Montana Forest Products Marketing News

MSU Extension Forestry

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Rising Fuel Prices Affecting Logging Costs

Logging and log hauling businesses are feeling the effects of rising fuel costs. For example, in the Rocky Mountain Region, the Department of Energy reports that the average price of diesel fuel was $2.19 per gallon on June 6, 2005. The average on October 24th was $3.23 per gallon.

Such increases obviously affect logging and log hauling costs. The question is how much?

Scott Kuehn, a forester with Stimson Lumber Company in Bonner Montana, has calculated that fuel accounts for about 30% of the total cost for a typical log hauling contractor. Expressed another way—each dime increase in fuel cost results in a 1.1% increase in overall log hauling costs. Thus, given the $1.04 per gallon increase in fuel over the last four months, log hauling costs have increased by about 11 percent during that time.

Calculating the increased logging cost is slightly more complicated because it depends on the type of logging equipment being used. Kuehn estimates that for Link-Belt line skidding operations, fuel accounts for about 9% of total operating cost. Expressed another way, each dime increase in fuel cost results in a 0.45% increase in overall operating cost. Again, given the recent increase in fuel cost, total line skidding operating costs have increased by about 4.5% in the last four months.

For mechanical logging operations, e.g. ground-based harvesting and skidding, fuel accounts for about 15 percent of the total operating cost. This means that each dime increase in fuel cost results in a 0.85% increase in overall operating costs. This in turn, means that over the last four months, operating costs for mechanical logging operations have increased about 8.5%.

Kuehn cautions that his figures are averages and actual costs for individual operators may vary. Nevertheless, logging and log hauling contractors may have to adjust the prices they receive for their services. The good news for landowners is that lumber prices (and therefore stumpage prices) during the same period have been fairly strong. Click here for more info on fuel prices.

New Fence Design Book Available from CINTRAFOR

Innovative Fence Designs from Small Diameter Timber: Adding Value Through Design is a new book available from the Center for International Trade in Forest Products (CINTRAFOR).

Historically, frequent low-intensity fires burned through many Western US forests. Though it may seem counterintuitive, this process maintained forest health because periodic fire minimized competition among trees. In contrast, many of today's fire excluded forests are clogged with dense stands of unhealthy, small diameter trees. Many forest scientists feel that forest health in such stands can be improved through active forest management activities such as thinning. Implementing thinning activities is problematic because the small diameter trees are low-value.

Thus, this book suggests that through innovative products and designs, there is an opportunity to improve forest health and at the same time support forest-based businesses in rural communities. For example, the book includes schematic plans and full-page color illustrations for 28 innovative small diameter timber fence designs.

The book can be downloaded at www.cintrafor.org Or a bound edition can be purchased from the same website.

Thanks to Ivan Eastin, Professor and Director of CINTRAFOR, for passing along news of this book.

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Check it Out:

U.S. Forest Service to Try Out 'Green' Logging Standards

S.C. Firm Treats Lumber So Mold Can't Grow On It

Enviros agree to log project

Stumps to 'make wood fuel'

Upcoming Workshop:

Wood Chip Quality

Many mills utilize portions of their wood waste by chipping it and then selling the chips to a paper mill. The value of those wood chips, however, depends heavily on their quality. Therefore, this workshop is designed to educate mill managers and millwrights about achieving good wood chip quality.

The workshop will be November 30th at the DoubleTree Hotel in Missoula, Montana. Click here for more info.

What about FSC?

Last month's MFPMN included a story about how the Sustainable Forestry Initiative (SFI) forest certification program impacts Montana's private forest landowners. One concerned reader contacted me wondering why the Forest Stewardship Council (FSC) certification program was not given equal attention?

The simple answer is that there are no landowners in Montana that are certified to the FSC forest management standard. Thus, FSC certification has no direct impact on Montana landowners. However, one could argue that the development of FSC's certification standard in the early 1990's spurred the development of the SFI program and therefore any associated improvements in the way forests are managed. For example, extensive training programs for loggers.

The more complex answer to the reader's concern is that even though SFI and FSC are both forest certification programs, each has taken a different approach to the process of forest certification. Thus, there is considerable debate about which program is more legitimate.

Some key differences between the two include that SFI was developed in 1995 by the American Forest and Paper Association, a leading trade organization of the forest products industry. FSC, in contrast, was developed in 1990 primarily by representatives from various international conservation organizations.

A second difference is that under SFI, key forest management principles and guidelines have been developed. Individual landowners then write their own "regionally appropriate" implementation plan to meet those standards. Third-party auditors then evaluate whether the landowner is in compliance with their "individualized" implementation plan.

FSC has also developed key forest management principles and guidelines. However, unlike SFI, FSC's approach has been to develop regional standards that are appropriate for the different types of forestry practiced in different parts of the world. Like SFI, each FSC participant develops their own individual land management plan, but because of the regional standards, they have less discretion in interpreting how they will comply. Similar to SFI, FSC participant compliance to the regional standards is judged by independent, third-party auditors.

A third difference is that the FSC principles and guidelines include criteria in three areas – environmentally appropriate, economically viable, and socially beneficial. A socially beneficial criterion is that participants must recognize the rights of indigenous people. SFI does not include a similar social component.

Finally, small landowners can become certified to the SFI program through free membership in the American Tree Farm System. FSC certification is also available to small landowners. However, FSC certification is not free. Instead, small landowners typically organize into a local or regional group in which members share the cost of certification. This procedure is called group certification.

Given the differences just outlined, landowners face a choice in which forest certification program they choose to support. Up to this point, it has been SFI for Montanans.

Like the SFI and Tree Farm forest certification programs, the Forest Stewardship Council (FSC) offers landowners the opportunity to certify that their forest management practices meet accepted standards.

Conservation on Privately Owned Forestland

Private landowners, both large and small, play an important role in conserving at risk plant and animal species. In fact, according to the US Fish and Wildlife Service, more than two-thirds of the nation's threatened and endangered species use habitat found on private property.

For example, Plum Creek Timber Company, which owns over 1.3 million acres of Montana timberland, participates in the Sustainable Forestry Initiative (SFI). Plum Creek's participation in SFI requires that they, "...develop and implement plans to protect sites on their forestlands that contain viable occurrences of imperiled plants, animals and ecological communities."

Plum Creek and other SFI participants receive help in implementing those plans from NatureServe, a non-profit scientific organization that provides information about species, ecosystems and biodiversity. NatureServe helps landowners prioritize their conservation efforts through a global species of concern ranking system. For example, species identified as G1—critically imperiled, or G2—imperiled, are in danger of extinction. Unlike the terms "threatened" and "endangered" which have legal implications under the Endangered Species Act, the NatureServe ranking system has no legal implication. However, the rankings are scientifically based.

According to Mark Schaefer, NatureServe's President and CEO, "Imperiled species and important habitats are found on timber industry lands throughout North America. Through the SFI standard, the timber industry has taken an important step towards their conservation."

Although Family Forest owners typically own much smaller parcels of land, they too need to be aware of plant and animal species of concern and how forest management activities on family forestlands may affect imperiled species.

Family Forest landowners can learn of local species of concern by visiting the Montana Natural Heritage Program website at www.mtnhp.org. They can also call the Montana Natural Heritage Program office at (406) 444-5354.

Another resource for Family Forest landowners is the Forests for Watersheds and Wildlife program F_2W_2 which is an American Forest Foundation conservation initiative aimed at assisting family forest owners to improve wildlife habitat and watersheds through forest management. Contact Drue DeBerry for more information on the F_2W_2 program, or call 1-888-889-4466.

Programs are available to help family forest landowners enhance wildlife habitat and watersheds on their forested property.

MONTANA STATE UNIVERSITY EXTENSION

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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 stakeholders 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.

We're on the Web:

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

Did a friend send this newsletter to you?

If so, sign up and we can send the newsletter directly to your email address.

Do you have comments, story ideas, or other suggestions?

If so, send them to Roy Anderson, newsletter editor

Forestry Educational Calendar

Forestry Shortcourse
Nov. 7, 14, 21, 28. Dec. 5, 12.
Coeur d'Alene, ID
click here for info and registration

Forest Taxation and Estate Planning Conference
December 6-7
Coeur d'Alene, ID
Click here for info and registration

Inland Northwest Urban Interface Conference
November 9-10
Coeur d'Alene, ID
click here for info and registration

Forest Roads: Advancements in Science and Technology
December 13-14
Eugene, OR
click here for info and registration

Wood Chip Quality Workshop
November 30
Missoula, MT
click her for info and registration

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