

## AHUG

*Serving the 14 counties of Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Potter, Venango and Warren.*

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Term ending 2023	Term ending 2024
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### Agency Positions

Penn State Ext.: Scott Weikert  
NWPRPDC:  
NCPRPDC: Christine Perneski  
Hardwood Development Council: Wayne Bender  
ANF: Andrea Hille

## UPCOMING EVENTS

For any of the upcoming events, please call the AHUG office for more information or e-mail at [ashields@ahug.com](mailto:ashields@ahug.com)

**November 12, 13, 2020**—We Conserve PA - Virtual Western PA Land Conservation Summit, [https://conserveand.org/wpa\\_summit/](https://conserveand.org/wpa_summit/)

**November 13, 2020**—Last day to submit comments on State Forest Action Plan to DCNR

**November 24, 2020**—Penn State Univ. Webinar “An Introduction to Forests, Carbon Sequestration and Markets” (presented by The Nature Conservancy and American Forest Foundation)

**December 9, 2020**—AHUG Board Meeting

**January 9-16, 2020**—106th PA Farm Show—Virtual, Harrisburg, PA

**February 26-28, 2020**—18th Annual Spring Eastern PA Home Show, Allenton, PA



Allegheny Hardwood Utilization Group, Inc.

Fall 2020

### LEGISLATIVE FOREST TOUR

The Allegheny Forest Health Collaborative, co-chaired by AHUG, hosted a forest tour on September 8, 2020. Sixteen individuals participated in the tour, including federal and state legislators, leadership from the ANF, PA Game Commission and the PA Departments of Agriculture and Conservation/Natural Resources, regional economic development and Penn State Extension. An additional slate of 30 volunteers and participants from industry and various public agencies provided presentations at the 4 field stops and attended the afternoon luncheon.

The focus of the day was to highlight the urgency of forest health threats that are impacting woodland ecosystems across all boundaries on the Allegheny Plateau, to showcase successful efforts to date in addressing these challenges, and to outline existing opportunities for continued cooperation among the Collaborative partners. Field stops addressed issues such as invasive plant species, forest regeneration, efforts to increase low grade utilization, and overall forest health and sustainability.

The event provided an opportunity for legislators and agency leaders to interact with forestry professionals and to witness the issues and complexities of forest management on the Allegheny Plateau. The event also demonstrated the group's ongoing commitment to addressing these issues in a collaborative fashion. COVID-19 preventative measures were followed by all the attendees.



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### AHUG/SFI HOST RED CROSS FIRST AID/CPR CLASSES

The PA Sustainable Forestry Initiative (PA SFI) along with AHUG hosted five First Aid/CPR Red Cross classes as part of the fall training schedule. Following CDC guidelines for COVID-19, class sizes were limited to 6, with a total of 24 individuals receiving certification. AHUG was able to offer these classes half price, and would like to thank the Emlenton Civic Club and the John-sonburg Fire-hall for their hospitality.



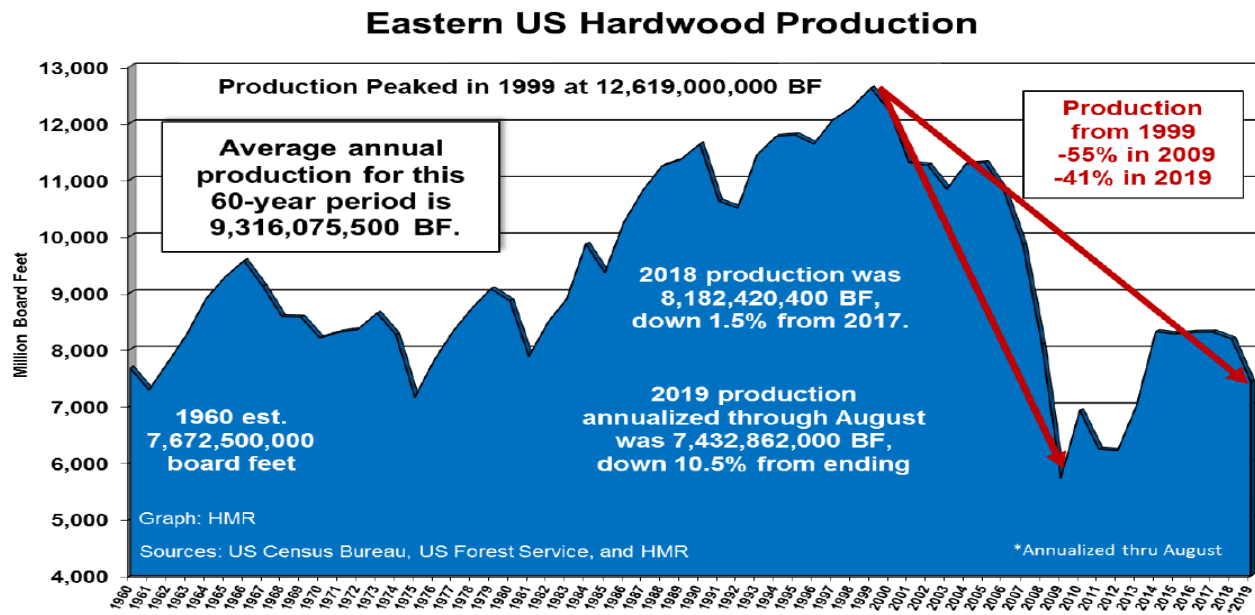
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Allegheny Hardwood Utilization Group



Hardwood production in the United States peaked in 1999. Since then its growth and decline has been a rollercoaster. It is well documented that the ups and downs of American lumber production prior to 1999 followed the cycles of the US housing markets. When new homes are being built, it increases demand and value of the hardwood for mouldings, flooring, cabinetry and furniture.

The decline after 1999 was due to the furniture industry fleeing the US for cheaper labor and lower production costs in China and other Pacific Rim nations. The housing bubble and economic collapse of 2008 had a significant impact just as the forest products industry was rebounding and developing new exports markets for their lumber. A 2008 Hardwoods Development Council-funded study by Penn State revealed that the direct economic impact of Pennsylvania’s forest products industry was \$19 billion. From 2001-2010, the council assisted over 100 PA companies on their first international trade mission or in-bound trade missions. These opportunities to meet potential buyers were extremely beneficial for small and medium-sized family businesses across PA and helped them find new customers for their lumber and hardwood products.

Following the Great Recession of 2008, the forest products industry rebounded modestly, but this recovery was completely due to the increased demand of exports. In 2009, 20% of American grade lumber was exported, but by 2015 that had increased to 41% and by 2017 nearly 50% was exported. By then, one out of four boards were exported to China, which was by far the world’s largest buyer of hardwood, purchasing more than the entire European Union.

The growth in China’s hardwood market was initially due to large furniture manufacturers moving from the United States and Europe to China in search of lower wages and lower production cost. But following the Great Recession, the volumes of hardwood increased suddenly due to the demand of the emerging middle class in China who loved American hardwood, especially red oak—a species that had fallen out of favor in the United States. China’s market grew so fast that by March of 2018 they were on a record pace, having already purchased nearly 250,000 cubic meters of American hardwood, or approximately 6,200 forty-foot containers. Some PA hardwood exporters were exporting 50-90% of their grade lumber production to China. But then the US China trade wars began.

Declines in the US market first occurred during the threats of tariffs on hardwoods in 2019. Tariffs of 5%, 20% and 25% were placed on various species in April 2019, and further cuts occurred. By the end of 2019, lumber exports were down 40% from the high in 2017, or \$765 million in value and 514 million board feet in volume. Unlike other agricultural commodities for which farmers received relief for lost income due to the trade war, no assistance was given directly to the forest products industry. However, on February 28, 2020, the tariffs were removed as part of the Phase One Economic and Trade Agreement between the US and China. Shortly thereafter, sales to China began to climb despite COVID-19 impacting both nations.

#### SUMMARY

The forest products industry is facing several issues as it moves forward:

- \* Continued access to the timber resource
- \* Perceived higher cost of hardwood products
- \* Workforce develop and recruitment
- \* Consumers choosing alternative products that look like hardwood
- \* Changing trends and fashion
- \* International and domestic market obstacles

The forest products industry depends on the complete supply chain of the forest resource for not only a healthy industry but also for healthy forest. It has been well documented that when the forest resource has high value, that forest landowners manage their forests in ways that are healthy for the forest. The United Nations in 2010 reported following their study of the world’s forest. That the largest threat to the forest of North America is the underutilization of the forest resource. While the United States leads the world in sustainable forestry, unfortunately many forest landowners no longer primarily own their forest land for its timber resource.



**COMMONWEALTH OF PENNSYLVANIA**  
**DEPARTMENT OF AGRICULTURE**

Pennsylvania hardwoods are known throughout the world for their quality, beauty and sustainability. Pennsylvania leads the nation in the production and export of hardwood lumber. Our forests are the source of diverse secondary wood products ranging from veneer, cabinetry and flooring, to baseball bats, snow boards and drumsticks. With 16.6 million acres of forestland, Pennsylvania has the most abundant hardwood forest in the nation.

Pennsylvania forest products are a key component of the state’s agricultural industry and the state’s economy. An economic impact study released by the PA Department of Agriculture and Team Pennsylvania in 2018 showed the industry has \$21.5 billion in direct economic impact and \$36 billion in indirect impact on the state’s economy. Since then, trade disputes with China and the COVID-19 pandemic have challenged the industry. More than 65,000 Pennsylvanians — ten percent of the state’s manufacturing workforce — are employed in the forest products industry. Because of the importance of the hardwoods industry to the economy of the commonwealth and its rural communities, the Pennsylvania Hardwoods Development Council was created in 1988. The council has played a major role in promoting and supporting the expansion of the state’s industry during difficult times. This report is an update on the industry’s status and the council’s activities over the past few years.

The council is also working to secure economic development funding in order to conduct a statewide values chain assessment of the industry to examine supply chain issues and determine where values could be increased. The industry takes pride in knowing that when a tree is cut in the forest, all parts of the tree are used: veneer logs for valuable veneers; saw logs to grade lumber for furniture, cabinets, flooring and export; low grade lumber for pallets; small logs to pulp for paper products; sawdust for pellets; bark for mulch, and slash left in the woods to help regenerate a new forest. There is zero waste.

From the past 25 years working with the forest products industry, I know the industry is resilient and will adapt to the new world economy that emerges after the global pandemic. I extend my appreciation to Governor Tom Wolf and to members of the General Assembly for their support of the Pennsylvania Hardwoods Development Council and the forest products industry over the years. Our forests have been a source of economic stability for our commonwealth for more than three centuries, and our responsible leadership and stewardship will ensure it continues to be a vital economic resource for future generations.

*Russell C. Redding*

Russell C. Redding  
Secretary of Agriculture  
Chairman, Pennsylvania Hardwoods Development Council

The Pennsylvania Hardwood Development Council has released a report entitled, “State of the Forest Products Industry in Pennsylvania”. It’s an excellent resource highlighting the important role of the forest products industry within the Commonwealth. We’ve profiled a few articles on the next two pages, and encourage everyone to read the full report.



The full report can be found at [https://www.agriculture.pa.gov/Business\\_Industry/HardwoodDevelopmentCouncil/Pages/default.aspx](https://www.agriculture.pa.gov/Business_Industry/HardwoodDevelopmentCouncil/Pages/default.aspx)

### Pennsylvania Hardwood Jobs—By the Numbers

<b>Pennsylvania Forestry Products Establishments</b>				
NAICS	2005	2009	2015	2019
Forestry/Logging (113)	282	226	232	313
Lumber/Wood Products (321)	1,077	1,038	945	974
Paper Manufacturing (322)	318	288	258	251
Furniture & Fixtures (337)	887	753	645	638
<b>TOTAL</b>	<b>2,564</b>	<b>2,305</b>	<b>2,080</b>	<b>2,176</b>

<b>Pennsylvania Forestry Products Employment</b>				
NAICS	2005	2009	2015	2019
Forestry/Logging (113)	3,690	2,236	2,710	2,821
Lumber/Wood Products (321)	32,940	21,961	23,422	24,103
Paper Manufacturing (322)	26,723	21,861	23,122	21,951
Furniture & Fixtures (337)	25,476	17,061	17,186	17,122
<b>TOTAL</b>	<b>88,829</b>	<b>66,141</b>	<b>66,440</b>	<b>66,096</b>

In 2005, before the Great Recession, there were 88,829 Pennsylvanians employed at 2,564 establishments in Pennsylvania related to forestry and logging, lumber and wood products, furniture and fixtures, and paper and allied products. During the recession and recovery many small sawmills closed, loggers were lost to more lucrative jobs in the oil and gas industry, and many companies invested in technologies that reduced employment. Since the Great Recession employment statewide has been between 60,000 and 66,500. As of the second quarter of 2020 there are 65,773 working at 2,169 establishments. Surprisingly, more than 31,000 of the forest products industry jobs, or nearly half, are in south central and southeast Pennsylvania. With 5,756 jobs, Lancaster County is first in the state, with many Amish sawmills and furniture shops as well as several large kitchen cabinet manufacturers, York County is second, with 3,225 jobs which includes a large paper mill, several secondary wood product manufacturers, along with other sawmills and forestry/logging businesses.