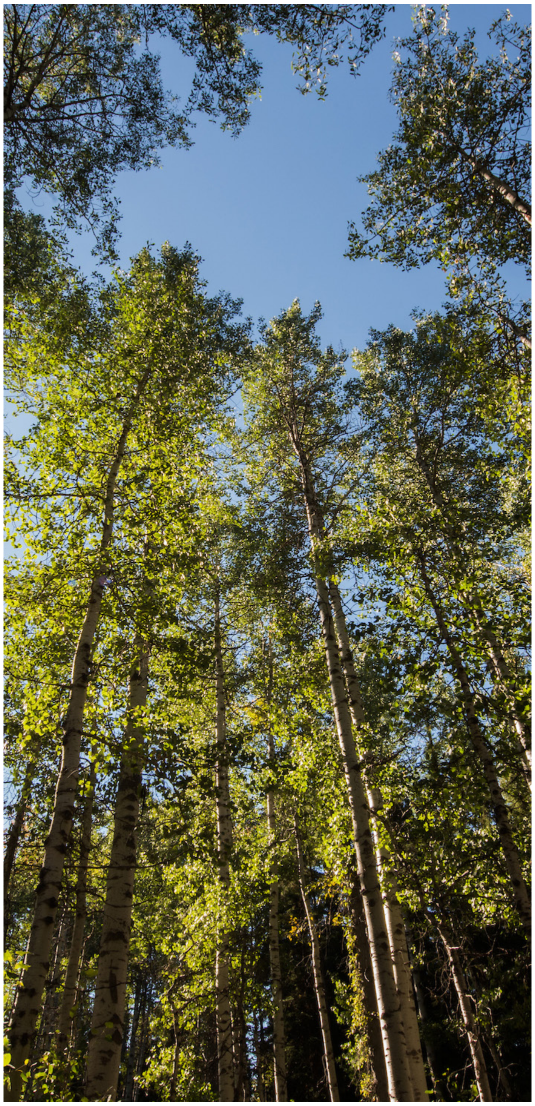

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Idaho's Forest Products Industry 2018

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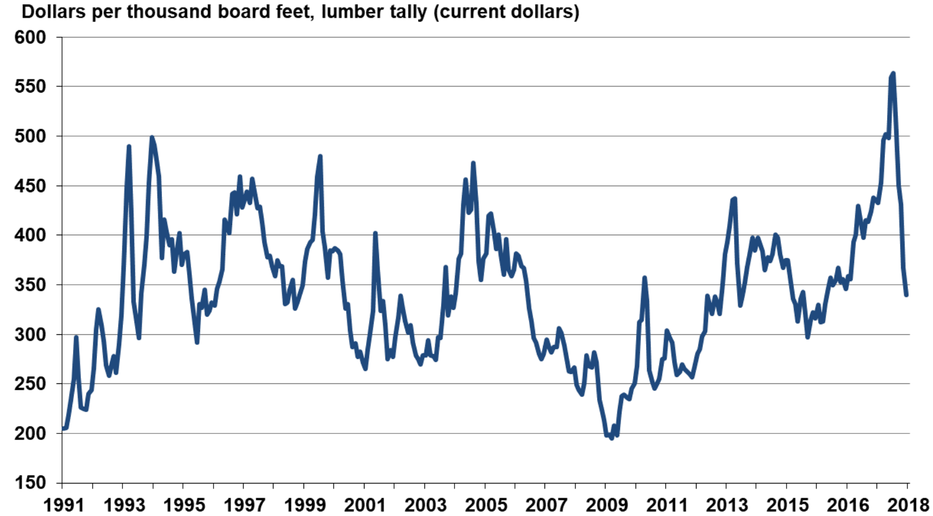
Operating Conditions

2018 was a wild ride for U.S. Wood products markets. It can probably be best demonstrated by the rise and fall of the softwood lumber price seen in **Figure 1** despite strong Gross Domestic Product growth. Whether caused by rising interest rates, natural disasters, or rail strikes, it was a humbling experience for wood products markets prognosticators. One thing that surely contributed is the global nature of the industry and the uncertainty generated by a trade war between the U.S. and China and renegotiation of North American agreements. Whether its U.S. import tariffs on Chinese hardwood plywood or Chinese import tariffs across a range of U.S. wood products, the effects have been felt on both sides of the Pacific. At home in North America, the imposition of the latest round in the U.S. Canada softwood lumber dispute saw little market disruption as the Countervailing Duty and Anti-Dumping rates were finalized in late 2017. Perhaps the industry was waiting to see how the dissolution of the North American Free Trade Agreement (NAFTA) and subsequent negotiations leading to the relabeled United States-Mexico-Canada Agreement (USMCA) played out. While USMCA doesn't directly affect the wood products industries of the two countries, the final holdout for Canada was the inclusion of the dispute resolution mechanism from NAFTA which has played a part in the ongoing softwood lumber dispute. On the upside, the finalization of USMCA and recent cease fire in the U.S.-China trade war are positive signs for greater certainty in 2019.

Figure 1
Nationwide Composite Lumber Prices
Monthly Weighted Average
1991-2018*



*Only reported until November 2018

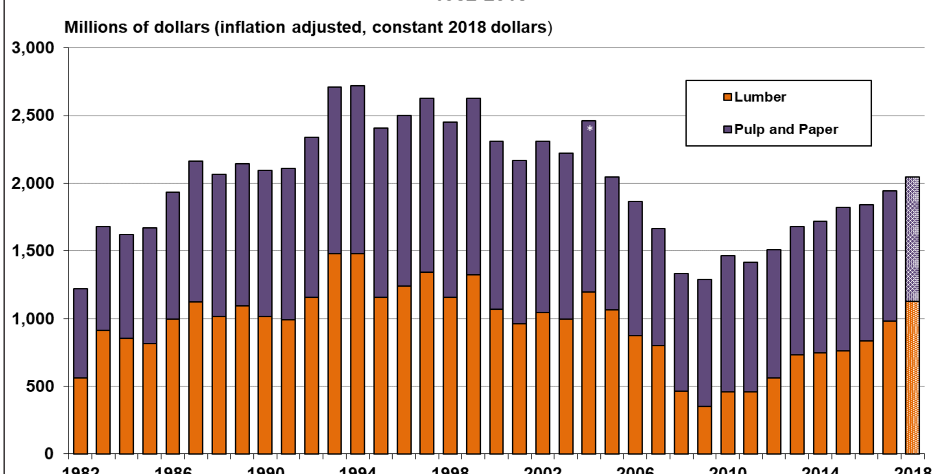
Source: Random Lengths Publications, Inc.

Idaho Forest Products Industry Sales, Production, and Employment

SALES TREND BY INDUSTRY SEGMENT

Total sales of lumber and pulp and paper produced in Idaho were estimated to be $2.05 billion in 2018, up 5% from $1.94 billion in 2017 (**Figure 2**). Lumber sales in 2018 were estimated at $1.13 billion, up 15% from $984 million in 2017. The increase in sales value resulted from changes in product prices and a 2% increase in lumber production.

Figure 2
Idaho Forest Products Industry (FPI) Sales
1982-2018



2018 numbers estimated.

Sources: Policy Analysis Group, University of Idaho; Western Wood Products AssociationU.S. Department of Commerce, Bureau of Economic Analysis.
*Prior to 2005, Pulp and Paper includes "other" primary forest products such as plywood and was estimated by University of Montana, Bureau of Business and Economic Research. Reliable data for other primary products are no longer available.

LUMBER PRODUCTION TREND

Lumber production in 2018 increased by 2% from 2017, from 1.78 billion board feet to 1.83 billion board feet (**Figure 3**). Despite some volatility in U.S. housing starts in 2018, general economic conditions remained good resulting in continued strong demand for lumber.

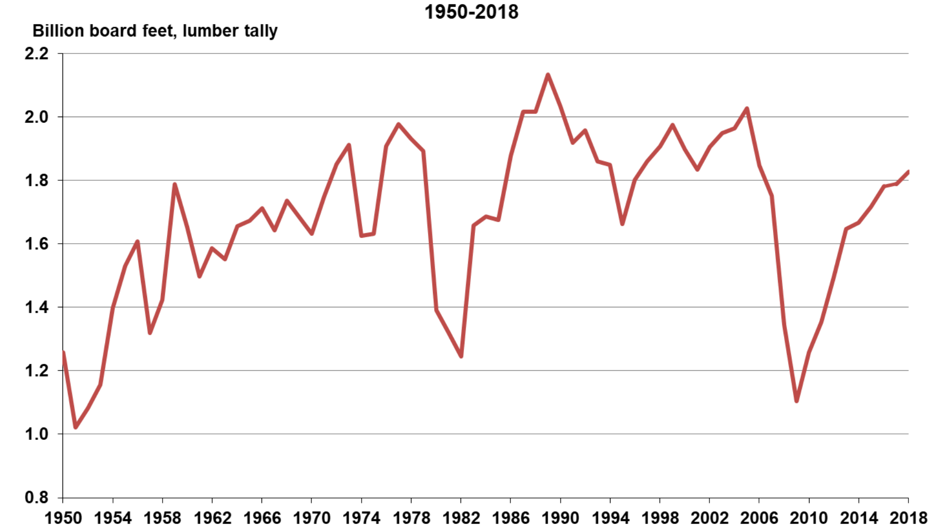
EMPLOYMENT

Direct employment in the forest products industry for 2018 was estimated to be 13,306 jobs, an increase of 483 jobs (4%) from 2017 (**Figure 4**). For more information about forest products industry employment, worker income, and value added to the state's economy see "Economic Contributions of Idaho's Forest Product Industry 2017" (Idaho Forest, Wildlife and Range Experiment Station Bulletin 107), a biennial publication of the Policy Analysis Group.

FOREST PRODUCTS INDUSTRY BUSINESSES

In 2017 the Policy Analysis Group updated its database of forest products industry businesses in Idaho to correspond with categories in the North American Industry Classification System (NAICS). Over 200 forest product manufacturing and wholesaling businesses in Idaho were identified (**Table 1**). No new openings or closures of primary manufacturing facilities in the state were reported in 2018.

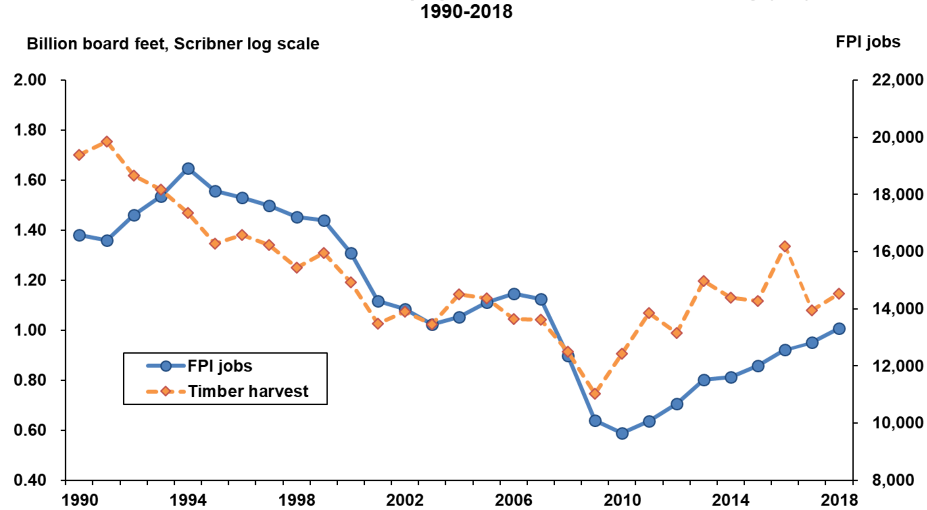
Figure 3
Idaho Lumber Production
1950-2018



2018 number estimated.

Sources: Policy Analysis Group, University of Idaho; Western Wood Products Association.

Figure 4
Idaho Timber Harvest and Direct Employment of Forest Products Industry (FPI) Jobs
1990-2018



2018 numbers estimated.

Sources: Policy Analysis Group, University of Idaho; Idaho Department of Lands; U.S. Forest Service; U.S. Department of Interior, Bureau of Land Management and Bureau of Indian Affairs; U.S. Department of Commerce, Bureau of Economic Analysis.

Table 1. Idaho Forest Products Industry Businesses, 2017	
Sawmills, millwork, treating	54
Engineered wood and panel products	22
Wood furniture and fixtures	77
Other wood products	42
Pulp, paper and paperboard mills	1
Converted paper products	4
Wholesalers of wood and paper products	9

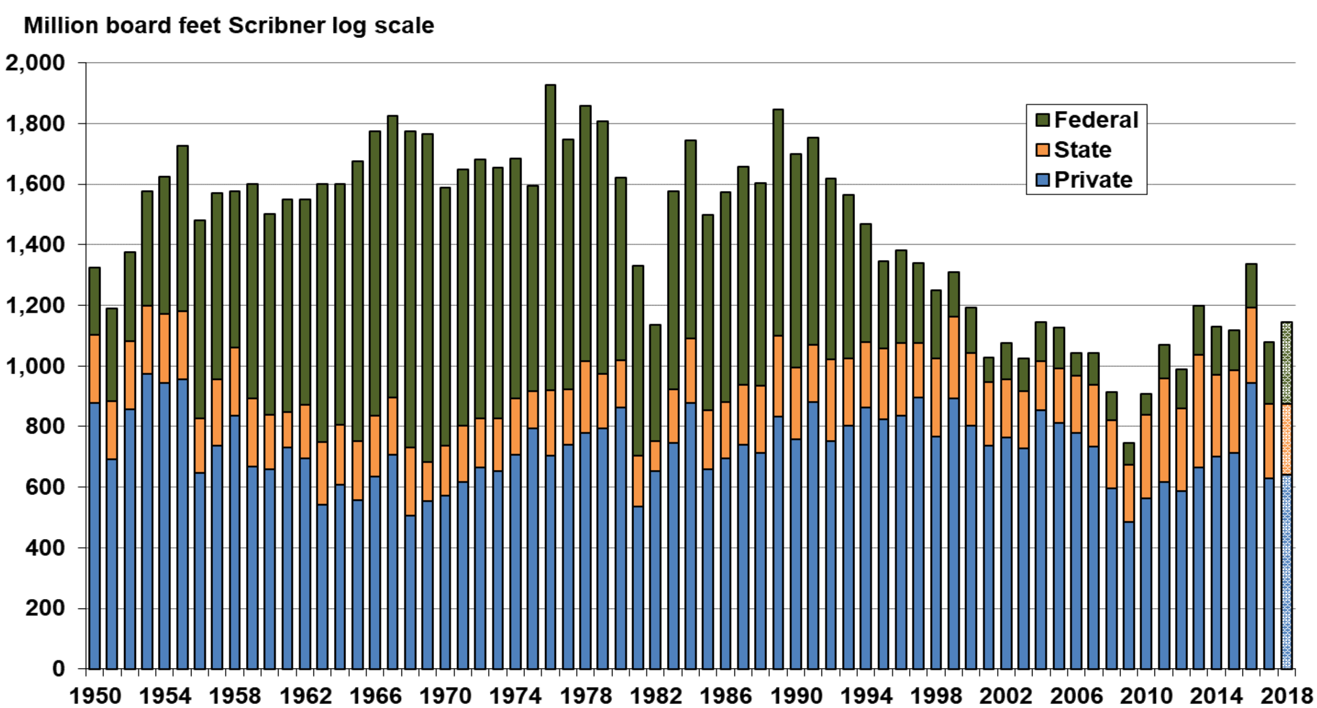
Idaho Timber Harvest

2018 timber harvest volume in Idaho was estimated to be about 1.15 billion board feet (Scribner log scale), an increase of 6% from 1.08 billion board feet in 2017 (**Figure 5**). In 2018, harvest volumes from federal and private lands increased by 32% and 2%, respectively, while harvest volume from state lands decreased by 4% from their 2017 levels.

Since the mid-1990's, Idaho's forest products industry has been sustained primarily by timber harvests from private and state lands. In 2018, harvests from private lands provided 56% of total timber harvest volume in Idaho, a significant decrease from 71% in 2016. State lands provided 20% of total harvest volume, and 24% came from National Forest System lands, which is double the previous 10-year average of 12%. Service and Idaho Department of Lands.

The increase in harvest volume on federal lands was due in part to the work of forest collaboratives and implementation of Good Neighbor Authority between the U.S. Forest Service and Idaho Department of Lands.

Figure 5
Idaho Timber Harvest by Ownership
1950-2018



2018 numbers estimated based on first three quarters.

Sources: Idaho Department of Lands; U.S. Forest Service; U.S. Department of Interior, Bureau of Land Management and Bureau of Indian Affairs.