

Fact Sheet #9

Idaho's Forest Products Industry – 2011 Situation and Near-term Outlook

Below are forest products industry^{1/} replies to questions posed by the Idaho Legislature's Joint Economic Outlook and Revenue Assessment Committee for presentations to the committee on January 5-6, 2012.

1. What percentage of the Gross State Product does your industry contribute? 1.5 percent (2009 data).^{2/}
2. What is your forecast for growth in your industry for the current state fiscal year? The majority (59%) of wood products industry executives responding to a survey conducted in December 2011 expected conditions for 2012 to be about the same as 2011. This can be interpreted as no growth.
3. What is your forecast for growth in your industry for the upcoming state fiscal year? Throughout 2012 there is likely to be little or no growth due to the state of the industry.
4. What is the current state of your industry? Conditions improved somewhat during 2011, with employment, sawmill output, and timber harvests up slightly from 2010. Industry executives responding to a survey expect general market conditions, housing starts, and overall economic conditions affect the industry, as does raw material availability, health insurance costs and legislation, and increases in transportation and energy costs. How do sales compare to a year ago? \$1.8 billion in 2011, essentially unchanged from 2010.
5. How many people are employed by your industry? 10,300 in 2011.
How does that compare to a year ago? 9,800 in 2010.
How does payroll compare to a year ago? \$364 million in FY 2011 compared to \$339 million in FY 2010.^{3/}
6. How much of the state's sales tax and income tax is due to your industry? Unknown.
7. How does your industry impact other Idaho businesses? Because of linkages to supporting industries such as forestry, logging, heavy equipment, and trucking, among others, through the "multiplier" effect, estimated by an economic impact model, each dollar of sales by the forest products industry exported from the state generates an additional \$0.60 in sales from other industries within the state, for a total impact of more than \$2.8 billion in sales from converting timber into useful consumer products.
8. Do you know of any companies that are planning on moving operations into or out of Idaho in the next 18 months? Unknown.
9. Do you see the consolidation in your industry in the future and if so, do you anticipate impacts on the local economy? Consolidation in sawmilling occurred in 2011 and may occur in the future. Impacts from replacement of labor with capital could occur, as it has in the past.

^{1/} The forest products industry is a composite of wood and paper products businesses. Data are for calendar years. Source (unless otherwise indicated by footnote): *Idaho's Forest Products Industry: Current Conditions and 2012 Forecast*. College of Natural Resources, University of Idaho, Moscow. 4 p. Available at www.cnrhome.uidaho.edu/pag

^{2/} U.S. Dept. of Commerce, Bureau of Economic Analysis (BEA), regional accounts data, Dec. 28, 2011.

^{3/} Idaho Dept. of Labor, compiled from BEA regional accounts data and provided to the Idaho Forest Products Commission, Dec. 22, 2011.