

HOUSE COMMITTEE ON

• **TRADE AND ECONOMIC DEVELOPMENT**

January 31, 2005 Hearing Room 343

8:30 A.M.am Tapes 15 - 16

(Corrected 8/10/05)

MEMBERS PRESENT: **Rep. John Lim, Chair**

Rep. Jeff Merkley, Vice-Chair

Rep. Scott Bruun, Vice-Chair

Rep. Donna Nelson

Rep. Chuck Riley

Rep. Peter Buckley

Rep. John Dallum

MEMBER EXCUSED:

STAFF PRESENT: **Jim Stenbridge, Committee Administrator**

Erin Seiler, Committee Assistant

MEASURES/ISSUES HEARD:

Oregon Forestry Industries - Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE	Speaker	Comments
TAPE 15Tape, A		
004	Chair Lim	Opens the meeting at 8:32 a.m. Opens an informational meeting on Oregon Forest Resources.
021	Chair Lim	Announces the agendas for the committee meetings on February 2, 2005, February 4, 2005, and February 25, 2005 field trip to The Dalles.

OREGON FORESTRY INDUSTRIES - INFORMATIONAL MEETING

070	Leslie Lehmann	Executive Director, Oregon Forest Resources Institute (OFRI). Submits written testimony on OFRI and the role it has in the development of Oregon's forest sector (EXHIBIT A).
081	Lehmann	Submits copies of the Oregon Forest Sector Contributions & Potential study (EXHIBIT B). Submits copies of the Oregon Business Plan Forest Sector Initiative Guide (EXHIBIT C).
090	Lehmann	Summarizes the results of the OFRI study, discussing the contribution of the Oregon Forest Cluster and Oregon timber producers to the economy (EXHIBIT B).
112	Lehmann	Explains how the results of the study will assist in the development of a sustainable forestry plan.
141	Lehmann	States that the forest sector is robust and poised to contribute to Oregon's economic stability, particularly in rural communities.
163	Rep. Buckley	Asks what the timetable is for the development of the state economic development strategy for the timber industry.
166	Lehmann	Responds that OFRI is working on development of the plan as fast as possible.

176	Eric Hovee	Economist, E.D. Hovee and Company. Submits copies of Oregon Forest Sector Contributions and Potential PowerPoint presentation (EXHIBIT D) . Addresses the role of forest sector in the Oregon economy, its contribution today, and its contribution in the future (EXHIBIT D, Page 1) .
224	Hovee	Explains the methodology of the OFRI study, the participants, study objectives, and building blocks of the study (EXHIBIT D, Page 1) .
284	Chair Lim	Asks for examples of conflicts and common visions within the forest sector.
289	Hovee	Identifies that one of the conflicts is how to best balance environmental concerns with land supply/management concerns on federal land.
313	Rep. Dallum	Asks if the large timber companies are interested in federal timber when its availability is so unstable.
331	Hovee	States that survey results indicated predictability and management of land was more critical to timber companies than harvest amounts.
340	Lehmann	Adds that people are reluctant to make investment in forestry industry because they cannot count on a stable supply.
348	Rep. Dallum	Asks can the availability of state and federal land for timber harvest be stabilized for timber producers and will small producers, particularly in Eastern Oregon, be able to reassemble or recapitalize their timber operations to take advantage of developing opportunities.
389	Hovee	Addresses how the timber industry in Eastern Oregon has been effected differently then in Western Oregon and that they need to adopt a differentiated strategy to rebuild the infrastructure of the Eastern timber industry.
399	Greg Miller	Oregon/California Government Affairs Manager, Weyerhaeuser Company. With regard to achieving stability, states that the legislature could encourage Oregon's federal delegation to fully fund the Healthy Forest Initiative and implement the Northwest Forest Plan.

TAPE 16, A

- 036 Miller Explains the Northwest Forest Plan.
- 041 Rep. Riley Asks why the Northwest Forest Plan is not being implemented at the federal level.
- 044 Miller Summarizes why the Northwest Forest Plan is not being implemented because of the continuous environmental conflicts around how the plan should be implemented.
- 075 Hovee Summarizes the economic impact of the forest sector on Oregon's economy (**EXHIBIT D, Page 2**).
- 201 Hovee Explains the conceptual model behind the Oregon Forest Cluster (**EXHIBIT D, Page 3**).
- 246 Rep. Dallum Asks what the legislature can do to reestablish competitive advantage in timber industry and hold jobs in Oregon.
- 254 Hovee Replies that there is a need to look beyond core forest industries to other supplier activities and identify actions and policies that can be done to enhance the competitiveness and profile of Oregon as a good business location in the growing international market.
- 277 Hovee Discusses Oregon Forest Clusters in the context of historically allied industries, the future partnerships, and the challenges that forest sector is experiencing (**EXHIBIT D, Pages 3 - 4**).
- 319 Hovee Summarizes the Oregon Forest Land Management plan (**EXHIBIT D, Page 4**).
- 398 Hovee Speaks to future challenges of forest management and how to expedite the implementation of land management plans that are already in place (**EXHIBIT D, Page 5**).

TAPE 15, B

- 067 Hovee

Explains what the future holds for the forestry sector and what steps need to be taken to stabilize the forestry industry in Oregon **(EXHIBIT D, Page 6)**.

- 100 Rep. Dallum Asks what would be the best venue for bringing all those with forest interests to the table in order to reach a consensus on a stability plan.
- 107 Lehmann States that this is the role of the Board of Forestry because it is their job to address environmental, social, and economic issues regarding forestry in Oregon and bring the public and industry together.
- 125 Rep. Bruun With regards to shared challenges and the ability to attract capital, asks what can be done to improve ability to attract capital and what is being done that is a disincentive to attracting capital.
- 135 Hovee Explains the different needs of small and large timber companies with regards to their ability to attract capital investments.
- 198 Miller Submits and summarizes written testimony on the Perspective of Weyerhaeuser Company On the Importance of Economic Clusters Relative to the Oregon Business Plan **(EXHIBIT E)**.
- 206 Miller Profiles the Weyerhaeuser Company in Oregon **(EXHIBIT E, Page 1)**.
- 221 Miller Explains how Weyerhaeuser can take advantage of Oregon's forest sector, how Weyerhaeuser can partner with other economic sectors to leverage their West Coast and Pacific Rim position, and how cluster relationships help with competitiveness **(EXHIBIT E, Page 1)**.
- 252 Miller Identifies the 4 major areas which there must be continued investment for Weyerhaeuser to leverage their economic and environmental market advantages **(EXHIBIT E, Page 2)**.
- 336 Miller Gives examples of how the clustering of the forestry and high tech sectors could drive economic development and investment in Oregon **(EXHIBIT E, Page 3)**.

033	Rep. Merkley	Comments on the potential of increasing productivity and sustainability of the forestlands were managed based on forest cycles.
059	Hovee	Explains the calculus that was used to estimate the maximum sustainable timber harvest of six billion board feed.
089	Rep. Nelson	Asks who are the top 3 states in timber harvesting.
095	Lehmann	Believes that Oregon remains number 1 state.
099	Rep. Nelson	Asks what are the top 3 destinations of Oregon timber and products and the volume of timber exports.
102	Miller	States that China, Japan, and Europe are top destinations for Oregon timber.
126	Rep. Nelson	Asks about the worldwide competitiveness of Oregon lumber based on cost comparison to other timber exporters.
130	Hovee	Explains that competitiveness depends upon timber product and would need to look at each type of timber individually to determine comparison.
150	Rep. Buckley	Asks who at the Board of Forestry is taking the lead on the development of the forest sector economic plan.
154	Lehmann	Responds that it is Marvin Brown.
186	Chair Lim	Asks what percent of forest industry is used in the state, exported to other states, and internationally and do we still export unprocessed logs.
197	Miller	Answers that private land owners can export unprocessed logs, but there are federal and state bans on exporting of unprocessed logs by public harvesters.
225	Chair Lim	Asks about timber growth and renewable.

- 231 Miller Responds that sustainability depends upon long term management strategies and how much land is allocated through either federal or state policy for management on those lands.
- 276 Chair Lim Asks if Oregon has more or less federally owned forestland then surrounding states.
- 286 Miller States that Oregon has more then most states at 57 percent, noting how the ownership of forestland by the federal government means that achieving long-term sustainability goals is dependent upon federal land management policy and strategies.

The following informational material is submitted for the record without public testimony:

- Leslie Lehmann Executive Director, OFRI. Submits information packet on Oregon Forestry Industries which includes letter, Protecting Oregon's Forestland compact disc, and Protecting Oregon's Forestland booklet (**EXHIBIT F**).
- 325 Chair Lim Closes the informational meeting on Oregon Forestry Industries. Adjourns the meeting at 10:17 a.m.
-
-

EXHIBIT SUMMARY

- **A. Oregon Forest Industries, written testimony, Leslie Lehmann, 2 pp**
- B. Oregon Forest Industries, Oregon Forest Sector Contributions & Potential Study, Leslie Lehmann, 72 pp**
- C. Oregon Forest Industries, Oregon Business Plan Forest Sector Initiative Guide, Leslie Lehmann, 6 pp**
- D. Oregon Forest Industries, Oregon Forest Sector Contributions and Potential PowerPoint Presentation, Eric Hovee, 6 pp**
- E. Oregon Forest Industries, written testimony, Greg Miller, 5 pp**

The following informational material is submitted for the record without public testimony:

- F. Oregon Forest Industries, information packet, Leslie Lehmann, 30 pp**