

# Montana Forest Products Marketing News

MSU Extension Forestry

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## China an Emerging Forest Products Market

In the past 20 years, China has experienced rapid economic development. For example, in 1978 the per capita gross domestic product (GDP) was \$46; by 2000 it had grown to \$860. The US GDP in comparison was \$34,758 in 2000.

China's growing economy has stimulated strong demand for wood fiber. It is estimated that China will consume about 113 trillion board feet of lumber in the next six years. It is also esti-

mated that only half of that amount will be supplied from China's own forests. This is because in 1999 the government implemented a National Forest Conservation Plan, which limited timber harvests from Chinese forests.

These trends suggest that Montana (and US) based forest products manufacturers might have a market opportunity in China. However, exporting products can be difficult. Therefore, organiza-

tions such as the Softwood Export Council (SEC), provide export assistance. For example, SEC funds market research and this past September, SEC organized and hosted an international sales mission to various regions in China for 15 US based wood products companies and organizations. During the visit, the group contacted nearly 400 potential customers.

For more info contact: SEC director, [Craig Larsen](#)

### Inside this issue:

Choosing the Right Logger	2
Fuel Reduction Treatments	3
Upcoming Events Calendar	4

## Intermountain Roundwood Association to Launch New Website

The Intermountain Roundwood Association (IRA), a non-profit corporation representing producers and marketers of roundwood products in 12 Western states, is about to launch a new website: [www.intermountainroundwood.org](http://www.intermountainroundwood.org)

IRA members produce pressure-treated and non-treated fence posts and rails, log and rustic furniture, hand and deck railings, and a variety of roundwood products for agricultural applications.

A key feature of the new website will be that a prospective cus-

tommer can search by product, manufacturing process, or location to identify an IRA member capable of meeting his or her needs.



## Choosing the Right Logging Contractor

For landowners, one of the most important steps in a timber sale is choosing a professional logging contractor. Therefore, this article lists considerations that will help you choose the logger that is right for you and your forest.

Perhaps most importantly, it is a good idea to seek advice from a natural resource professional, e.g. a consulting forester, company forester, or state forester, before contracting with a logger. A natural resources professional will be able to make sure that *your* objectives are top priority.

Another important task is asking a potential logging contractor for a list of references and credentials. As with any service business, loggers rely on a good reputation to gain new clients. Therefore, a logging professional should be able to supply you with references from past landowner clients. Make sure to follow through by contacting the people on the reference list and understanding why that person endorses the logger's work.

In addition to references, many Montana loggers demonstrate their professionalism by becoming an Accredited Logging Professional (ALP) through an educational

### Insurance Coverage Requirements for Montana Logging Contractors

1. There is no business license requirement in Montana. However, some cities may require a local business license.
2. Commercial General Liability — minimum coverage \$2 million aggregate; \$1 million per occurrence.
3. Loggers Broad Form Property Damage Liability—minimum coverage \$1 million.
4. Automobile Liability—minimum coverage \$1 million.
5. Worker's Compensation — minimum \$500,00 employers liability, minimum bodily injury \$500,000 per accident, minimum occupational disease \$500,00 per accident, minimum aggregate \$500,000 per accident. Some contractors may have exemptions if they are owner/operators, or others who do not have employees.
6. In addition to logging contractors, forestry consultants, truckers, and sawmills must also hold the proper insurance requirements with both liability and errors & omissions coverage.
7. Remember you are liable for property damages or work-related injury to workers if they are not properly covered.

program administered by the [Montana Logging Association](#).

In the ALP program, loggers, complete safety training, a 4 day forest stewardship workshop, and learn Montana's forestry *best management practices* and *streamside management zone laws*.

Finally, so that *you* are not liable for logging injuries or damages, make sure that a potential logging contractor is covered by the insurance policies and levels described in the bulleted checklist listed above.

## Selling Chipped Slash to Offset Fuel Reduction Treatment Costs

In the past, relatively mild fires burned through Montana's forests every 5 to 30 years. This natural fire cycle kept historical forests open and park-like. In contrast, today's densely stocked forests are vulnerable to catastrophic wildfire; a result of forest fire fuel build-up during 100 years of fire suppression.

Many homes located in or next to forests are susceptible to destruction by wildfire. Homeowners, however, can minimize the chance of losing a home by creating a *defensible space*—a buffer area around a home where the vegetation has been removed or modified so that firefighters can defend the home from an oncoming fire. In addition to a defensible space, some properties may need a *comprehensive treatment*, which typically involves thinning the forested landscape beyond the defensible space.

While such treatments improve forest health and minimize the chance of losing a home, they are expensive. Costs can range anywhere from \$300 to \$3,000 per acre depending on the amount of vegetation to be removed, difficulty of the terrain, and equipment used. In



Robert Castellano, owner of Horizon Tree Service, uses a grapple-equipped Bobcat to feed slash into a chipper. The chips are sold as hog fuel to Missoula's Smurfit Stone Paper Company

addition, the typical small trees removed during fuel reduction treatments have limited markets to offset the removal expense.

A hog fuel market is one of the few exceptions. For example, [Rob Castellano](#), a Missoula area forester, logger, and owner of [Horizon Tree Service](#), recently completed a fuel reduction treatment for Missoula County. The treatment prescription called for thinning small diameter ponderosa pine trees growing along a ravine, which was surrounded by suburban homes.

Normally, such material would be cut, piled, and

burned on site. On this job, however, Castellano's equipment and the proximity of the job to Smurfit Stone paper mill made it possible to: cut the material by hand, haul it to a landing using a grapple-equipped Bobcat skid steer, chip the material, and finally haul to the paper mill as hog fuel, which is burned to generate electricity. The 5 acre job yield 110 tons of chips, which are worth about \$10.00 per ton.

Clearly, hog fuel is not a high-value market, but in some cases it might be better than burning the slash in the woods.



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### We're on the Web:

<http://www.forestry.umt.edu/hosting/forestproducts/index.htm>

**Montana State University Extension Forestry** is a branch of the MSU Extension Service and is housed cooperatively with College of Forestry and Conservation at the University of Montana in Missoula, Montana.

The mission of Extension Forestry is to provide education and outreach to non-industrial private forest landowners, forestry industry, and other forestry-related organizations in Montana.

Extension Forestry carries out its mission by providing its clients with educational workshops, publications, news releases, brochures, and videos. Common topics include forest stewardship planning, forest insect and disease, windbreaks/living snow fences, alternative forest management practices, wildfire hazard reduction, forest products marketing, and tree pruning & care.

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If so, send them to [Roy Anderson](#), newsletter editor

## Calendar of Upcoming Events

### How to Dry Lumber for Quality and Profit

December 6-9  
Corvallis, OR  
click [here](#) for agenda

### Wood Utilization Solutions to Hazardous Fuels

December 14-15  
Spokane, WA  
click [here](#) for agenda

### Where there is Smoke There is Fire

December 7-8  
Coeur d' Alene, ID  
click [here](#) for agenda

### Montana Tree Farm

9:30 AM December 21, 2004  
Missoula, MT  
@ Plum Creek Office

### Introduction to GIS Applications in Natural Resources

December 9-10  
Corvallis, OR  
click [here](#) for agenda

### Missoula Chapter Society of American Foresters

6:00 PM December 21, 2004  
Missoula, MT  
Florence Hotel