

**Land Owners Group Update**  
**SE Conference Annual Meeting**

September 12<sup>th</sup>, 2018

---

Christine Klein  
University of Alaska

## The Southeast Land Owners Group

- **Voluntary** - land owners group who work on similar forestry efforts. As recommended by the Tongass National Forest Advisory Committee (TAC) Final Recommendations - December 2015.
- **Participants** - U.S. Forest Service (USFS), Alaska Division of Forestry (DOF), Alaska Mental Health Trust Lands Office (TLO), Sealaska, and University of Alaska Lands Management Office
- **Purpose** - *“to coordinate operations, find efficiencies and share infrastructure among the major landowners in SE Alaska, in order to support resource management activities, while preserving the inherit property rights of the parties in carrying out their separate missions. We will look for opportunities for collaboration in order to support the landowner’s interest while maintaining viable communities affected by our operations”*

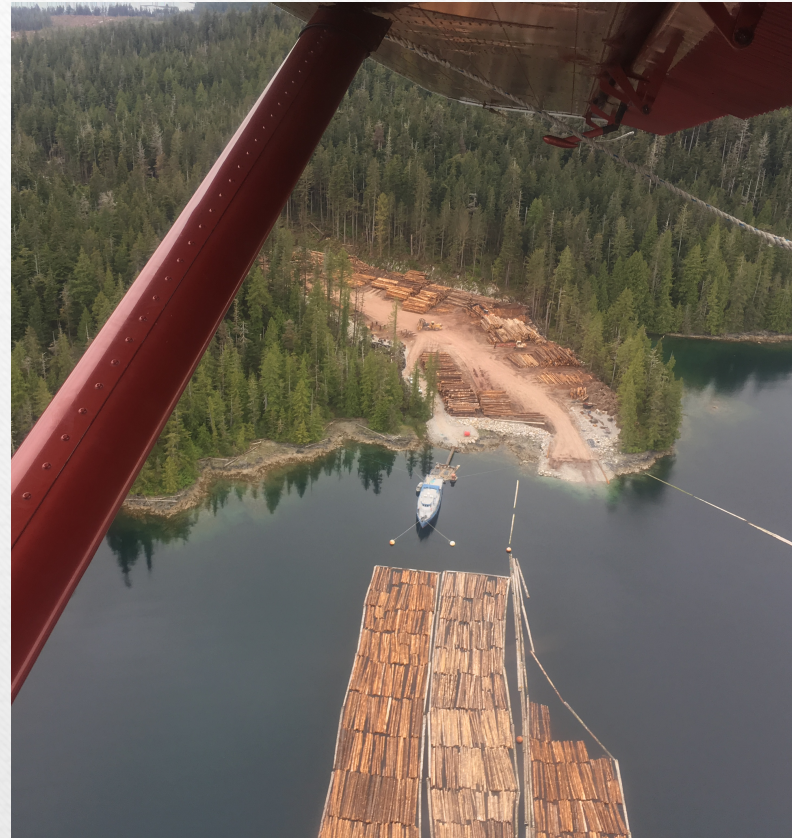
## Establishment & Actions 2016 - 2017

- The Tongass Advisory Committee (TAC) 2015 recommendations were to establish a land owners group to collaborate.
- In 2016 the Alaska Forest Association officiated the 1<sup>st</sup> meetings with professional forester Clarence Clark coordinating the efforts.  
Activities and accomplishments:
  - Contacted major land owners and initiated work meetings.
  - Established and mapped Tongass National Forest Working Circles.
  - Surveyed and established minimum stumpage volumes needed to sustain local timber industry (75 MMBF annually).
  - Projected and shared for the 1<sup>st</sup> time each entities planned timber sales ahead in one year increments.
  - Memorandum of Agreement (MOA) established to mutually work together – the USFS, DOF, TLO, and UA at Edna Bay.
- Reported to the AFA and USFS on progress of the LOG

## A Notable, Positive, Win-Win Model

### Edna Bay:

- 1<sup>st</sup> Use of the Federal Good Neighbor Authority in Alaska.
- Site specific contracts with local community input.
- Better log use, ages, and price.
- Several partners collaborating and sharing infrastructure
  - Log Transfer Facility
  - Quarry Rock for building
  - Roads and staging areas
  - Permitting/permits
- Jointly more effective sale, less costs, and faster start-up
- Long term sustainable benefit.



*University of Alaska Land Management Program Joint use facilities and Alcan Timber Co. – Edna Bay*

## Working Forest Success at Edna Bay

- Initially the Edna Bay community did NOT want any timber sales.
- LOG members worked with Edna Bay, which then gave its full support, are interested in timber sales, and have been strong University forest stewardship advocates.
- The LOG partners enabled stakeholders' to be heard, set up joint use facilities, and helped create a sustainable long term win-win.
- Edna Bay timber program is something the LOG partners are proud of as a region model of success. Local benefits include:

✓ 20% more jobs	✓ Roads Improved	✓ New Bridge Built
✓ Less unemployment	✓ Became 2 <sup>nd</sup> Class City	✓ Dock Infrastructure
✓ Firewood for elders	✓ Bulk Fuel Storage	✓ Shore View Buffers
✓ The 1 <sup>st</sup> GNA to be implemented in Alaska		✓ Picnic Day Use Area

## LOG Efforts in 2017-2018

- UA Land Office chairs LOG currently to coordinate efforts under a USFS grant.
- Accomplishments have included:
  - Id and mapped region infrastructure access within Forest Working Circles.
  - Prioritized infrastructure permits reqd. for next sales; submitted 4 permits to Div. Mining Land & Water to reduce lengthy delays and access losses.
  - Projected, shared, and tracked annual progress of land owners' planned and completed sales for next several years.
- Expanded MOA collaboration on other timber sale projects of mutual benefit.
  - Coffman Cove
  - Edna Bay
  - Haines



## What We Are Finding

- Despite nagging, prodding, and best intent, the past two years timber sale projections have not resulted in successful sales.

- Total Projected OG & YG timber sales for '18 = 109 MMBF

- Actual Sales OG & YG timber year to date = 56 MMBF

- Required minimum annual timber for SE Industry = 75 MMBF

Total Timber Deficit = 19 MMBF

- If Sealaska's private forestland timber is removed:

- Total Projected OG & YG timber sales for '18 = 78 MMBF

- Actual Sales OG & YG timber year to date = 26 MMBF

- Required minimum annual timber for SE Industry = 75 MMBF

Total Timber Deficit = 52 MMBF

- The LOG entities are NOT nearing or meeting their projected timber sales, even when collaborating together which helps improve success rate.

## Few Working Forests of Supply

We are NOT meeting the yearly bare minimum 75 million board feet necessary to sustain a viable local timber industry for our local communities and citizens in SE Alaska. Why?

### **AK Public forestlands:**

- Timber sales are delayed, few, and unreliable. The challenge is AK has the largest public reserved forestlands in the U.S.; lengthy bureaucratic processes and agencies are simply unable to get reliable or sufficient timber to market.

### **AK Private forestlands:**

- Private landowners get out the most steady reliable timber to market. The challenge is that AK with its large land base, has few private lands, and they are small, fragmented, discontinuous, and often inaccessible.

**Public Forestlands and Regrowth in U.S. exceeds that of 1953.**

**U.S. West produces smallest volume timber compared to S/N/NE.**

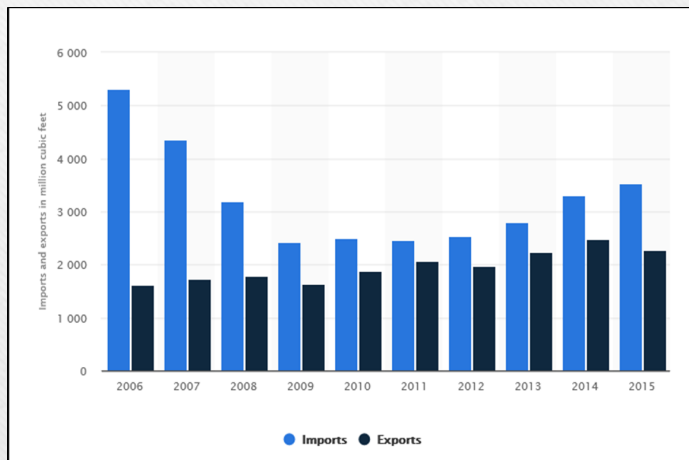
## Other Challenges to Keep an Eye On...



### Western U.S. steeped in wildfires...

- 100+ fires burning and consumed 1.7 M acres over 15 states. Smoke in California and the West clouds skies across half the U.S. from the Pacific to Rocky Mountains.
- Evacuations and health advisories issued.
- **Two critical S.E. AK wildfires last week.**

*(From: U.S. National Interagency Fire Center, Boise, Idaho 8/31/18)*



*Chart From: Statista, Website, Posted August 10, 2018.*

### Tariff Trade War of U.S. and China

- U.S. is largest raw wood exporter, and consumer of wood products in world.
- U.S. and China in back & forth trade war.
- In response to U.S. tariffs, on August 3<sup>rd</sup> China has imposed 25% hardwood tariff.
- China plans 5,000+ item tariffs Sept. 8<sup>th</sup>; 5% hemlock, 25% spruce tariffs, species most prevalent in Pacific and Alaska.

# China Trade Tariff Impact on SouthCentral

## In General:

Alaska while large in total area has very small producing forestlands, composed of a greater percentage of hemlock and spruce species than other regions and Pacific Northwest; therefore, Alaska may face a disproportionately larger negative economic impact if the tariff war with China is a lengthy one.

## MatSu Borough's Chijik Timber Sale:

A contract was awarded to Denali Timber Management (DTM) for 20,000 acres in spring to salvage spruce & birch tree stands; remove beetle diseased and damaged trees; gain value from wood; utilize Port MacKenzie; and reduce wildfire hazard risks to properties. DTM procured required permits; spent capital; and were discussing sales with 4 other landowners; and DTM was operating mid July with the 1<sup>st</sup> truckloads of logs.

- **DTM suspended operations August 3<sup>rd</sup>** due to the U.S./China Trade War
  - Plummeting hardwood prices (China imposed a 25% tariff on hardwoods - birch).
  - Prices dropped 20% during July with Chinese currency fluctuations.
  - Escalating trade tensions continue to elevate in China.
  - China plans to implement a 25% tariff on spruce next.
- **Impact:** loss of 20 jobs, infrastructure investment, and increased wildfire risk.

# University of Alaska Land Grant Timber Sales

## Cache Creek:

- Northland extended contract to 2019 for logging birch for heat. No tariff impact.

## Standard East:

- Extended to 2019 for logging. No impact.

## Teklanika:

- Extended to contract to 2019.
- Winter only operation due to river access.

## MatSu:

- Received expression of interest July
- Operator on 20,000 acre sale for borough, suspended work 8/15<sup>th</sup> due to China tariffs
- *Potential sale delayed indefinitely.*

## Vallenar:

- Road is completed; and LTF permitted
- *Awaits USFS/DOF adjacent acreage timber sales currently out for bid.*

## Haines 10 Year:

- Responses sent to public comments
- Staff participated in Haines fair
- Field trip to one site and currently doing field work on remaining areas
- Hired staff to support the HAC effort(s)
- *Since planned as long term sustainable program, currently unaffected by tariffs.*

## Edna Bay:

- Permit issued to access UA's land at Straw Island via overwater bridge
- Extends harvesting, providing UA an added 3 months of positive income.
- *UA's portions will be complete by EOY until next forest rotation cycle; others' continue. No tariff impact at this time.*



Thank you