



# THE FACTS ABOUT THE WOOD PRODUCTS INDUSTRY, JOBS, AND THE RURAL ECONOMY



OUR FORESTS. OUR STRENGTH.

Stand4Forests Report Series

## Economic development can be difficult in rural communities, especially in the South.

Community members and elected officials want to be sure that the companies not only provide well paying jobs for decades to come but also serve as “good actors” in the community. Unfortunately, many companies mislead politicians about their impacts on health and pollution in order to set up shop.

### If your community is considering a new wood products company, here are some things to consider before moving forward:

- Factory jobs offer decent wages, but expose workers to dangerous chemicals used to treat and process wood. Logging jobs are often freelance and highly dangerous.
- Wood products manufacturing facilities are major point sources of pollution, and significantly degrade the surrounding landscape by sourcing wood from nearby forests, making an area less desirable for other types of economic development.
- Benefits for forest landowners are often skewed towards the largest landowners, and may not benefit the town or county that a parcel is located in.
- There are several other growing industries, including outdoor recreation, green/clean jobs, and entrepreneurship, which can replace jobs in the wood products industry with significantly less harmful effects to surrounding communities.

## Jobs In The Wood Products Industry

There are three main types of jobs in the wood products industry: executive positions, factory positions, and contract manual labor. Executive positions tend to be located in metropolitan areas and employ educated workers -- these well paying jobs are generally not brought to rural communities when a new wood products plant moves in. If they are, it generally requires someone with advanced degrees, and most likely, someone will be hired from outside of the community.

Factory positions generally enjoy fair wages, benefits, and paid time off. Some of these factories are located in rural communities while others are in cities. Often when new mills are located in rural areas, the jobs require previous experience or other skills not traditionally found in that community, thus creating jobs for people outside the community. **Although factory positions are well paid and secure jobs, workers in factory positions are usually subject to some degree of risk from both mechanical tools and exposure to harsh, dangerous chemicals used to treat and process wood products.**

Contracted manual labor positions are often the “indirect employment” that wood products companies brag about. The logging sector, in particular, has the second highest fatality rate of all job categories.<sup>1</sup> The majority of loggers and foresters are increasingly self-employed, meaning that they are responsible for their own equipment, health-care, and finding new work. Across the United States, these contractors are aging and not being replaced because of the risks, expensive equipment, and low pay of the jobs.<sup>2,3</sup> Those with an interest in logging, and access to economic mobility, will instead go on through formal education to become certified foresters or natural resource managers, who will have an increasingly important role in regional forest management, rules, and regulations.

Across the logging industry, most of the positions are held overwhelmingly by white male employees. In 2017, just 3% of logging jobs were held by women, and 86% of logging workers were white.



**“The logging sector, in particular, has the second highest fatality rate of all job categories.”**

In contrast, about 47% of all jobs are held by women, and 78% of all jobs are held by white people. In other words, logging, like many other manufacturing industries, has a serious diversity and equity problem.

Finally, it is important to note that wood products facilities are closely tied to domestic and international economics. **Wood products facilities are especially prone to closure - in Canada, the average lifespan of a wood or furniture manufacturing facility is less than eight years.**<sup>4</sup> Biomass combustion plants are particularly prone to closure because of the high cost of producing fuel and power, when other renewable energies are continuously becoming more competitive.<sup>5</sup> From 2004 to 2009, the South lost over twenty percent of total jobs associated with the wood products industry.<sup>6</sup> When mills close, they leave rural communities in flux with high unemployment and few transferable skills to other positions.



## Land Ownership And The Wood Products Industry

Professionals in both the wood products industry as well as natural resources management overemphasize the need for “markets for wood products.” In truth, forest land ownership is complex, and what motivates, and consequently, benefits, individual landowners may not actually benefit the surrounding community or its municipal budget.

Most states have tax credit programs for landowners who intend to harvest wood from their property. In North Carolina, the “Present Use Value” program allows landowners to pay just a marginal tax on their land from year to year, in exchange for a promise to engage in industrial logging. There are similar tax programs in other Southern states, as well as a variety of cost-share programs which provide direct subsidies to landowners for planting, spraying, or cutting plantations. **These programs encourage landowners to log their forests, in essence, subsidizing the forest products industry as they also severely reduce the taxes paid on the land.**

Surrounding communities benefit from natural areas indirectly: from their ecosystem services (water filtration, flood prevention, and wildlife habitat). But communities surrounded by plantations benefit far less than those surrounded by truly natural forests. And, communities pay the price when the forests are logged: increased flooding, nutrient run off, low air quality, noise, major contributions to climate change, and more. Climate change is impacting us all, but is disproportionately impacting rural, flood-prone communities in the US South - places where logging is frequent.

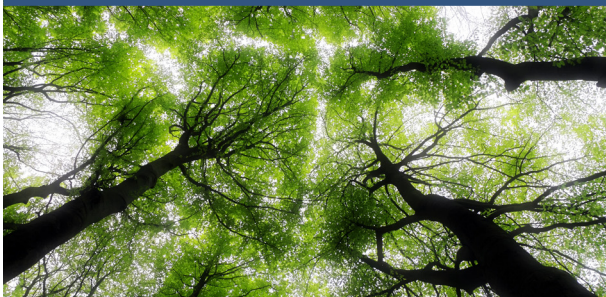
One study found that 30% of landowners surveyed in eastern North Carolina were “absentee” landowners, living either in a different county, or at least 30 miles away from their forestland.<sup>7</sup> Landowners like these do not even contribute to the county tax base with a primary residence, and yet, they hold and manage natural resources in that county.

However, most landowners do not list “revenue from timber sales” as the primary reason for forest ownership. 87% of landowners surveyed in the South say protecting and improving wildlife habitat is a key reason they own land.<sup>8</sup> In North Carolina, only a small number of eligible parcels are actually enrolled in the Present Use Value program.

**Instead, most landowners buy and keep forests because of their connection to future generations, a sense of stewardship, or desire to recreate and view wildlife. Even absentee landowners do not list income as the primary reason for forest land ownership.<sup>7</sup>**

For landowners who don't have commercial objectives, clearcutting their forests usually comes about in one of two ways: (1) they are approached by a logger who offers them a lump-sum for their trees; or (2) they have a large financial need, and turn to logging instead of alternatives like loans or home equity to address it. These landowners don't necessarily care about “new markets for wood products” - they simply seize the opportunity once in their lifetime, and never again.

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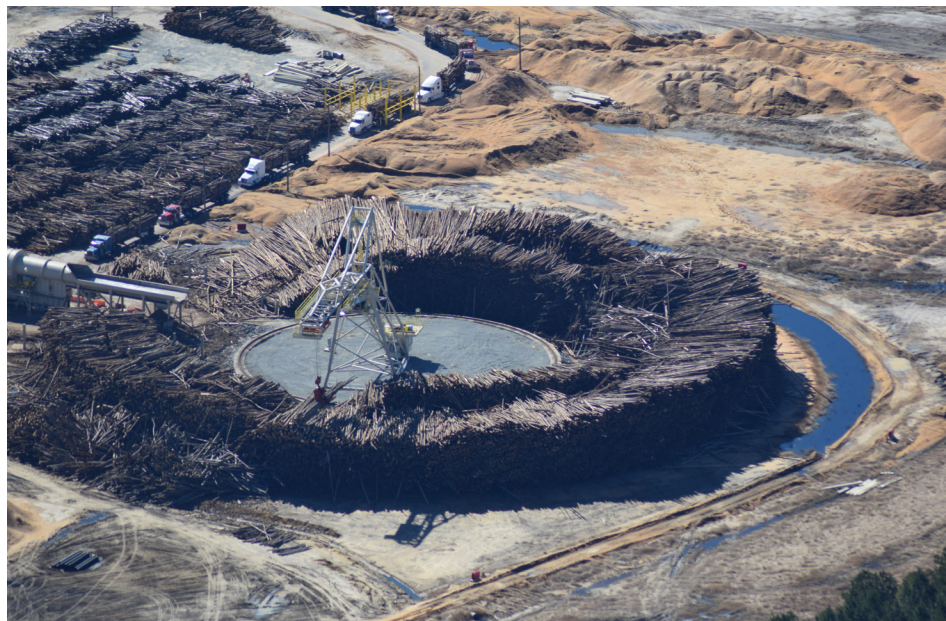
A better solution would be to eliminate tax and subsidies that currently support commercial logging and instead provide incentives, economic development loans, cost share payments and technical support for other types of revenue-generating activities that leave forests intact, such as outdoor recreation, tourism and forest farming. These low-extractive activities can also support the creation of a number of diverse, small businesses and jobs for non forest landowners. This approach helps create a more diverse, stable and resilient local economy compared to one overly dependent on large, global wood markets.

Finally, the land ownership demographic in the South is overwhelmingly white, and not representative of the true demographics of the South. Less than 1% of black citizens in the South are forest owners, and BIPOC (black, indigenous, people of color) citizens are far less likely to own land than white ones.<sup>9,10</sup> Yet, in many counties across the South where the rates of industrial logging are among the highest on Earth, nonwhites make up a majority of the population.

## Community Impacts Of The Wood Products Industry

Like most manufacturing industries, the wood products industry can have significant impacts on the surrounding natural environment. Material for creating wood products is sourced from a 50-75 mile radius around a wood products manufacturing facility. In the US South, wood products are extracted from the landscape through industrial logging practices, often through clearcutting.

Industrial forestry practices exert a toll on the health of forest ecosystems through soil degradation, biodiversity loss, carbon emissions, sedimentation in waterways, and even noise pollution. Natural forests are worth thousands of dollars in ecosystem services each year.<sup>11,12</sup> **Forest degradation not only removes these benefits, but can also cause negative impacts through pollution, soil erosion or compression, biodiversity loss, and carbon emissions. By absorbing the loss of natural value, communities and the public are subsidizing the wood products industry.**



Hamlet, NC,  
a town with a population of

6,500  
has 2 polluting industries.

Forest policies governing private lands are largely designed to protect landowners' ability to derive revenue from their lands without consideration for the socio-economic impacts on non-landowners.

**Equally as important, there is a long history of policies that have systematically prevented blacks and Native Americans from owning and retaining land. Forest policy that overemphasizes supporting markets for landowners inadvertently perpetuates systemic racism and economic inequity.**

Closer to home, a wood products manufacturer is a point source of pollution in communities. Even with air- and water- pollution permits, there is an "allowable" amount of pollution released into the community every day. Communities surrounding wood pellet manufacturing facilities report dust so heavy that it irritates asthma, ruins property values, and makes simple outdoor activities like gardening impossible.<sup>13</sup>

In the South, many rural communities also fit the definition of an "environmental justice" community: a community with a high percentage of nonwhite residents that has a poverty rate above the state median. These communities are considered environmental justice communities because they usually have co-occurring polluting industries. In Richmond Co., North Carolina, there are five polluting industries in the small town of Hamlet, with just 6,500 residents.<sup>14</sup> Companies often take advantage of communities like these, where

jobs and employment are a concern, and community leaders are willing to look past the environmental and economic burdens brought along by the wood products industry.

A common economic development belief is that manufacturing industries generate the largest, sustained growth. However, areas that are dominated by one industry are more likely to have higher rates of unemployment and be less economically stable.<sup>15</sup> Meanwhile, high concentrations of wood products facilities have been found to negatively affected income, education, unemployment, and poverty.<sup>16</sup> **When these wood product manufacturers fail, they leave communities with abandoned mills and plants, degraded ecosystems, and missed opportunities to develop other economic avenues that present less volatility and more local control.**

## Opting Out Of The Wood Products Pipeline

With all of these issues around community health and forest health, some communities are envisioning a future without the wood products industry to support their economy. In the US South, this vision is very achievable. Although the South is projected to be hit the worst by climate change in the US, it is still growing demonstrably faster than other regions of the US.<sup>17</sup> With this population growth comes opportunities in the “clean” or “green” economy, in leisure activities like outdoor recreation, and in entrepreneurship.



### Outdoor Recreation

Outdoor recreation represents one of the largest potential avenues for “green” employment in the US South. In the latest stats from the Bureau of Economic Analysis, Outdoor Recreation represented 2.5% of the total value added to the South’s economy, \$152 trillion in 2017, controlled 3.5% of the job market, employing 1.8 million people, for an average salary of \$39,701.08 per employee per year.<sup>18</sup> However, the amount of land available for the growing outdoor recreation industry cannot increase if most other private lands are tied up in commercial forest production.

On average across the South, the Outdoor Recreation Industry:

- Is worth \$198 Billion (2.6x) more than the Forest Products Industry
- Employs 2.2 million (6.8x) more people than the Forest Products Industry
- Pays \$17 Billion (10.7x) more taxes to state and local governments than the Forest Products Industry

These stats were compared between the AF&PA state-by-state reports, and the Outdoor Recreation Industry state-by-state reports.<sup>19,20</sup>



### Clean / Green Jobs

The “clean economy”, an alternative term for the “green” or “low carbon” sector of the economy, involves jobs that cut across disciplines, including manufacturing, wastewater, mass transit, and biotech jobs.

- If the United States reduces carbon emissions by 40% by 2030, the US would lose 1.5 million jobs in the fossil fuels industry, and gain 4.2 million jobs in the environmental goods and services sectors and the supply chains that support them.
- Currently, the South has the largest number of clean economy jobs available for workers.<sup>21</sup>
- Investment in the renewable energy industry produces 135% more jobs per dollar than investment in fossil fuel industries.<sup>22</sup>
- The domestic ecological restoration sector directly employs ~ 126,000 workers and generates ~ \$9.5 billion in economic output (sales) annually in the United States.<sup>23</sup>
- The US solar industry is adding workers almost 17 times as fast as the overall economy, and is the largest segment of renewable energy.<sup>24</sup>



### Entrepreneurship

Although not exclusively part of the “green” economy, small businesses make up an important segment of the workforce in the country.

- 20 million Americans are employed by firms with less than 20 employees.<sup>25</sup>
- Many American small businesses operate in spaces that overlap with recreation and clean/green tech. Small business operate:
  - 60% of the businesses in Food & Accommodations
  - 58% of the Professional/Scientific Services
  - 61% of the Arts, Entertainment, and Recreation industry
  - 85% of the Agriculture, Forestry, Fishing, and Hunting industries.<sup>25</sup>

Small business surveys like the statistics above do not capture all of the green business, nor are all of the listed businesses “green.” For example, many of the individuals employed in Forestry are likely focused on commercial logging instead of supporting ecosystem health and function. Similarly, there are some businesses, which may not be captured here, like recycling, which have a lot of waste and pollution in pursuit of the “green” label. Regardless, there is a substantial opportunity to promote, train, and support small businesses in the Southern Green Economy.

### LEARN MORE

- [dogwoodalliance.org](http://dogwoodalliance.org)
- [stand4Forests.org](http://stand4Forests.org)



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