



Pennsylvania Forest Products Association

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Testimony of Wes Miller
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On Behalf of the Pennsylvania Forest Products Association
House Environmental Resources and Energy Committee
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Introduction:

Good morning Chairman Metcalfe, Chairman Vitali and members of the House Environmental Resources and Energy Committee. I am Wes Miller, and I lead the business development and governmental affairs for A.M. Logging, LLC. A.M. Logging is one of Pennsylvania's leading forest products producers, and we are located in Centre County. We produce high quality saw logs, tie and pallet logs, logs for poultry shavings, pulpwood logs, flail chips for paper and MDF, whole tree chips for biomass fuel, grindings used for environmental control, and landscaping mulch. Our stumpage mix is derived from State owned lands (about 40%) and large and small industrial and privately owned lands. We are a fully mechanized high-output operation. Operationally, we serve our forest land clients with modern silviculture, our commercial clients with clearing and grubbing services for land development including wind and solar sites, and PennDOT for infrastructure improvements.

Forests and forest products have been very important to Pennsylvania across our entire history. Unfortunately, there have been times over that history when this valuable asset has been mismanaged. The vision of Rothrock and Pinchot allow us today to have productive private and public forest lands. Today's loggers have opportunities to be trained and practice in sustainable ways. The formation of the Sustainable Forestry Initiative (SFI) is reducing the environmental impact, improving logger safety, and also ensuring the sustainable regeneration of our forests for future generations to enjoy.

At the beginning of this hearing, you heard from our partners at the Hardwoods Development Council (HDC) at the Pennsylvania Department of Agriculture, and I want to underscore the importance of our partnership. The HDC and our three regional Hardwoods Utilization Groups (HUGs) do exceptional work keeping Pennsylvania's forest products industry competitive and sustainable. While the governor's initial budget has proposed to zero the Hardwoods Research and Promotion line item, we would like to thank you for your support of this item in prior years and we respectfully request your assistance in restoring this item prior to the final enactment of the 2021-22 state budget over the next few months.

To answer this committee's question regarding the status of our industry in Pennsylvania, I'll address both the challenges (or headwinds) we face as well as our exciting opportunities (or tailwinds):

Headwinds:

Workforce: The logging community is aging and we are struggling to find enough people to meet our workforce demand. We need to act now to recruit the next generation of leaders for our industry. Logging is physically demanding and is conducted in a wide range of weather conditions. Many find these challenges are more than they wish to endure. We are offsetting some of this labor shortage with technology and methodology improvements along with crews made up from our plain people community. Addressing these shortages in the forest products business as a whole, the PFPA and Penn State will incorporate a Career and Employment Expo into the upcoming Timber Show this June. Logging is the beginning of our supply chain, so recruiting new loggers will be essential to ensuring the future of our industry and the economic and environmental benefits we provide.

Workers' Compensation: The Green Ribbon Task Force report began to address this issue. Now, our partners at the HDC, the HUGs and representatives from insurance providers are working to address problems with high rates that incentivize many logging operators to proceed without coverage. There are not any easy answers or simple solutions, but our industry is committed to a continued focus on safety improvement and greater numbers of workers covered to provide protection against accidents.

Uneven Application of Municipal and Environmental Regulations: Pennsylvania's ACRE Law shows the General Assembly's commitment to protecting agricultural activities in our Commonwealth, including the harvesting of timber. This law protects "normal agricultural operations" from "unreasonable" regulation. However, with over 2,500 local governments across the state, there are a number that do not adequately recognize these protections. Conservation Districts across the state are not uniform in their interpretation and application of regulations, such as Chapter 102. On a positive note, PFPA is grateful to DEP Secretary Patrick McDonnell for his December 2020 letter which recognized the importance of ACRE and clarified many "do's and don'ts" for municipalities and conservation districts.

Changing markets: While the sawmill in the next town and the paper mill in the next county are still vital to our state's forest economy, all of us in this industry now compete in a world market. We have enjoyed robust export markets for our high-value logs and lumber. Unfortunately, the market for sawmill residual products and low-value stems has been shrinking. Just within the past few weeks, we have witnessed the announcement that the paper mill in Roaring Spings, Blair County will close. This, coupled with a shift away from locally sourced pulpwood and mill residuals is creating challenges that will impact the health of our state's forests. Over the past several decades, we have seen paper producers shift away from locally grown, harvested and pulped hardwoods to pulp sources from other regions and most distressingly, other countries. Those producers will tell you that our trees make the wrong pulp for these materials. The truth is, our trees can be used to make these materials, just not at the manufacturing pace of that of imported fluff pulp. So, at the altar of low tissue paper prices we are sacrificing family sustaining jobs and proper silviculture in Pennsylvania. The impact of this can already be seen in our state's forests. In a recent presentation, Charles Ray indicated that in 2007, Pennsylvania had 16 million acres or 500,000 million tons of underutilized forest products. In 2007 these would have produced 6 million tons of low value wood products in perpetuity. By 2012, that number had grown to 1.1 billion tons or to a use rate of 10.2 million tons per year. Failure to use these low value products has a two-fold cost. First is the pure economic loss to our state's forest landowners

and forest industry workers. Secondly, the environmental impact to our forest lands can be devastating. Failure to “weed the forest garden” will result in fewer higher quality, healthy forest lands. A healthy and vibrant market for low-grade wood makes it possible to maximize the economic and environmental benefits our industry can provide.

COVID-19 Economic Impacts: The pandemic has created wild swings in the marketplace that has made operational management a challenge. Logging is the poster child for social distancing, and after the uneven application of Gov Wolf’s shutdown process in early-2020 smoothed out, our firm has seen little impact from the actual disease except for the market swings. We have seen some service hiccups, with many vendors, suppliers and agencies blaming their poor service on the effects of COVID-19.

Tailwinds:

Technology improvements: These are actually two-fold. Improvements in equipment allow for far more productivity per man-hour while enhancing worker safety. Additional technologies are advancing. For example, these technologies allow for gasification of residuals and low-value stems. These processes will allow for the production of renewable synfuels and byproducts that capture carbon while providing a wide array of far-reaching benefits.

Environmental awareness: While the public perception of logging is somewhat negative, the science is on the side of sustainable forestry. We believe our industry – especially loggers – can and will play an important role as carbon awareness and capture take on a front and center role. Forest products are renewable and must be a key component in our strategy to increase our capacity for carbon storage and our rate of carbon capture.

Lastly and before I take questions, I want to recognize the import role that state-owned forestland plays in the forest products economy. Both DCNR and PGC forestlands and their management provide a constant and steady supply of stumpage for the industry. Their steady approach to forest management helps buoy the swings in the supply chain. We should all be grateful for their work.

Thank you for your time and the opportunity to present. I will gladly take questions.