

2001 Harvest of Forest Products Report

Mississippi's forest industry (including private landowners, independent harvesters and forest industry) harvested and delivered \$1 billion worth of forest products to mills and other processors in 2001. The total value of Mississippi's 2001 timber harvest delivered to the first point of processing (such as a pulpwood yard or sawmill) was \$1,077,811,080. This harvest value is 17.4 percent lower than 2000. The year 2001 was the ninth straight year Mississippi's timber production value was over \$1 billion. Timber was the second most valuable agricultural commodity in 2001. Poultry and eggs was the most valuable with a \$1.66 billion value, timber was second at \$1.07 billion and cotton was third at \$431 million. Mississippi's forest landowners collected \$801 million for their standing timber in 2001. The estimated value of the logging and transportation sector was \$276,220,101.

Severance tax collections on timber were \$3,657,762. This total is 14% lower than 2000. Twenty percent of severance tax collections, or about \$731,552 were returned to the counties where the timber was harvested. Eighty percent or about \$2,926,210 went to the Forest Resource Development Program (FRDP) to provide cost share funds to private, non-industrial forest landowners for reforestation and other forest management practices.

The value of Mississippi's timber harvest decreased 17.4% in 2001. This decrease resulted from much lower harvest volumes on many products and a decline in pine sawtimber prices. [Table 1](#) shows the estimated value of the timber harvest for 2001.

The harvest volume of pine sawlogs decreased significantly by 13.4% and their value decreased 21.8%. Pine pulpwood volume dropped 6.4% but pine pulpwood value increased 3.6% on improved pine pulpwood prices in 2001. Pine plywood log volume and value declined 13.6% and 21.3% respectively with the idling of some plywood capacity in the state. The volume of pine poles remained steady and their value increased 3.6 percent.

Hardwood sawlog volume harvested decreased significantly by 20.9% and value decreased 16.7% as a result of curtailed lumber production in 2001 compared to 2000. Hardwood pulpwood harvest volume decreased by 30.4% and value declined 25.7 percent. Hardwood veneer log volume decreased 17.7% and value decreased 20.6%. Crossties declined in both volume and value in 2000. [Table 2](#) shows a comparison of 2000 and 2001 by product category.

The value of Mississippi's timber harvest made a large drop in 2001. Volumes for Mississippi's major forest products - sawlogs and pulpwood - were much lower in 2001. This was especially true for sawlogs which experienced double digit declines in volume and value. The only exception was pine poles that increased in value on slightly improved prices. While prices were lower for pine sawlogs, prices for hardwood sawlogs and pulpwood were steady. [Table 3](#) shows a comparison of prices for 2000 and 2001.

The decrease in timber harvest value for 2001 was more severe than originally estimated. An overproduction of southern pine lumber and plenty of Canadian softwood lumber on the US market caused softwood lumber prices to remain low in 2001. Southern pine lumber production dropped from 16.67 billion board feet (BBF) in 2000 to 16.04 BBF in 2001 but Canadian lumber imports increased from 18.3 BBF to 18.5 BBF in the same period. All this occurred in a year when the total US softwood lumber consumption of 54.7 BBF reached an all-time high.

The housing market in 2001 was brisk with 1.56 million privately-owned units completed, virtually unchanged from the year 2000 but it was little help for the pine lumber market. Canadian lumber imports became the focus of the southern pine lumber industry. In the year 2000, southern pine lumber production region-wide was a record 16.2 billion board feet but by year's end lumber market analysts were calling the market "overproduced" and lumber prices were falling. This continued into 2001 and mills began cutting back on lumber production to correct the overproduction problem. Mills cut production hours and some idled mills for a time. Since pine sawlogs account for 60 percent of Mississippi's timber harvest value this situation lowered the state's timber value in 2001. Average delivered pine log prices declined nearly 10% for the year.

Hardwood sawlogs also had a tough year in 2001. The housing market helped hardwood lumber demand some but a slowing economy and plenty of supply kept prices low but steady. For the year in Mississippi

hardwood log harvests were 15% lower but prices remained steady. This contributed to the lower timber harvest value in 2001 since hardwood sawlogs accounted for another 15 percent of the state's harvest value.

Mississippi's pulpwood economy saw mixed impacts in 2001. Pulpwood harvest volumes declined in 2001. Pulpwood prices improved, with the exception of standing pine pulpwood prices. Standing pine pulpwood prices declined 2 to 7 percent, except in central Mississippi where prices increased 5.6%. Pine pulpwood value increased 3.6 percent but hardwood pulpwood posted a 25.7 percent decrease in value. Overall, pine and hardwood pulpwood accounted for about 23 percent of the timber harvest value in 2001.

In 2001 the North American forest products industry continued the process of reorganization. "Uncertainty" and "overproduction" were the words to describe the forest products business. Companies in solid wood products and pulp and paper idled mills and worked to balance wood supply with lower national and global wood products demand. International business affairs and politics also played a role in the forest economy in 2001. As the new US administration began to organize, the southern pine lumber industry anticipated help on the Canadian softwood lumber imports issue that had dominated the year 2000. The industry came into the year 2001 with a slowing economy and uncertainty from the Presidential election. As the spring ended, the Softwood Lumber Agreement to address Canadian lumber imports brought international politics to Mississippi's forest economy. In March and May, the US Commerce Department imposed temporary duties on some Canadian lumber imports but these actions didn't seem to limit softwood lumber in the US market. In Mississippi, sawmills and plywood plants idled some capacity to adjust to a slowing economy. We experienced lower pine sawlog prices throughout the year but prices firmed by the end of the year.

Throughout the year, the pulp and paper industry continued to idle capacity to balance supply and demand and stabilize product prices. The global overcapacity of the pulp and paper industry affected Mississippi wood markets in 2001. Forest landowners experienced weak pulpwood demand and had difficulty getting first thinning of pine plantations done. The poor hardwood pulpwood demand also was blamed for making some hardwood sawtimber tracts difficult to market. By year's end, however, delivered pulpwood prices had improved.

Then in September came the World Trade Center attacks and all the economic disruption they caused. The Dow Jones average plunged over 1000 points. In the last three months of 2001 Mississippi's timber harvest declined 4%. This event caused greater and persistent uncertainty for the US economy for the rest of 2001 and into 2002.

Mississippi's forest economy continued changing in 2001. Companies continued to streamline operations and adapt to an increasingly global marketplace. This year may mark the "economic correction" in stumpage prices that some have thought was needed to adjust southern timber prices from the high levels experienced during the 1990's. In the 1990's Mississippi average standing pine sawtimber prices increased from about \$200/MBF,D to \$442/MBF,D. These increases were not sustainable and many observers expected prices to peak and the market to come to a lower equilibrium price range. That may have happened in 2001.

The long-term outlook for Mississippi timber production remains favorable. The Southern Forest Resource Assessment report, released in late 2001, states that the southern US "produces more wood products than any other single nation." This situation means that landowners who are not managing their forestland are missing an opportunity to make their land more productive and generate income at the same time. In addition, leaving your family's land more productive than when you acquired it is personally rewarding.

Table 4 shows harvested volumes of forest products for Mississippi counties within the Mississippi Timber Price Report regions. For current representative prices for Mississippi forest products consult the [Mississippi Timber Price Report](#).

For more information on timber marketing procedures and timber prices contact your County Extension Service or the Mississippi State University Department of Forestry, Box 9681, Mississippi State, MS 39762.

Sincerely,

Dr. Bob Daniels
Extension Forester