wood-using mills in Michigan (2008) overlaid on average annual harvest removals (2005-2009) from FIA plot data (see Map Descriptions and Acknowledgements in Statistics, Methods, and Quality Assurance).

Pugh et al., 2012

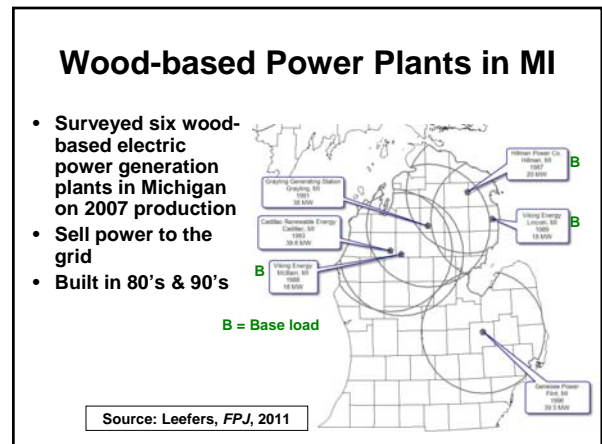
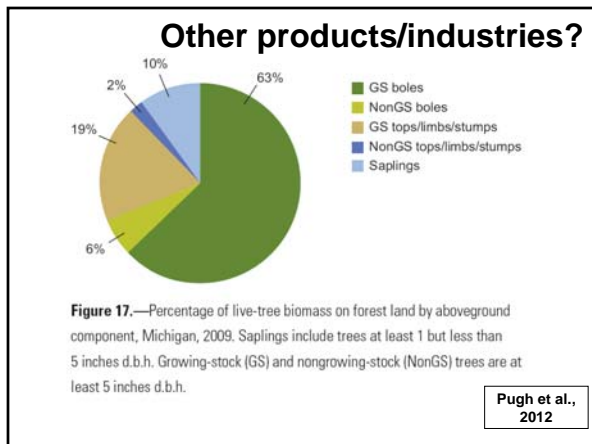


Payroll and Employment by Forest Products Employers, 2007

Industry Sector	Number of Establishments	Annual Payroll in \$1000s	Number of Employees
Forestry & logging & support activities	441	D	<2,499*
Wood products manufacturing	1,573	397,266	11,878
Paper manufacturing	238	615,831	12,948
Wood cabinets & furniture	270	148,652	4,428
Total	2,522	1,161,749	29,254

Potter-Witter, 2010

- Payroll and Employment by Forest Products Employers, Trends**
- Value of shipments down, but still significant
 - Number of establishments down considerably
 - Number of workers down, but still around 26,000
 - **But, industrial activity is starting to pick up...**





Preliminary Electric Power Results

- 133 direct jobs with \$10.6 million in employee compensation.
- 356 indirect jobs with \$11.3 million in employee compensation.
- 197 induced jobs with \$6.1 million in employee compensation.
- **TOTAL: 686 jobs and \$28.0 million in employee compensation.**

Wind = - 24 jobs

Leefers & Retzlaff,
2012

Context for Kinross Cellulosic Ethanol Facility

- ✓ Wood requirement = 500 thousand green tons/year or ~235,000 cords/year at full capacity
- ✓ Closed plants (G-P, Sappi, and Smurfit-Stone) used ~1.2 million cords/year
- ✓ Statewide pulpwood production in 2007 was ~1.1 mil. cords/year less than in 1997
- ✓ Net annual growth in excess of removals is 3.1 million green tons in region
~1.6 million cords;
~845,000 hardwood cords/year

Context for Kinross Facility

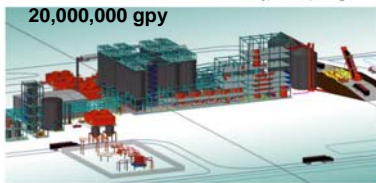
- ✓ Investment – 21st Century Jobs Fund (MEDC): \$20 mil.
- ✓ Investment – USDOE: \$26 mil. (Mascoma)
- ✓ Investment – PRIVATE: Valero Energy Corp. ...providing the bulk of the funds \$232 million facility (12/9/11 news release)
- ✓ COEE researchers @ MTU/MSU = 36

Demonstration Plant, Rome, New York



200,000 gpy

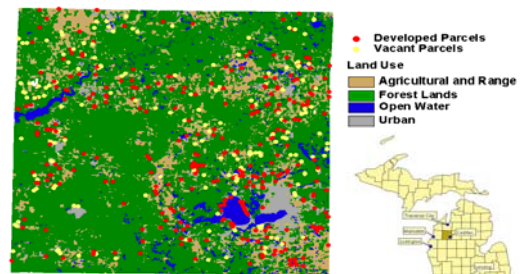
First Planned Commercial Scale Hardwood CBP Facility, Kinross, Michigan



20,000,000 gpy

100X

Forests & Trees Also Affect Property Values...and Much More!



White & Leefers, 2007

Michigan forests:

- Are diverse and growing
- Are expanding in area
- Are high quality – especially hardwoods
- Removals can't keep up with growth
- New opportunities exist

Forest industry will rebound with the economy



Acknowledgements

- Scott Pugh
- Mike Vasievich
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