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Where Will the Wood Come From?

An Update on the Lumber Market Situation

March 9, 1993

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Where Will the Wood Come From?

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I. Introduction/Summary

Soaring lumber prices are disrupting home building and threatening housing affordability. From early October 1992 to the end of February 1993, lumber prices (as measured by the Random Lengths composite average) increased by 90%, from about $250 per 1000 board feet to $474. Record-high lumber prices are a symptom of a worsening timber/lumber supply crisis that is also resulting in sawmill closures and unemployment throughout the western timber-producing region. Record high lumber prices are occurring mainly because forests are being shut down by court injunctions and federal land management policies.

Federal timber sales have been dramatically reduced because:

- Court injunctions have prevented the sale of Forest Service and Bureau of Land Management timber in the northern spotted owl region.

- Appeals and litigation have obstructed the sale of Forest Service timber in other regions.

- The Forest Service has delayed timber sales or amended forest plans to address threatened and endangered species and has had difficult implementing the long-range forest plans developed under the National Forest Management Act.

- Congress has been unable to resolve conflicts over management of federal lands and Congress has not provided sufficient funds for an adequate timber sale program.

Timber supply from state and private lands is being constrained because of the Endangered Species Act and other environmental regulations.

As a consequence of reduced timber supply, lumber prices have nearly doubled in a few short months. Additionally, 132 sawmills and plywood mills have closed since 1990, affecting 12,868 people directly employed by those mills and an equal number of employees in supporting industries.

A critical question is whether high lumber prices are jeopardizing the economic recovery. Housing has historically led the U.S. economy into recovery and is again a significant factor in the recent economic improvement, but the recovery has been sluggish and anemic by historical standards. An explosion of lumber prices could rekindle inflationary expectations, cut into housing demand, and stifle the expansion of the economy. The recent increase in lumber prices represent an additional $10 - 12 billion burden on home buyers and on households seeking to remodel their homes.

II. The Current Market Situation

During the 1980's, lumber prices lagged inflation, but lumber prices recently have escalated at unprecedented rates. During the week ending March 5, the Random Lengths Composite Price for softwood lumber stood at $474 per MBF. Prices for structural panels and many other wood products are also up sharply.

The lumber market responds continuously to factors affecting demand and supply. Price spikes tend to occur whenever there is a surge in demand or a disruption in supply. However, during the past two years, the volatility in wood product markets has increased markedly. Price "bubbles" have occurred with increasing frequency and have reached successively higher levels before settling back down. Significantly, the history of lumber prices during the past two years has closely followed administrative and judicial developments in the saga of the spotted owl (Figure 1).

III. Housing and Timber Supply

Home building and residential remodeling each account for about one-third of lumber consumption. In 1992, housing starts totaled 1.2 million units. Housing starts are forecast to increase by 120,000 units in 1993, to 1,320,000 units, with the increase entirely in the single-family category. Repair & remodeling expenditures are also expected to rise, along with other sources of wood consumption. Assuming lumber use factors (e.g. board feet per housing start) similar to recent experience, lumber demand is projected to grow from approximately 45.3 billion board feet in 1992 to 48 billion in 1993 (Tables I & II).

These increases in housing starts and lumber demand are not extraordinary. The 10 percent increase in housing starts projected for 1993, and the 18 percent increase in 1992, pale in comparison with the 61 percent increase in 1983, and total starts will be far below the 1.8 million in 1986. Total lumber consumption forecast for 1993 is also below the 1987 peak of 50.5 billion. Thus, neither the total size of the demand nor the rate of increase is overwhelming in historical perspective. Clearly, the price bubble is not simply a matter of unusually high construction activity and wood products demand.

This year, the nation will require an additional 3.1 billion board feet of softwood lumber, 1 billion square feet of structural panels (plywood and OSB) and 500 million square feet of non-structural panels. Lumber requirements will increase even more in

1994 and beyond if forecasts for housing and remodeling construction hold. NAHB forecasts 1994 housing starts at 1.41 million and repair and remodeling expenditures increasing steadily in real terms from $92 billion in 1992 to $130 billion in the year 2000. Using conservative assumptions about wood use in housing construction and other construction categories, softwood lumber demand in 1994 would be 51 billion board feet, and 54 billion board feet in 1995. These demand levels cannot be accommodated with timber supplies dramatically curtailed as they are now.

IV. Where Will the Wood Come From?

A. Federal Lands

Half of standing softwood timber in the United States is owned and managed by government agencies. Historically, timber harvests from federal lands have accounted for over one-third of U.S. softwood sawtimber production. In 1992, they accounted for an estimated 22 percent and this year, their contribution to national supply is continuing to decline.

As a consequence of court injunctions, litigation and administrative appeals, federal timber sales and harvests are declining. In modern times, the volume of uncut federal timber under contract to be harvested has never been lower (Figure 2).

Between 1990 and 1992, federal timber sales declined from 9.9 billion board feet to 4.5 billion board feet, a 55 percent reduction, equivalent to the amount of lumber and panels used to build 404,000 average-size single-family houses per year. Each board foot of timber can produce 1.5 board feet of lumber, so this reduction is equivalent to 24 percent of U.S. softwood lumber production in 1992 and about 18 percent of U.S. softwood lumber consumption. Clearly, the reduction in timber available from federal lands represents a significant portion of the total U.S. supply of raw material normally used to manufacture lumber and wood products (Table III).

The lower volume of sales is partly due to explicit policies by government agencies, but much of the reduction is due to court injunctions and administrative appeals by environmental groups. Ambiguities and conflicts in three major laws affecting forest policies -- the Endangered Species Act (ESA), National Environmental Policy Act (NEPA), and National Forest Management Act (NFMA) -- have resulted in legal gridlock, with most new timber sales in the West held up by court injunctions.

Congressionally-authorized timber sale levels have not been met since 1987 (Figure 3). Congress approved Section 318 in the 1990 Interior Appropriations which authorized specific harvest levels for the national forests in the Pacific Northwest. Section 318, a one-year temporary fix, declared that the 1990 timber sale program met the requirements of all relevant environmental statutes so the timber sale program could proceed. Congress has been unable to reach agreement to insulate subsequent timber program authorizations from judicial review.

In May 1991, U.S. District Court Judge William Dwyer enjoined 80 percent of the Forest Service timber sale program in the region for failure to comply with NEPA and NFMA. The temporary injunction was made permanent in July, 1992. U.S. District Court Judge Helen Frye enjoined Bureau of Land Management (BLM) timber sales in February and July 1992 for similar reasons. And a decision by the Endangered Species Committee (which was comprised of officials at the highest levels of government) to permit a limited number of BLM timber sales was also stymied by the injunction and subsequent litigation. Appendix A includes a detailed chronology of events leading to the current gridlock in the Pacific Northwest.

While the situation is most acute in the coastal region of the California, Oregon and Washington, the federal timber program has also been drastically reduced east of the Cascades and in the Rocky Mountains. The situation is getting worse because of the September 1992 listing of marbled murrelet, the expected listing of the Mexican Spotted Owl under the Endangered Species Act, and Forest Service plans to protect the California Spotted Owl. In addition, the Administration's economic package includes a proposal to reduce federal timber sales in national forests where costs exceed sale proceeds.

The 1993 appropriations bill for funding the U.S. Forest Service contained a provision requiring the agency to issue new regulations governing appeals for timber sales and harvests. Appeals have stymied the agency's ability to sell national forest timber. While the Congressional directive is designed to streamline the handling of appeals and provide more opportunities for public input before decisions are made, new regulations have yet to be issued.

B. The Private Land Situation

Although the major short-term problem with timber supply is in the government-owned forests, environmental regulations are also having deleterious effects on the supply of private timber as well. In both the Northwest and the South, private landowners are facing restrictions. In the State of Washington, there are 900 known owl nesting sites on private land. Harvesting is essentially prohibited within 500 acres of each nest and restricted on 6,600 surrounding acres. The volume of timber locked up is equivalent to the lumber used to construct 2.5 million single-family homes (Table IV). Similar timber withdrawals are occurring on private lands in California and Oregon.

In the South, long-rotation forest management is being discouraged because of the Endangered Species Act. Landowners are discovering that older stands provide habitat for red-cockaded woodpeckers, placing those stands off-limits to harvesting.

Many landowners are electing to shorten the rotation age, harvesting smaller tress which produce less lumber.

Wet conditions in parts of the south have been a problem in the short-term, but bad weather is a relatively minor factor in today's lumber market.

C. Regional Supply Sources

The major softwood lumber producing regions are in the west, the south and Canada (Table V & Figure 4). Although it accounts for the largest share of U.S. supply of wood products, the western region will continue to decrease output unless the existing timber supply situation is reversed. In 1992, despite rising demand, western lumber production actually fell an estimated 2.5 percent (500 million board feet). Producers are simply running out of logs and are slowly metering log supplies from existing contracts in the hope that policy will eventually change.

Southern producers have significantly increased output in response to higher market prices. Southern pine production increased an estimated 10 percent, or 1.5 billion board feet, in 1992. However, the timber supply in the South cannot support much additional production. Even at vastly higher prices, the South is unlikely to increase production by more than 1 billion board feet in 1993.

The northern U.S. region, which historically has accounted for less than 5 percent of total U.S. softwood lumber production, has, for the most part, reached its capacity limits. Any increase in that region would be marginal since the supply of softwood timber in the region is used mainly for paper production.

As construction activity increases, and the demand for lumber products grows, there is less flexibility in the producing sector to accommodate the additional requirements. Typically, as demand increases, sawmills extend or add shifts to increase production. Currently, insufficient log supply is an impediment to increased production for many mills, particularly those dependent on federal timber, so production cannot expand to meet the demand at current prices.

D. Imports

A major portion of U.S. lumber supply is imported from Canada. Despite a 6.5 percent countervailing duty imposed on Canadian softwood imports last year, the Canadian share increased from 27.3% of U.S. consumption in 1991 to 29.3% in 1992. Because Canadian supplies are also affected by environmental pressures, there isn't much potential for further increases in Canadian timber supplies. This year, British Columbia, which provides the lion's share of U.S. imports, is expected to scale back allowable harvest levels in provincially-administered timber licenses. In Canada, unlike in the United States, production during the past decade has exceeded what provincial authorities believe to be sustainable levels. They have decided to reduce the allowable harvest levels by as much as 25 percent over the next several years. While some increase in Canadian shipments to the United States is possible, even likely given the higher U.S. price levels and softer overseas markets, it will be insufficient to compensate for rising U.S. demand and decreased western production.

Yet another possibility is that higher prices will spur imports from countries other than Canada. Russia is often cited as a potential supplier of an almost unlimited volume of softwood timber or lumber, but lacks infrastructure for forest development. New Zealand and Chile are also possibilities. To date, imports from countries other than Canada have been relatively small (less than one percent) and are likely to remain fairly limited.

E. Exports

The U.S. is a large net importer of softwood lumber, but also exports softwood logs to the Pacific Rim and other markets. Log exports have declined because of higher domestic prices and weak economies in Japan and other importing nations. Last year, softwood log exports totaled 2.8 billion board feet, 19 percent lower than in 1991, and 39 percent lower
than five years ago. Exports of unprocessed logs from public lands -- both federal and state -- are prohibited by law.

V. Impact on House Prices

Since about 15,800 board feet of framing lumber goes into a typical new 2,000 square-foot single-family home with median price of about $120,000, the increase in lumber prices at the mill between the low point in October and the record high in February translates directly into an increase of $3,500 for such a house. Taking into account the increases in the prices of panel products (e.g. plywood), as well as costs that rise in proportion to the materials cost, such as sales tax, financing, insurance, and real estate brokers' commissions, the effect on home prices will be over $4,600 (Table VI).

Other things being equal, a $4,600 price increase would reduce the number of households who would qualify for a mortgage on a median-priced home by about 2,800,000 based on standard criteria for the maximum ratio of monthly payments to income. Since only about 4.5 percent of households actually purchase a home in any given year, the number of households that would actually be affected would be much smaller. If we ignore the fact that home buyers could choose smaller or less elaborate homes to offset the higher cost of wood products, the effect of the price increase would be to price about 127,000 new and existing home buyers out of the market. Many home buyers would stay in the market but choose more modest homes. In any case, the price increase will limit growth in the real value of construction activity for new homes. Residential additions and alterations may be affected (proportionately) even more than new construction, since, according to some estimates, a larger share of remodeling outlays goes to wood products.

The effect of higher prices on housing demand will not be limited to the impact on the ability to make mortgage payments. At current mortgage rates the down payment requirement is the greatest barrier to home ownership for first-time home buyers, and higher prices mean higher down payments. Moreover, some households with the financial ability to buy a home may simply choose not to do so at the higher price level.

VI. Consumer Response

To compensate for higher costs, builders may use fewer wood materials for new construction and remodeling. One way to use less wood is to build fewer homes, and higher prices will drive away some home buyers. Secondly, smaller houses might be constructed. This means that the prevailing 1980's trend of larger houses might be reversed. Consumers would have to settle for a smaller house with fewer wood amenities.

Builders could engineer systems which are less wood intensive. For example, conventional 16 inch on center stud spacing may give way to wider spacing or other wood-saving designs. This may or may not affect housing quality, depending on how the construction is ultimately engineered. The use of engineered wood products, manufactured from lower valued raw material will increase significantly. Examples are I-Joists, trusses, panelized systems and laminated lumber products.

Builders in some cases may switch to non-wood substitutes. Masonry, steel and plastic building materials will find greater acceptance as prices for wood products increase. While the use of such materials will limit lumber price increases, the cost of construction will still rise.

VII. Impact on Employment

The social and human costs associated with the timber supply crunch are considerable. Eventually, nearly half of the 100,000 timber dependent jobs in the spotted owl region could be lost. In addition, another 50,000 indirect jobs (retail, wholesale, business services, etc.) are in jeopardy.

Higher prices also mean job losses in home building. Each new home lost represents roughly one year-round full time job in home building and another in supplier industries such as building materials, retailing, and transportation. Moreover, there will further losses as the industries that provide goods and services to workers in the forest products and construction industries are affecting.

The full job impact of the ban on federal timber sales has been muted by the availability of timber purchased before the court injunctions. However, this backlog of "sold but uncut" timber is being depleted rapidly and is likely to be exhausted by the end of the year. In fact, many workers have already been laid off as the result of mills closing for lack of timber. During the past year alone, over 5,000 mill workers have lost their jobs in the 3-state owl region. Small businesses have been particularly hard hit by the timber supply recession. In California, for example, small lumber businesses numbered 49 in 1980, but were down to 25 in 1992.

VII. The Bottom Line

The timber supply crisis is affecting not only the timber-producing regions, but is having ramifications throughout the economy in the form of higher product prices. To date, neither the Administration, nor the Congress, has acted to alleviate the crisis. President Clinton has committed himself to holding a "forest summit" in an effort to work out a solution to the problem. In the absence of an Administration plan, and Congressional action to implement one, the log supply situation will worsen, debilitating one of the nation's most internationally-competitive industries.

The crisis needs to be addressed if the economic recovery is to be sustained. Among the steps which need to be taken are:

- President Clinton should expeditiously convene the "forest summit" to develop a consensus for legislative action.

- The legislative solution must assure protection of the northern spotted owl and old-growth values, provide for a more stable and predictable timber supply from public lands in the short and long term, reduce the gridlock caused by appeals and litigation, and provide community assistance and worker retraining for logging and mill workers dislocated by reductions in timber supply.

- Congress should act quickly on a legislative package.

- Even before convening the forest summit, the Administration should implement measures to enable the harvesting of dead and dying trees (salvage timber), and Congress should appropriate the necessary funds to carry out a more ambitious salvage program.

The bottom line is that unless something is done to alleviate the timber supply bottleneck in the very near future, lumber prices are going to remain problematic. Timber supply will become an increasingly constraining factor on lumber production and the home building industry, and the nation's economic recovery could be jeopardized.

TABLE I

Indicators of Lumber Demand

INDICATOR		1991	1992	1993 Forecast
TOTAL HOUSING STARTS	(units)	1,014,700	1,201,000	1,320,000
- New Single-Family Housing	(units)	841,600	1,030,000	1,239,000
- New Multi-Family Housing	(units)	173,100	171,000	171,000
REPAIR & REMODELING EXP.	($ Bil 1987)	82.7	86.7	91.0
OTHER CONSTRUCTION [Non-Residential]	($ Bil 1987)	217.2	217.2	225.0
MANUFACTURERS SHIPMENTS [Industrial/Other]	($ Bil 1987)	199.6	204.0	213.0

Source: Housing Starts, NAHB; Repair & Remodeling Expenditures, NAHB; Non-Residential Construction, DOC & Cahners; Manufacturers Shipments (Monthly Average), DOC & NFPA.

TABLE II

Lumber Required for Economic Recovery

Indicator	Lumber Use Factor	1992 Consumption	Proj. 92/93 Increase	Add'l Lbr. Requirement
Single-Family Housing	15.8 MBF/unit	16.3 Billion BF	120,000 units	1.9 Billion BF
New Multi-Family Housing	5.7 MBF/unit	1.4 Billion BF	—	—
Repair & Remodeling	150 MMBF/$ Bil (87)	13.0 Billion BF	$ 4.0 Billion	0.6 Billion BF
Other Const.	30 MMBF/$ Bil (87)	6.5 Billion BF	$ 7.8 Billion	0.2 Billion BF
Industrial/Other	40 MMBF/$ Bil (87)	8.1 Billion BF	$ 9.0 Billion	0.4 Billion BF
		45.3 Billion BF		3.1 Billion BF

SOURCES: Lumber use factors for housing from Anderson and McKeever, "Wood Used in New Residential Construction in the United States (1988)"; Other factors based on AFPA estimates.

NOTE: The Monthly Average of Manufacturers Shipments is used as a general measure of industrial production, furniture manufacture and materials handling to describe Industrial/Other Sector; the economic recovery will also require 1.5 billion square feet in structural and non-structural panels in 1993.

TABLE III

TIMBER PRODUCTION
(in MMBF)

	1987	1988	1989	1990	1991	Estimated 1992
Federal*						
Sales -- Total	12,479	11,982	9,160	9,895	6,887	4,545
West	10,248	9,963	7,080	7,926	5,008	2,742
Other	2,231	2,019	2,080	1,969	1,879	1,803
Harvest -- Total	14,015	14,238	13,299	11,444	9,069	7,940
West	11,399	11,672	10,941	8,799	6,978	5,752
Other	2,616	2,566	2,358	2,645	2,091	2,188
Uncut Timber Under Contract	27,334	23,172	19,110	18,213	13,761	10,760
NW State Harvest**	1,402	1,346	1,334	1,053	817	750
NW Private Harvest	9,057	8,972	9,248	8,726	8,351	8,200
Log Exports						
Total	3,959	4,594	4,519	4,000	3,478	2,823
From Northwest ports	3,168	3,682	3,614	3,008	2,542	2,234

Sources: US Forest Service; BLM; AFPA
Notes: * Includes timber in national forests and Bureau of Land Management
**NW includes Oregon, Washington, Montana and Idaho

TABLE IV

State of Washington Private Land Impacts Northern Spotted Owl Listing	
Area per OWL NEST (1.8 mile Circle)	6,600 Acres
Area which cannot be logged in circle	2,523 Acres
Timber volume per Acre of Habitat	20,000 BF-log
TIMBER volume set-aside for OWL	50,460,000 BF-log
Lumber use in average HOME	15,800 BF-lbr
Plywood use in average HOME (1,890 square-foot home)	8,400 SF3/8"
Lumber MBF per Timber MBF conversion	1.6 MBF-lbr
Plywood M3/8 per Timber MBF conversion	3.4 M3/8"
TIMBER volume required per HOME	12,300 BF-log
THEREFORE: Each OWL NEST locks-up enough Timber to supply Lumber and Plywood to build	4,100 HOMES
Estimated OWL CIRCLES in Washington	900
Adjustment for Overlap of Circles	.68
Total HOMES lost to OWLS in Washington	2.5 Million

TABLE V

LUMBER STATISTICS
(in MBF)

Estimated	1987	1988	1989	1990	1991	1992
Production						
West	23,942	23,638	23,212	21,175	19,075	18,570
South	12,473	12,676	12,544	12,911	12,507	13,924
Other	1,820	1,816	1,789	1,705	1,579	1,624
Total U.S.	38,235	38,130	37,545	35,791	33,161	34,118
Lumber Imports						
Canada	14,564	13,700	13,526	12,081	11,650	13,259
Other	116	106	112	67	92	122
Lumber Exports	2,423	3,264	3,319	2,970	3,090	2,651
+/- Mill Inventory Change	(65)	159	111	(34)	(185)	(463)
Total Apparent Lumber Consumption	50,427	48,831	47,975	44,935	41,628	45,311

Source: American Forest & Paper Association

TABLE VI

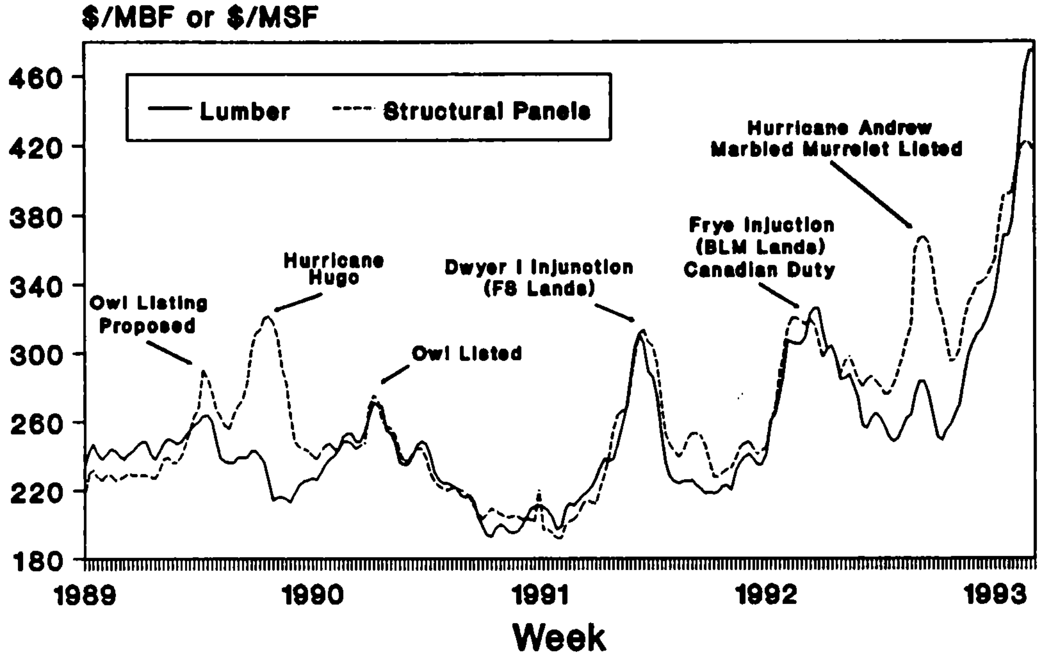
House Price Impact

	RATE	LUMBER*	STRUCTURAL PANELS**	TOTAL
MILL PRICE INCREASES:				
Mill Price 2/26/93		$474	$421	
Mill Price 10/9/92		$249	$321	
Increase		$225	$100	
Percent Increase		90%	31%	
Quantity, excl millwork		14.659	6.278	
Quantity, incl millwork		15.824	6.325	
Direct increase, excl millwork		$3,298	$628	$3,926
Direct increase, incl millwork		$3,560	$633	$4,193
OTHER COST INCREASES:				
Sales Tax	0.04	$142	$25	$168
Financing Cost	0.03	$111	$20	$131
Co-op Brokers Fee	0.03	$114	$20	$135
TOTAL COST INCREASE		$3,928	$698	$4,626

Sources: Random Lengths, Eugene, OR
Robert G. Anderson and David B. McKeever,
Wood Used in Residential Construction in the United States

Figure 1

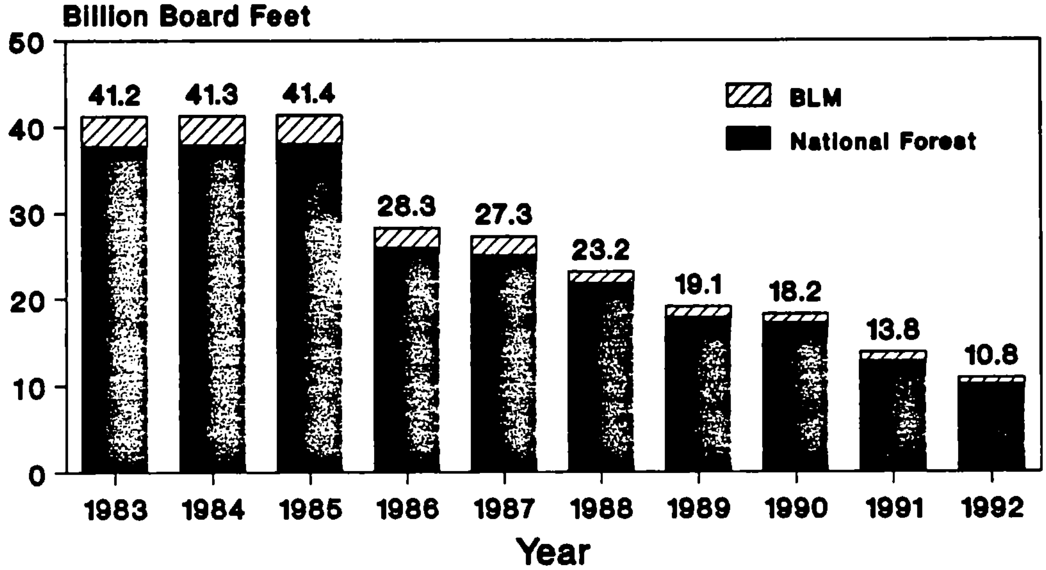
Random Lengths Composite Price of Softwood Lumber and Structural Panels



Source: Random Lengths

Figure 2

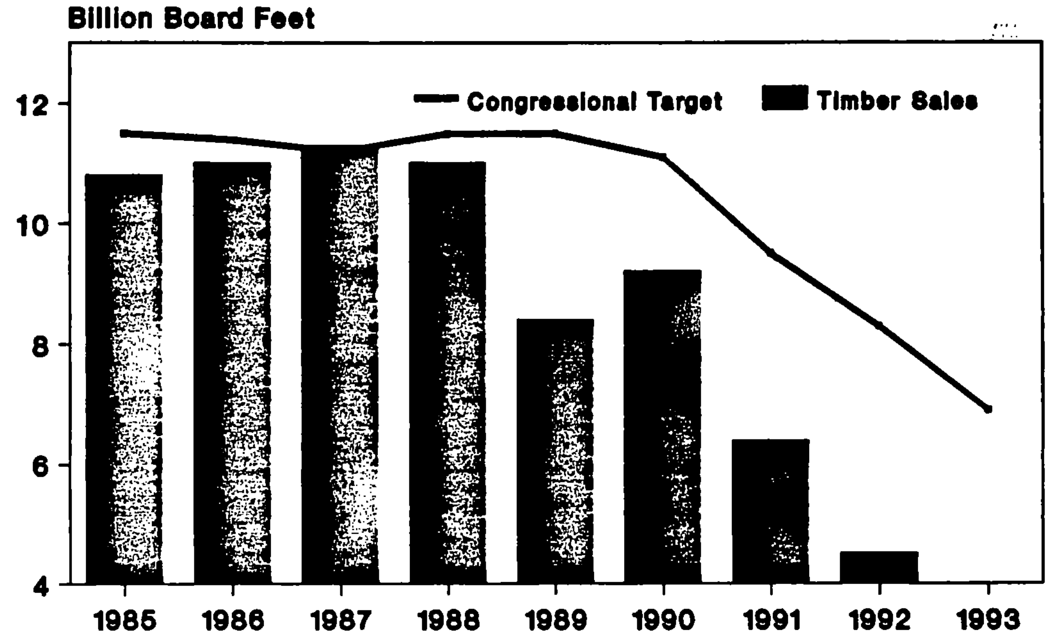
Federal Timber Volume Under Contract to Purchasers Awaiting Harvest



Source: USDA, Forest Service; BLM

Figure 3

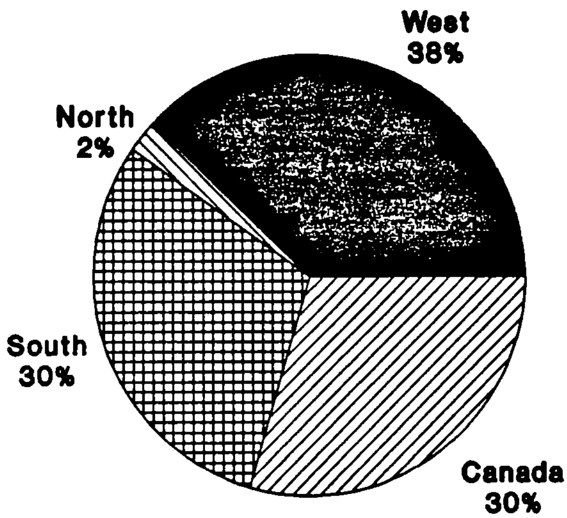
Congressional Timber Sale Targets vs. Actual F.S. Timber Sales



Sources: F.S. budget explanatory notes; U.S. Forest Service

Figure 4

Where U.S Softwood Lumber Comes From



1992 Supply = 45.3 Billion Board Feet

Source: U.S. Forest Service; AFPA

APPENDIX A

CHRONOLOGY OF A DEEPENING CRISIS
1989 - 1992

September 1989	Congress approves the Hatfield-Adams amendment to the Interior Appropriations Bill (Section 318) that provides for a 3.85 billion board foot harvest in the Pacific Northwest and declares the measure meets relevant environmental statutes.
April 1990	Jack Ward Thomas Report issued calling for the set-aside of 8.4 million acres(Washington, Oregon and Northern California) to protect the northern spotted owl. The report does not consider economics or sociology.
July 1990	The northern spotted owl is listed as threatened by the US Fish and Wildlife Service. Economical or sociological considerations are precluded from consideration in the listing process by the Endangered Species Act.
September 1990	The Ninth Circuit Court of Appeals overturns the judicial review section of Section 318, paving the way for special interest lawsuits against federal timber sales. The case on appeal before the US Supreme Court.
October 1990	Congress rejects effort to cut $100 million out of the US Forest Service road building budget, and it defeats an amendment calling for the convening of a cabinet level committee to weigh economic considerations resulting from the listing of the owl.
February 1991	US District Court Judge Thomas Zilly orders the Fish and Wildlife Service to designate critical habitat for the northern spotted owl.
May 1991	The US Fish and Wildlife Service proposes 11.6 million acres of Washington, Oregon and Northern California forestland as critical habitat for the northern spotted owl. The agency fails to adequately consider economic or sociological factors.
May 1991	US District Court Judge William Dwyer enjoins 80 percent of the US Forest Service's timber sale program.
July 1991	Four federal scientists ("Gang of Four") provide 34 recommendations to three congressional committees, the majority calling for the setting aside of millions of acres to protect the northern spotted owl. No consideration of economic and sociological consequences.
August 1991	The US Fish and Wildlife Service revises its proposed designation of critical habitat for the northern spotted owl, calling for 8.2 million acres to meet the owl's needs. A cursory economic analysis places the potential job loss figure at 2,400 as a result of designating the equivalent of Massachusetts, Connecticut and Rhode Island combined for the nocturnal creature.

January 1992	"God Squad" proc ings begin to determine the fate of 44 Bureau of Land Management timber sales in Southern Oregon. The US Fish and Wildlife Service earlier issued jeopardy opinions against the sales even though no owls exist on the 4,600 acres in question. The God Squad is a cabinet-level committee charged with balancing economic and environmental considerations.
January 1992	The US Fish and Wildlife Service issues its final designation of critical habitat, identifying 6.9 million acres in California, Oregon and Washington. The acreage is greater than either the State of Massachusetts or Maryland. The agency places the associated job losses at 33,000.
February 1992	US District Court Judge Helen Frye issues a temporary injunction against the Bureau of Land Management's timber sale program, further exacerbating the timber availability crisis and negatively impacting wood prices.
March 1992	The United States Supreme Court unanimously upholds Section 318 of the 1989 Interior Appropriations bill, permitting Congress to establish reasonable judicial restraints on special interest litigators. The ruling overturns the 1990 Ninth Circuit Court of Appeals judgment on the same issue.
May 1992	God Squad exempts 13 Southern Oregon BLM timber sales from the provisions of the Endangered Species Act. The Interior Department releases the 5.4 million-acre draft recovery plan potentially costing 32,100 jobs, and the 2.8 million-acre owl preservation plan jeopardizing 14,990 positions.
May 1992	Judge William Dwyer rules against the adequacy of the Jack Ward Thomas report as the Forest Service's environmental impact statement. The judge issues a preliminary injunction and orders a June 22 hearing on a proposed remedy.
June 1992	Judge Helen Frye issues an injunction against the Bureau of Land Management timber sale program ordering the preparation of an environmental impact study on the northern spotted owl.
July 1992	Judge William Dwyer issues a permanent injunction against approximately 80 percent of the U.S. Forest Service timber sale program in California, Oregon and Washington. The Forest Service is ordered to update its environmental impact study to consider the impacts of 13 God Squad approved timber sales (all enjoined), and the needs of 32 old-growth species (none listed).
July 1992	The Western Council of Industrial Workers, the United Brotherhood of Carpenters and Joiners of America and the International Woodworkers of America propose the convening of a 1993 timber summit to Arkansas Governor Bill Clinton.
August 1992	Governor Bill Clinton pledges in a letter to union leaders that if elected president he would convene a timber summit to solve the ongoing timber availability crisis.
September 1992	Clinton proposes a "no net job loss" policy on the timber issue during a trip to Oregon, while President Bush calls for economic considerations to be added to the Endangered Species Act.

THE ENVIRONMENTAL SPECIAL INTEREST LAWSUITS

(Follows Sept. 1990 Ninth Circuit decision overturning Section 318 of the 1989 Interior Appropriations Bill.)

Plaintiff:	Seattle Audubon
Petitioner:	Sierra Club Legal Defense Fund
Judge:	Thomas Zilly
Decision:	The US Fish and Wildlife Service must designate critical habitat for the northern spotted owl. The current proposal: 6.9 million acres throughout the three-state region.

Plaintiff:	Seattle Audubon
Petitioner:	Sierra Club Legal Defense Fund
Judge:	William Dwyer
Decision:	Eighty percent of the 1991 US Forest Service timber sale program in the three states was enjoined. Injunction lifted, but timber not sold.

Plaintiff:	Seattle Audubon
Petitioner:	Sierra Club Legal Defense Fund
Judge:	William Dwyer
Decision:	The Jack Ward Thomas report is deficient in protecting the northern spotted owl. Injunction against 80 percent of the US Forest Service timber sale program in California, Oregon and Washington is issued.

Plaintiff:	Seattle Audubon
Petitioner:	Sierra Club Legal Defense Fund
Court:	Ninth Circuit Court of Appeals
Decision:	The environmental special interests may contest 1990 US Forest Service timber sales. Decision overturned in March of 1992 by the United States Supreme Court by a 9-0 decision.

Plaintiff:	Portland Audubon
Petitioner:	Sierra Club Legal Defense Fund
Judge:	Helen Frye
Decision:	Permanent injunction against Bureau of Land Management timber sale program. Agency preparing environmental impact study.

THE MESS

Four separate federal agencies	Department of Interior US Forest Service US Fish and Wildlife Service The Bureau of Land Management
Five separate northern spotted owl management programs	Forest Service - Jack Ward Thomas plan Fish and Wildlife - Designation of Critical Habitat Bureau of Land Management - Jamison Plan Interior Department - Draft Recovery Plan and Owl Preservation Plan.

Three separate states with three separate owl protection programs	Washington Oregon California	
Six major court decisions	United States Supreme Court Dwyer I Ninth Circuit	Zilly Dwyer II Frye
Eight prominent old growth related bills pending in Congress	HR 842 The Ancient Forest Protection Act (Jontz) HR 2463 The Forests and Families Protection Act (Huckaby-Swift) HR 2807 The Forest and Community Survival Act (AuCoin) HR 3263 The Northwest Forest Protection and Community Stability Act (Morrison-AuCoin) HR 4899 The Ancient Forest Act (Miller-Vento) HR 4899 The Forests Forever Act (DeFazio substitute) HR 4988 The Northwest Forest Management, Planning, Productivity, Improvement and Protection Act (Vollkmer) S 2895 The Rural Development and Ancient Forest Ecosystem Conservation Act of 1992 (Adams-Leahy)	

And a cast of thousands: scientists, sociologists, economists, biometricians, bureaucrats, lobbyists, attorneys, publicists, staffers etc.

POSSIBLE SOLUTIONS

The 1993 Timber Summit chaired by the Clinton administration including the congressional delegations and governors from California, Oregon and Washington.

The details will be announced at a later date. NOTE: A timber summit was hjeld in 1989, leading to congressional adoption of Section 318 of the Interior Appropriations Bill.

The summit proposal was submitted to Clinton by representatives of organized labor in July, 1992.

HR 2463/S 1156 - THE FOREST AND FAMILITES PROTECTION ACT

Support: Forest Products Industry, Organized Labor, bipartisan sponsorship from all regions of the country.

Movement: Bill has been heard in both houses.

The elements:

a) Congress provides direction to the administration in designating ecologically significant old growth.

b) Provisions of the Endangered Species Act are met in protecting threatened wildlife.

c) Mandates that minimum timber sale levels for federal agencies to ensure that forest families and communities are protected.

d) Provides up to $300 million during a six-year period for worker assistance and retraining.

The measure mandates standing requirements for litigation and expedites judicial review. It applies to federal forestland nationwide.

1/93

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