

Stakeholder Perceptions and Concerns Northeastern Forest Owners and Industry

Report for New England Regional Climate Change Impacts Workshop

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Forests cover the bulk of the land area of the New York/Northern New England region (Table 1). These lands are owned by hundreds of thousands of individuals and companies, in ownerships ranging from a few acres to the paper company tracts in Maine exceeding a million acres.

Table 1: Land Uses, Rural Land, 1987

State	All Land			(MMA)
	Cropland	Pasture	Forest	
	PERCENT			
Maine	5	2	89	19.8
New Hampshire	4	2	88	5.7
Vermont	12	7	78	5.9
New York	21	14	61	30.2

Source: USDA-SCS, 1989; and Powell, 1993.

In terms of landowners, wood using plants depending on the forest, local governments, recreation visitors, and other interests, the number and complexity of stakeholders in the region's forests is mind-numbing.

My task today is to comment only on landowners and wood using industries. Lacking the resources for an actual research project, I have fallen back on interviews and general familiarity with the region's forests, its industries, and its forest policies. Hence, these observations are preliminary and informal and would be debated by some observers. In no sense do I claim to speak as a spokesperson for these groups. Further, it is not my purpose today to critique or evaluate those perceptions and concerns, only to report them as I have come to perceive them myself.

THE FOREST AND THE REGIONAL ECONOMY

The region's forests support timber production, recreation, and water supplies that are important to the economies of local communities and to the

region's quality of life (USDA Forest Service, 1990; Dobbs and Ober, 1994). Land uses and management practices on these lands are the subject of ongoing and at times intense controversy. Scientists tell us that future climate change could have significant impacts on these forests. Yet those effects have not been assessed in detail and clearly presented to stakeholders within the region. Many important effects are subject to debate (see, e.g., Birdsey, n.d.; Loehle and LeBlanc, 1996; Foster, et al., 1997; Aber, et al., 1995). As a result, stakeholder perceptions and concerns about the issue and its impacts are diverse and not always in tune with contemporary science.

The forest-based economy of rural parts of this region is based on several market levels of economic activity:

- Land management.
- Logging and trucking of wood.
- Primary conversion, sawmills and veneer plants.
- Secondary manufacturing, producing industrial components and consumer goods.
- Distribution: Marketing and delivery to end users.

Future climate changes, and climate change policies could affect firms differently at different levels of the market.

Forest harvesting affects between two and four percent of the land area, varying around the region. This has several implications. First, in the short run, the near-term harvest of wood is not controlled by the total standing inventory. Second, forest practices can only affect a tiny portion of the forest—even in a decade. Any management actions suggested to adapt to climate changes can only affect a significant portion of the landscape over a very long period of time.

Intensity of use of the forest varies around the region. Forests in New York gained volume dramatically in recent years, while in Maine, spruce-fir volumes declined due to the budworm outbreak and heavy harvesting levels (Irland, 1996b).

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There is some interest in the potential role of active forest management and recycling in managing the carbon cycle in this region. A project now underway by the Conference of Northeastern Governors is reviewing the possibilities for possible inclusion in state-level Climate Action Plans (see, e.g., Sedjo, et al., 1995; Heath and Birdsey, 1993).

STYLIZED FACTS ABOUT THE INDUSTRY

The region's wood products industry is as diverse as any found in North America. In solid products, it covers primary plants ranging from spruce-fir stud mills to hardwood sawmills, birch toothpick and dowel plants and hardwood plywood plants. Because of its large population and proximity of low-cost Canadian sources, the Northeast depends heavily on lumber and plywood from other regions (Irland, 1982).

Secondary plants include those fabricating trusses or making furniture, and a few lobster trap plants. Each of these industries has its own material needs, markets, domestic and foreign competitors, and market trends. Hence, generalizations about economic outlooks and policy issues are elusive at best.

The region is the historic home of the nation's paper industry, and has a significant market share in some paper grades (Irland, 1996a). Yet its mostly old mills are under competitive pressures from many competing producing regions. In many lines, the northeastern industry is at the high end of the cost spectrum within North America and at times the world. For complex reasons, in rural areas the industries have a strong primary orientation, while much of the value added activity, for wood and paper, is in the nearby cities. In New York City alone there are probably 10,000 value added wood industry jobs.

Both the lumber business and the paper business face highly volatile prices and operating conditions, as well as intense international competition. They must deal with near-term risks and adverse developments on a yearly basis. Among the smaller firms, the business is often more a way of life than it is a financial enterprise. Family ownership is common. As a result, capital may be limited, but tenacity in the face of adversity is often remarkable.

PERCEPTIONS AND CONCERNS

On many important policy issues, there exists no uniformity of view within the landowner community or the forest-based industries. On the con-

trary, there are often sharp differences, illustrated most recently in the Maine clearcutting controversy (Lansky, Irland, Hancock, 1996). The landowner community varies from suburbanites who own a condo or summer place in New Hampshire or the Adirondacks, to local farmers with a woodlot out back, and again to multinational corporations.

It would be fair to say that the forest landowner and industry community in this region are not thinking in any detail about the climate change issue. This would apply to any very clear views as to the long-term outlook, the short-term implications for them, and any sense of urgency about responding to it. Individual technical staff members and managers do follow the issue, however.

As many of these stakeholders see it, much of the advocacy about the climate change issue is coming from organizations and leaders of low credibility, and who do not understand or care much about the region's and the industry's problems. The ways that climate change could affect the region's forests are often described in very general terms, for extremely long time horizons. Scientists apparently can model future forest conditions, but not the transition from present conditions. Significant effects are in the distant future. Climate change effects are being discussed by scientists on time scales longer than the planned rotations of trees than a paper company is now planting. As a result, many in the region's landowner and forest industry community are often inclined to accept the more skeptical views about the reality of the climate change outlook.

As the debate leading up to Kyoto became more intense and polarized, forest owners and industry people in this region have not felt that their concerns and perceptions have been heard by analysts or by policymakers. Many of these groups seem to be leaving climate policy to their "Beltway" representatives and trade organizations, and even at that to largely ignore what those groups are doing.

The paper industry is capital intensive, subject to global competition. Despite making major reductions in its energy intensity in recent decades, and increasing its recycling rate significantly, it is a leading energy user. As a major energy user, the industry would be affected in complex ways by efforts to reduce the carbon intensity of the U.S. economy.

Policies designed to reduce carbon emissions, if effective, will affect businesses now. The types of policies that will be applied and how they will actually work is as yet uncertain. Certainly the program announced by President Clinton in Fall

1996 does not seem threatening. But the Kyoto commitments to reductions from 1990 emissions levels would require serious policy measures to bring them about. It is no wonder that energy intensive industries, and their unions, are concerned.

Measures to adapt to and offset future climate change effects may be less threatening, but in the presence of so many uncertainties about those effects, it is difficult for land managers and manufacturers to develop much motivation to pursue them.

Based on concerns like these, the American Forest and Paper Association, a major trade group of lumber and paper producers, offers a short list of criteria for climate treaties (Table 2). In particular, these acknowledge a need for more research, and emphasize the potential for artificially placing U.S. industries at a competitive disadvantage if other nations are exempted from emission limits.

Table 2: American Forest and Paper Association Views

No targets/timetables until more research
Equal treatment of developing countries
Sequestration should be recognized
— forest
— products
Biomass energy should be treated as net-zero emitter
Develop cheaper means of controlling emissions

Source: Moore, 1997.

SUMMARY

On the basis of a few observations, it seems to me that among the climate science community, and portions of the press, persons who question the consensus represented by the latest IPCC Assessment are considered to be outside the “politically correct” science community. They are treated accordingly. This does not seem to be the best intellectual atmosphere in which to conduct a debate over many facts which are still contested. As one observer from a paper industry group noted, “Respected authorities who note weaknesses and uncertainties in “consensus” views are dismissed as being outside the scientific mainstream... Many in the climate change research and policy establishment seem to be aggressively intolerant of criticism...” (Lucier, 1996). This statement also indicates a perception on the part of this stakeholder group that its concerns are not being heard.

Near-term problems dominate the agenda of these groups. As long as climate change effects are so distant in the future, and so highly uncertain as to the details, it is going to be difficult to engage

them in serious consideration of scenarios about the future impacts. It is likely that the forest products industry’s concern as an energy user will dominate any concerns it may have as a land-owner.

Paper companies are especially concerned about policies that would exempt other nations from carbon control commitments, and thereby enhance the competitive advantage of locations like Indonesia and Brazil, which have formidable advantages in forest growth rates and energy costs already.

There is a mismatch in time between the likely effects of carbon emissions control policies, which are immediate and perceived to be adverse, and effects of future climate change, which are highly uncertain and distant in the future.

Given the relatively early stage of the discussion on this issue in the Northeast, it would be desirable to improve the reporting of assessments of climate change in terms meaningful to regional stakeholder groups, and to engage in a sincere process of dialogue on the issues, the uncertainties, and the costs and benefits of policies for emission reduction and for adaptation.

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