

Effects of the Great Recession on the Logging Sector in the U.S. South: Where Are We Now?

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Sponsors



The “Great Recession”

- The “Great Recession” of 2007-2008 marked two consecutive years of major downward corrections in many forest products supply chain sectors, from timber landowners to sawmills and other wood product manufacturers.
- Housing starts, the dominant demand sector for wood products have never fully recovered.
- Single-family housing starts fell nearly two-thirds from their peak of 2.3 million in January 2006, to 872,000 starts in 2008, the lowest annual pace since January 1991.

The “Great Recession”

- In 2007, southern forests, known collectively as the “wood basket” of the Nation, accounted for 58 percent of the total timber volume harvested in the United States.
- Softwood output fell 22 percent and hardwood output fell 30 percent during the recession years.
- In the southern United States, between 2005 and 2009, the three primary forestry sectors – wood manufacturing, paper manufacturing, and forestry and logging – lost more than 110,000 jobs.

The Study

- In 2016, the author conducted a mail survey of 2,500 randomly selected logging companies in 9 southern states.
- Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.
- Accepted survey methods were followed -- Dillman (2009).
- Of these, after adjusting for undeliverable surveys, deceased survey recipients, and incomplete surveys, 350 surveys were usable for a 17% response rate.

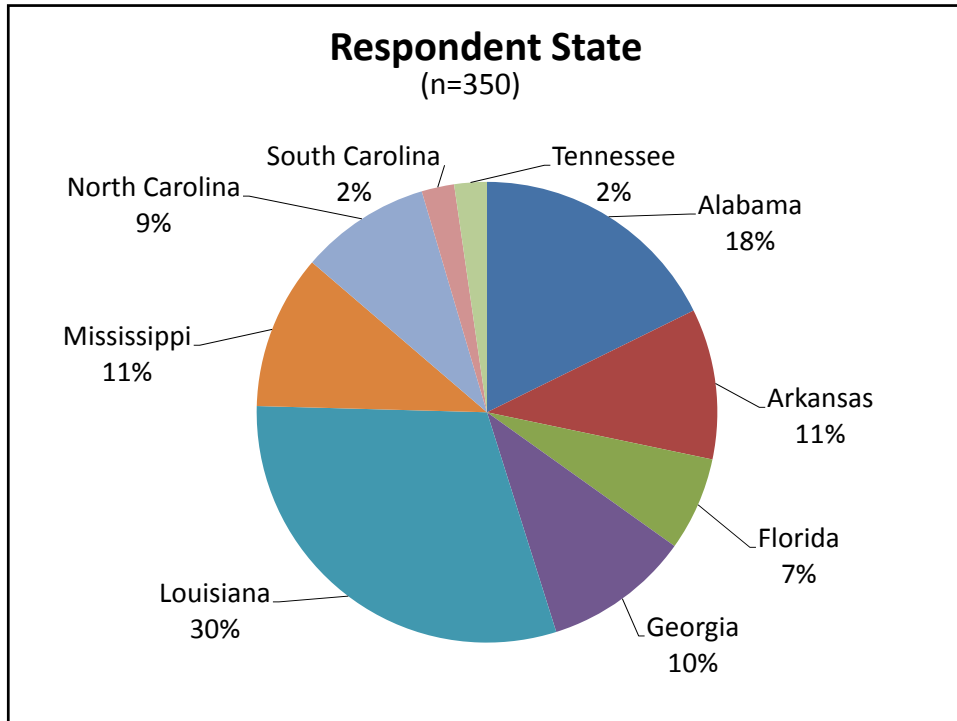
The Study

- Undeliverable surveys are typically companies that have gone out of business.
- In this study, they represented 16% of surveys mailed accounting for an estimated loss of 3,328 jobs
- Were relatively smaller firms than those that responded, averaging 9 employees. (Mailing List Provided this Information)

The Study

- Questions: “Past 8 years”2008-2015 (study was conducted late 2016) to reflect post-recession effects.
- Non-response bias:
 - a. 4/153 (2.6%) variables across states were statistically different ANOVA
 - b. No post-hoc contrasts were analyzed
 - c. Frequencies by state for respondents for 1st and 2nd mailings were not statistically different.
- No cause for alarm
- 89% of respondents are Owners/Presidents

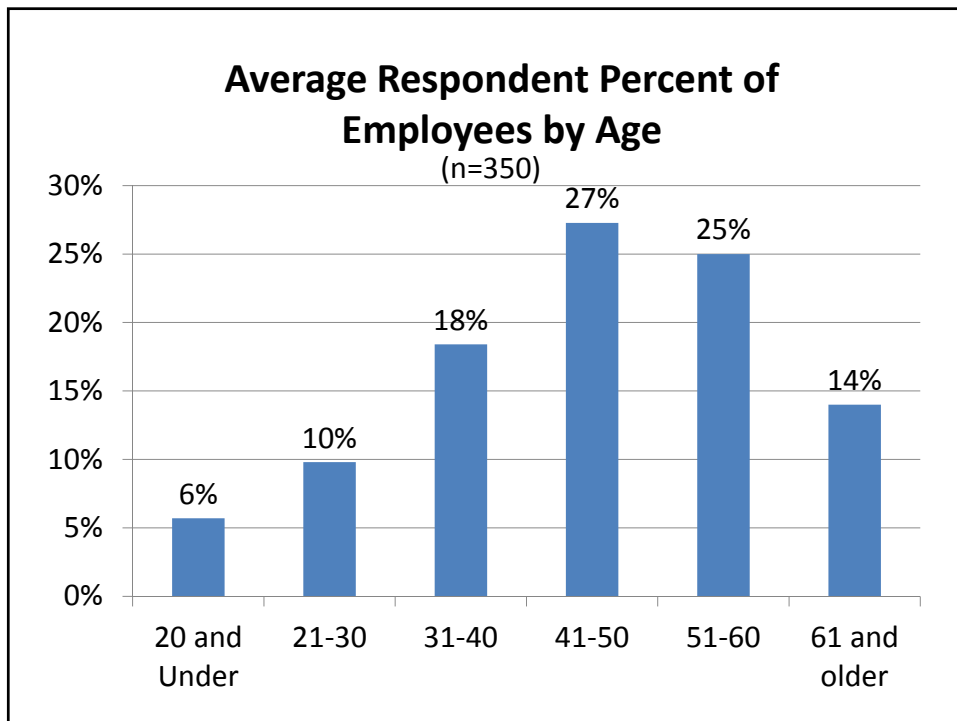
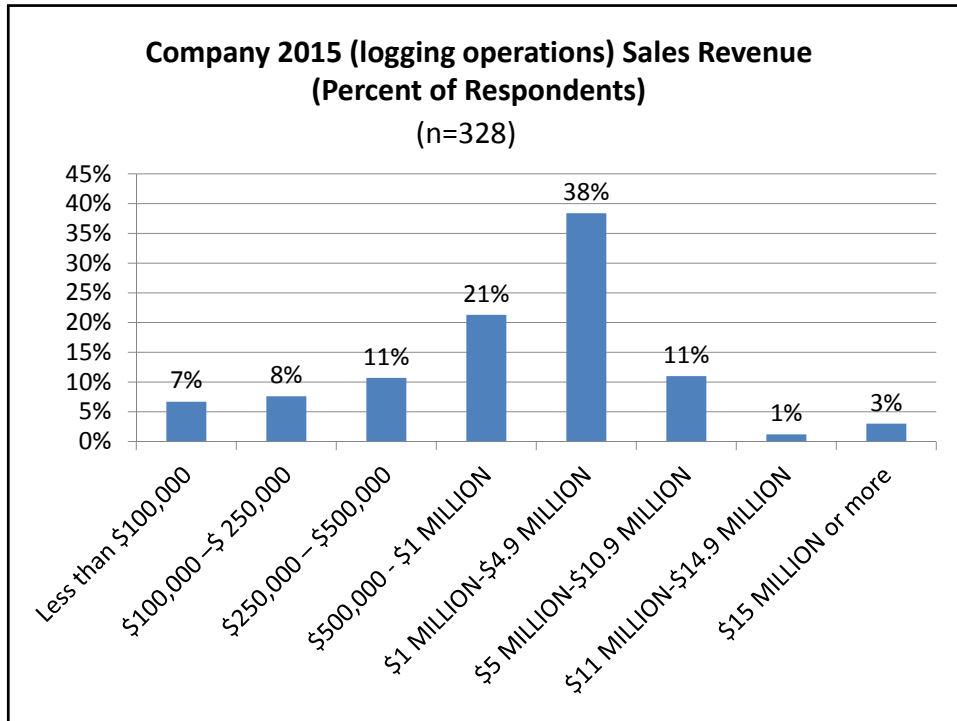


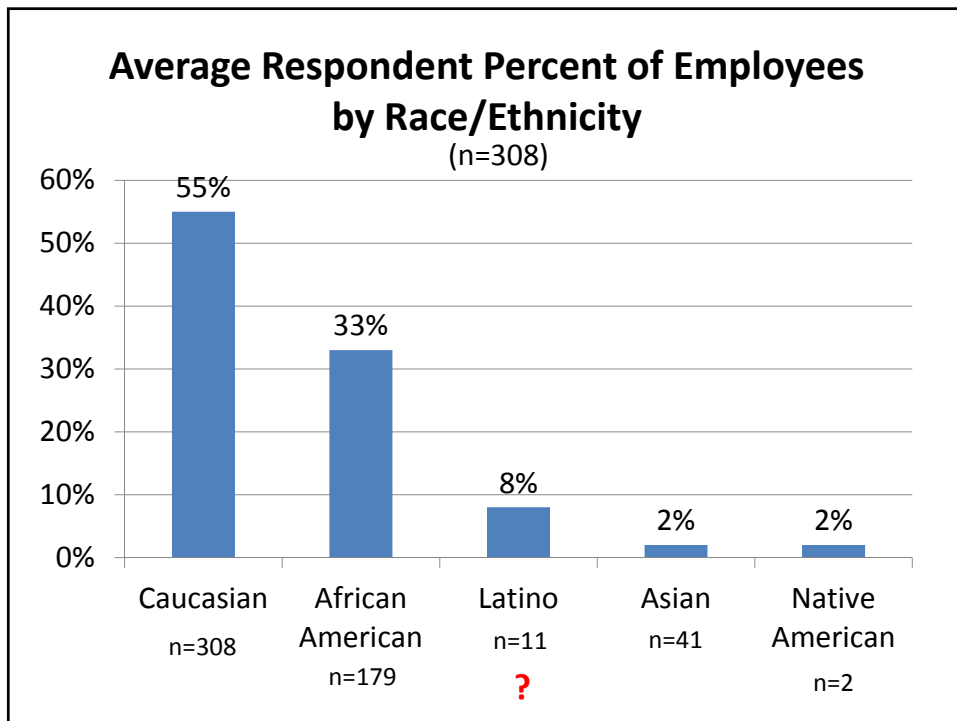
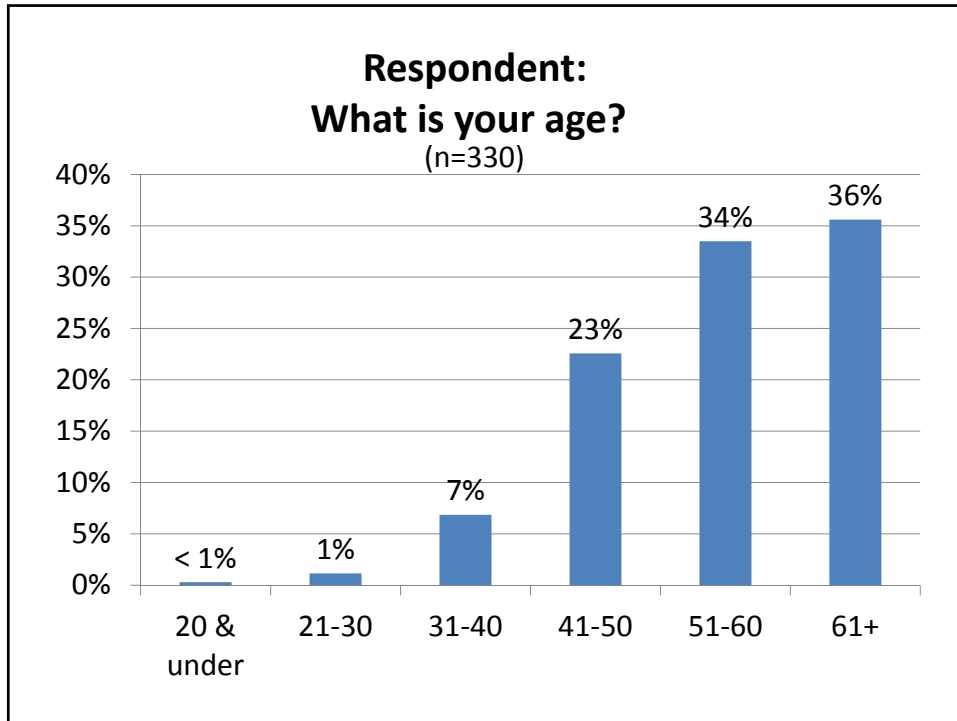


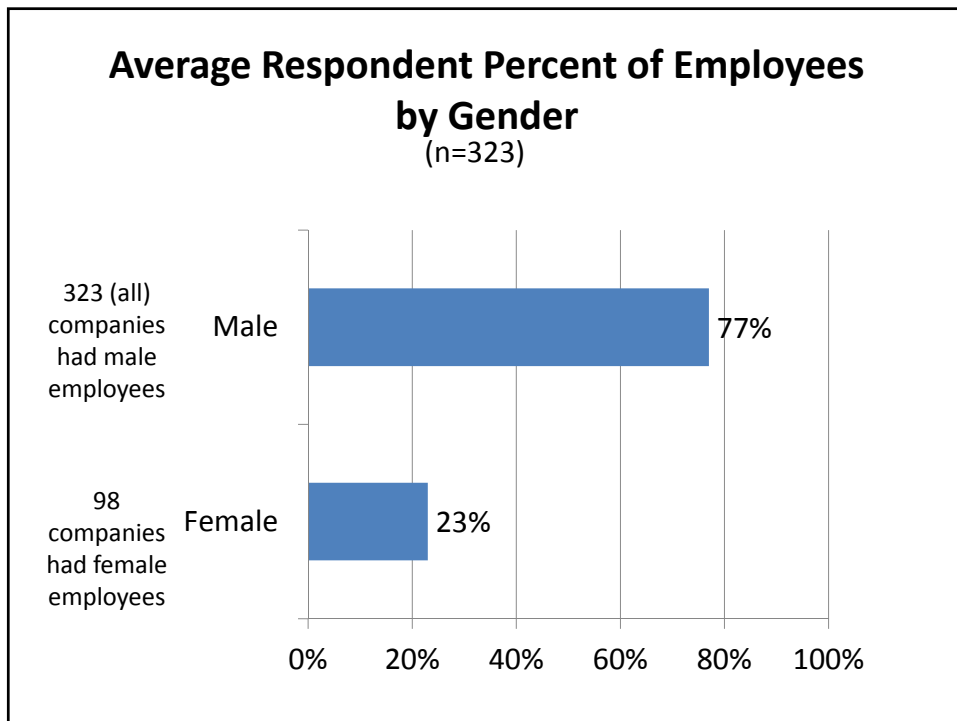
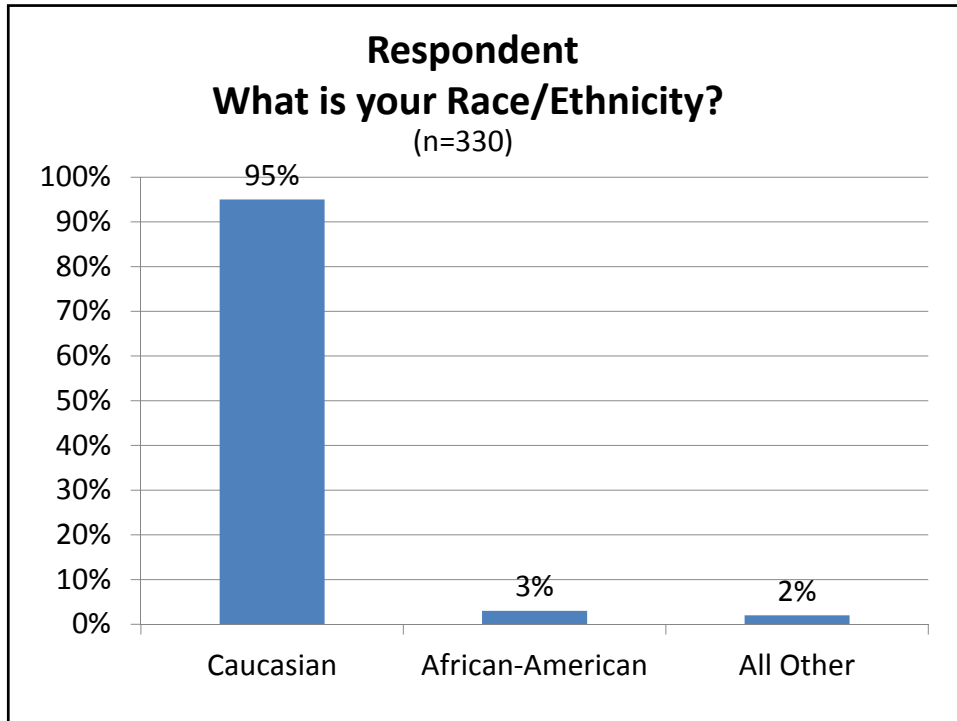
How many years has your company been in the logging business?

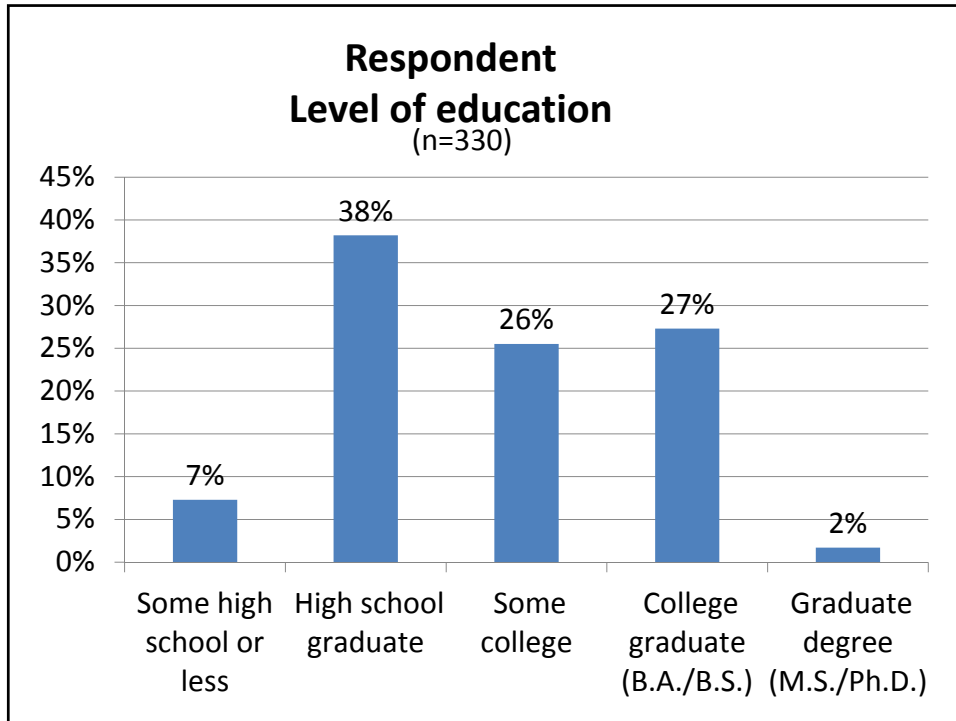
n	Minimum	Maximum	Mean
337	1	81	29









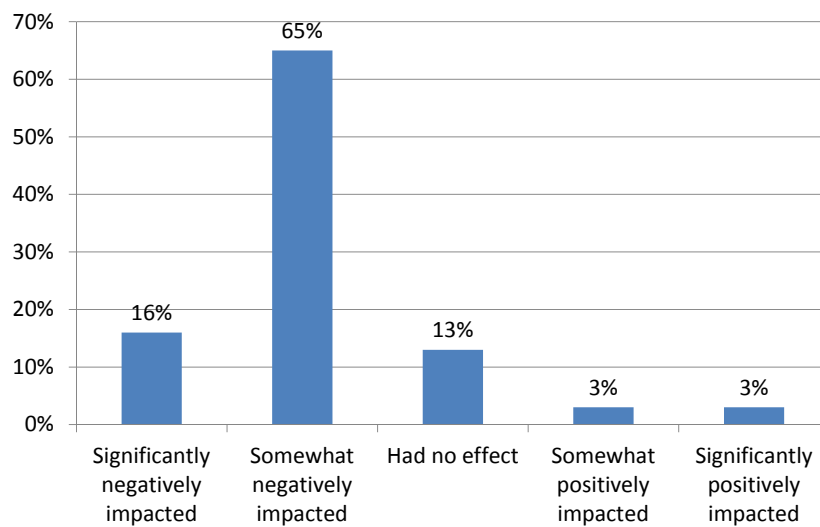


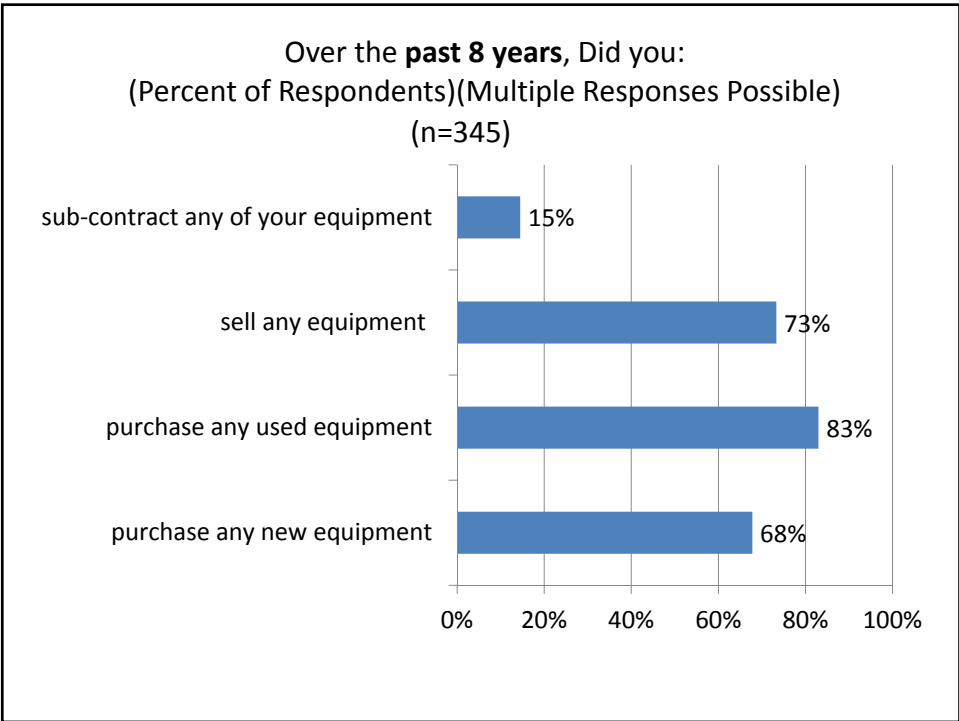
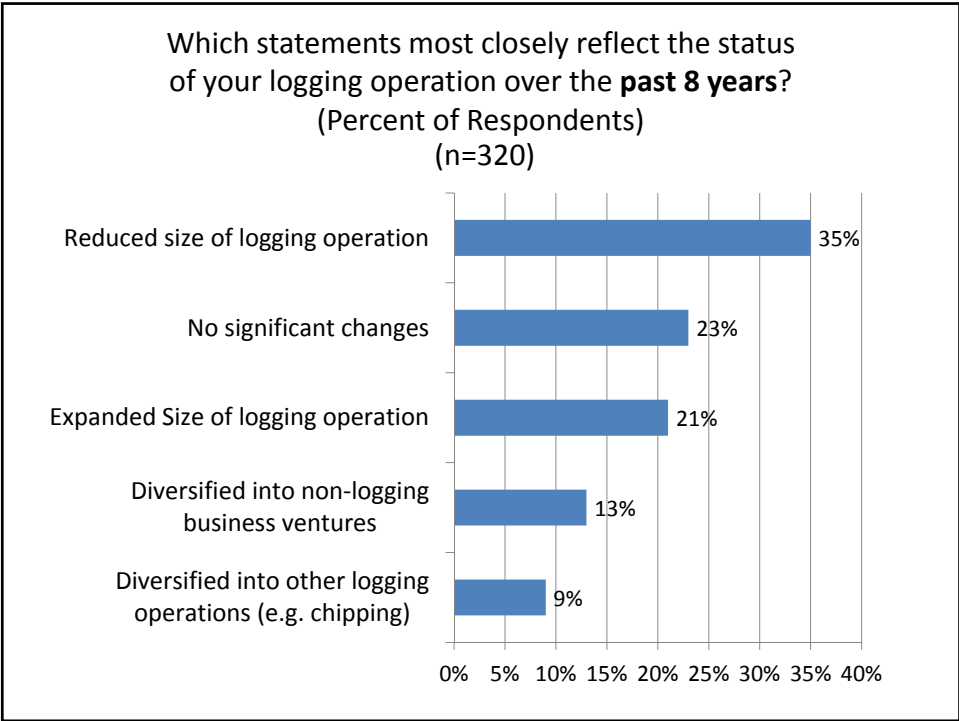
Source: Bureau of the Census.



Overall, what impact did the Great Recession of 2007-2008 have on **YOUR LOGGING BUSINESS?**

(n=345)





Approximately how many logging operation employees did you have in 2005, BEFORE THE RECESSION?

Mean = 13 employees/company (n=333)

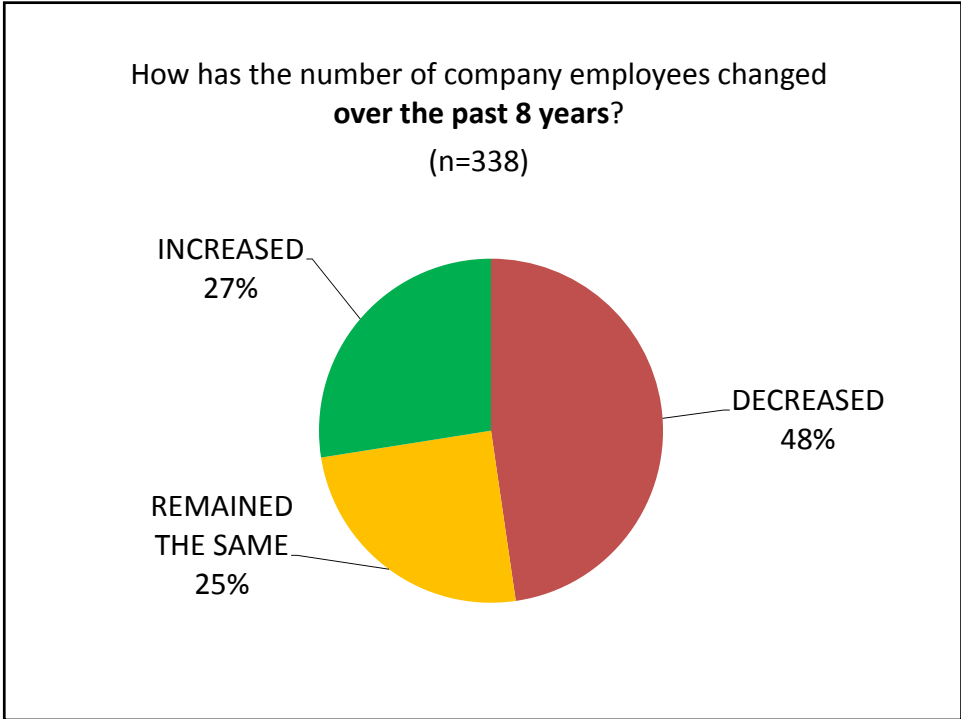
Estimated Extrapolated Total = 23,963

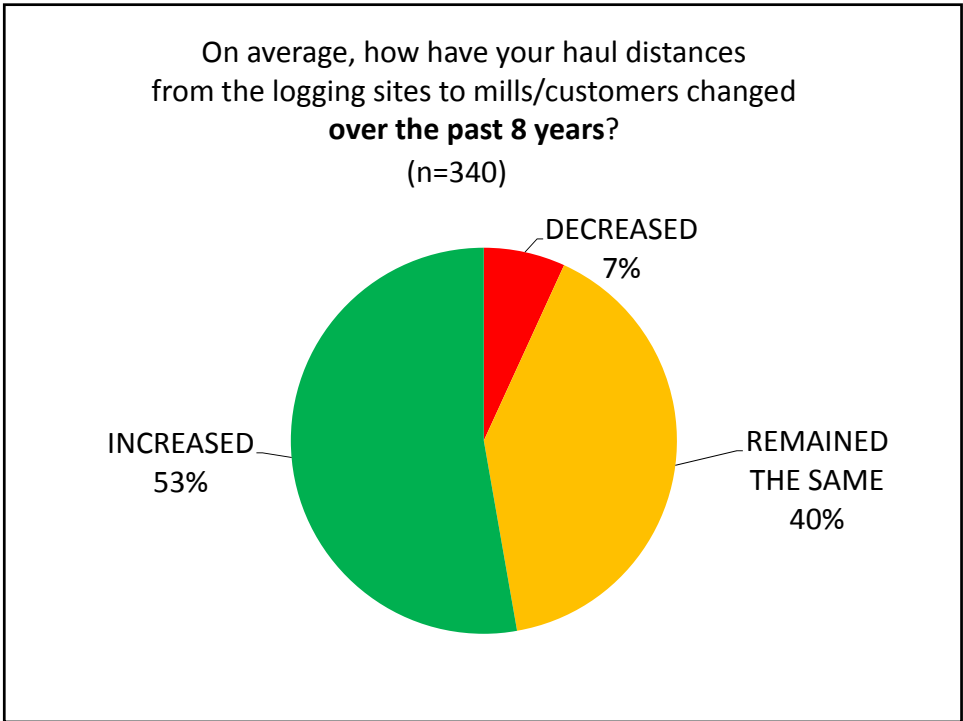
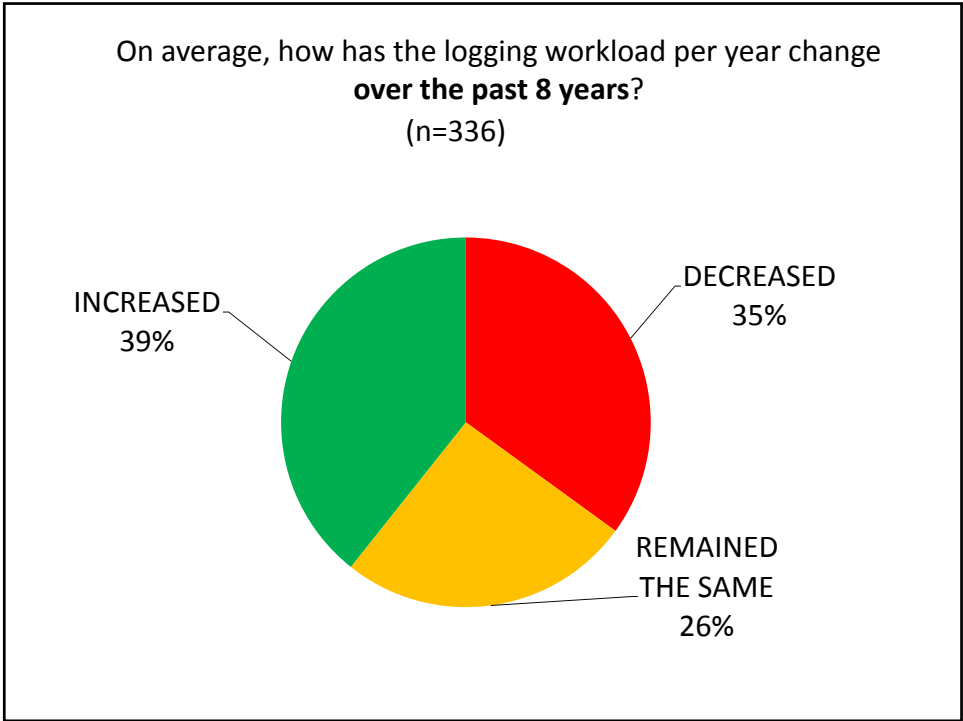
Approximately how many logging operation employees do you have TODAY?

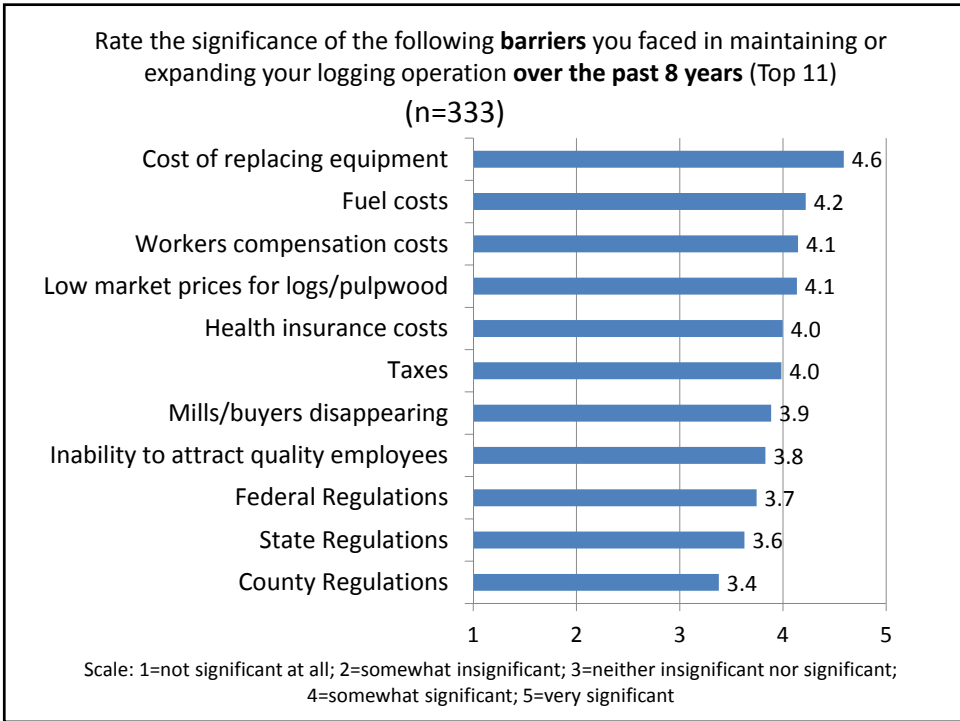
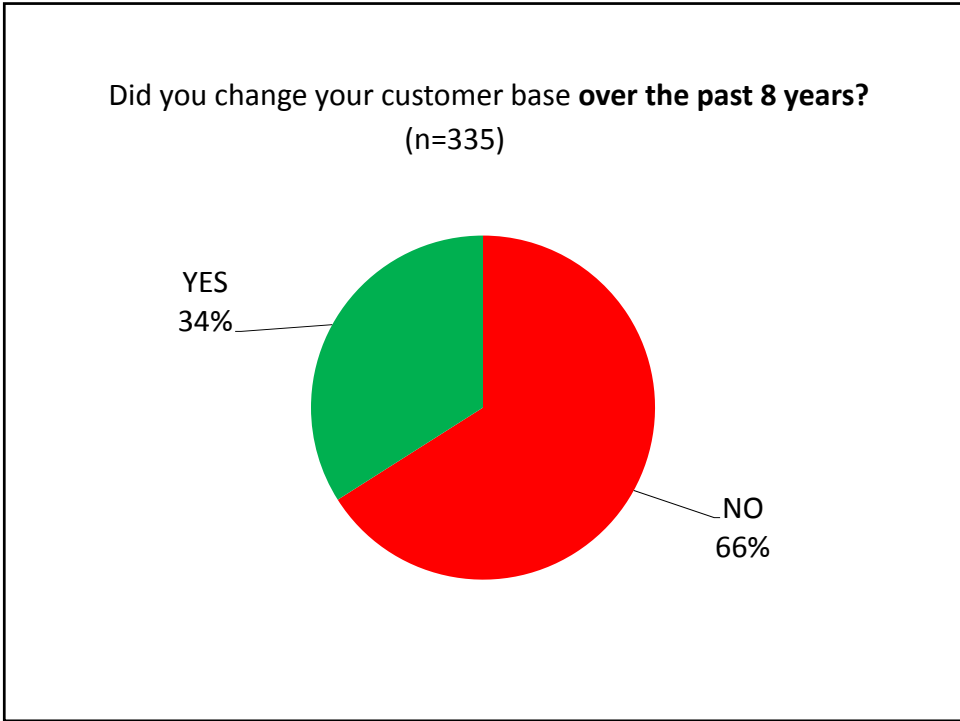
Mean = 11 employees/company (n=333)

Estimated Extrapolated Total = 20,776 (n=333)

-13.3%



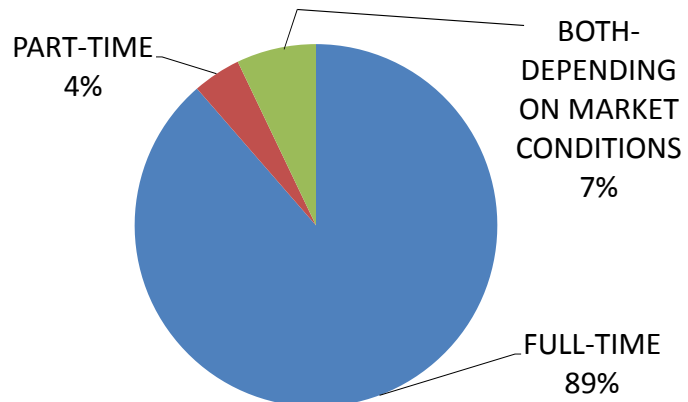


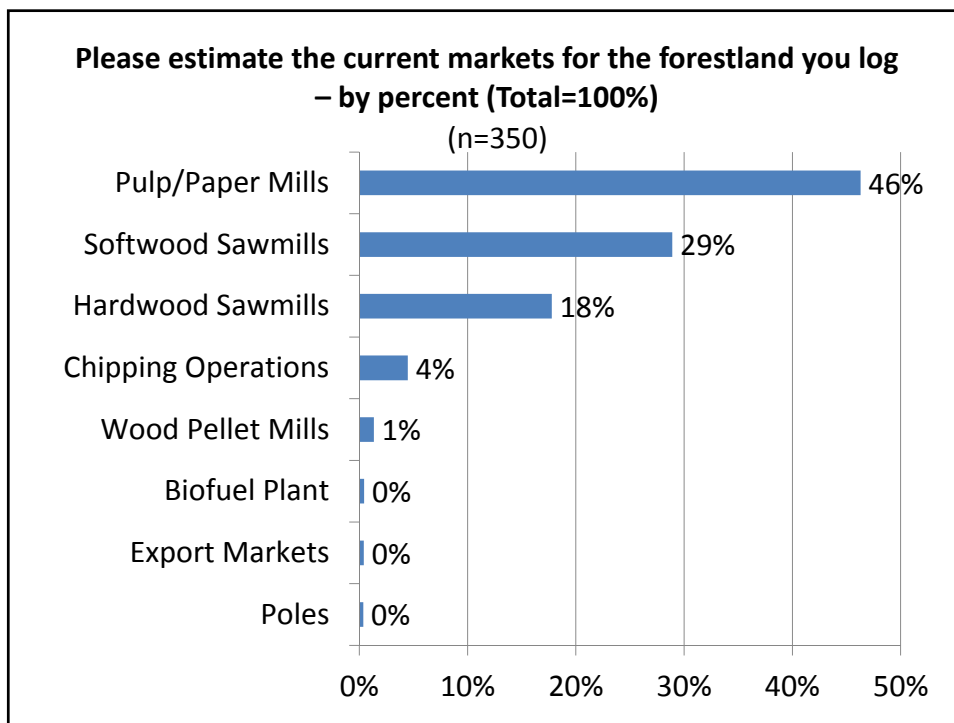
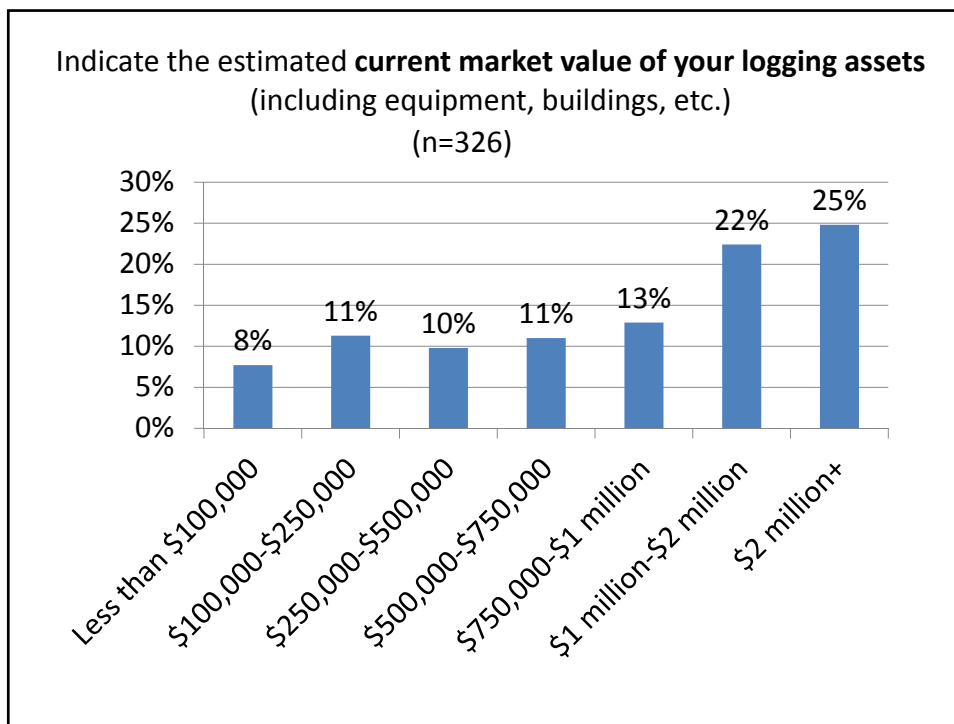


The Logging Business in the Present



Logging Situation
(n=326)





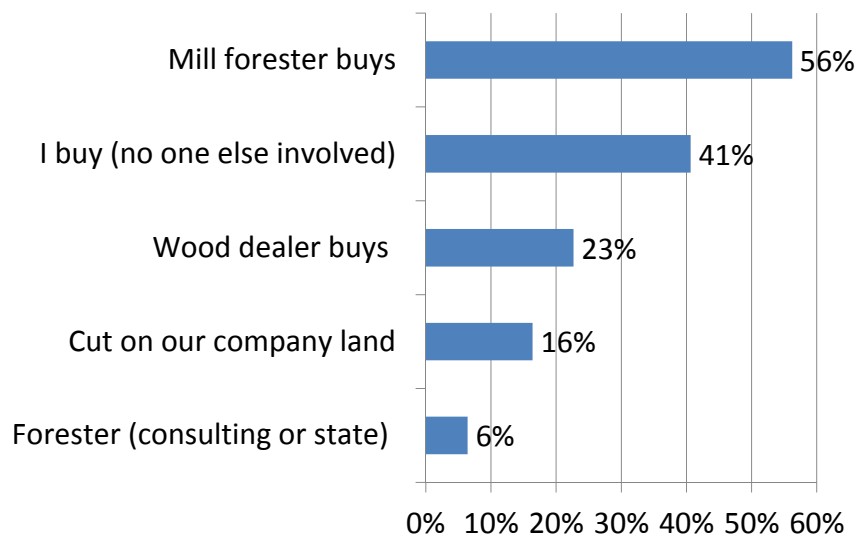
What was your **average one-way distance** traveled **to a logging job** in the 2015

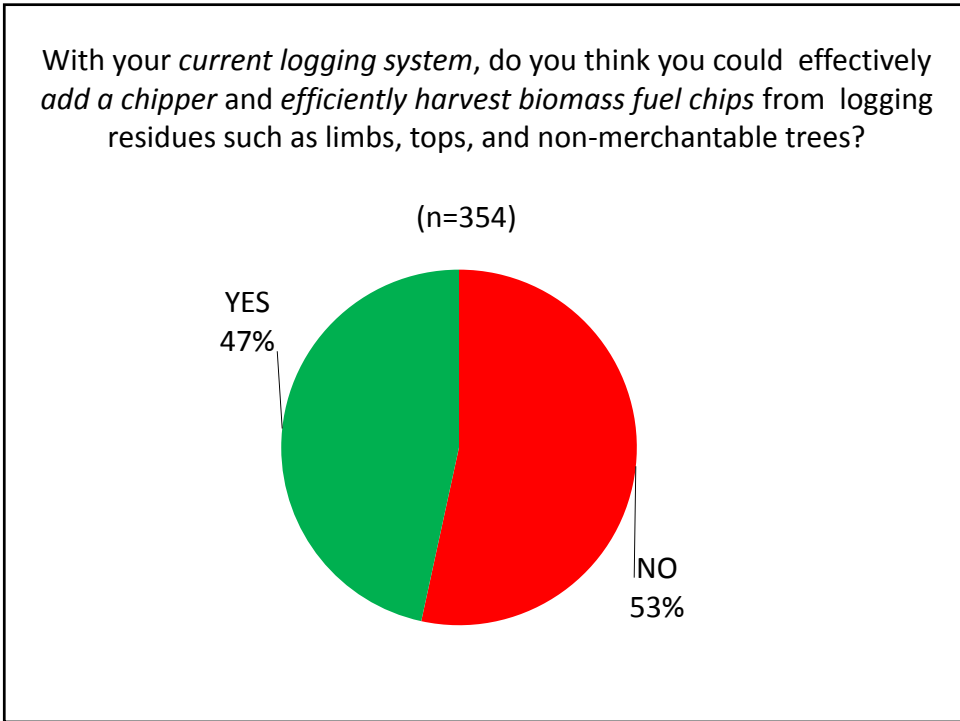
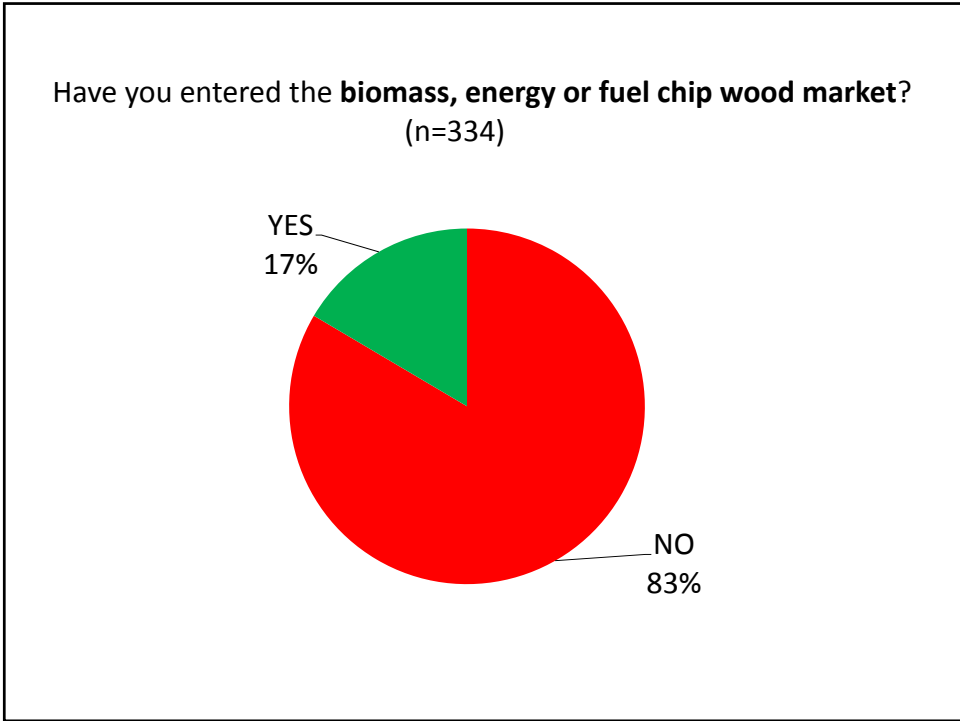
42 miles
 Min = 10 miles
 Max = 125 miles (n=322)

What was your **average one-way distance** traveled **to a mill** in 2015?

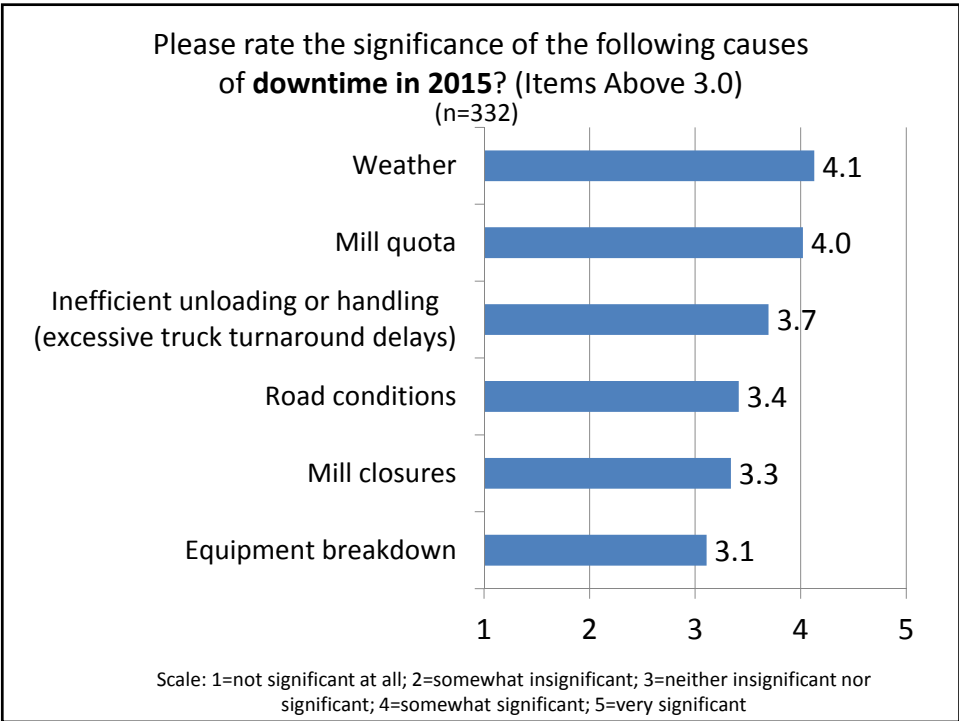
53 miles
 Min = 2 miles
 Max = 125 miles (n=326)

What **percent** of the timber you harvested was purchased from the following sources in 2015?
 (Multiple Responses Possible)(n=350)

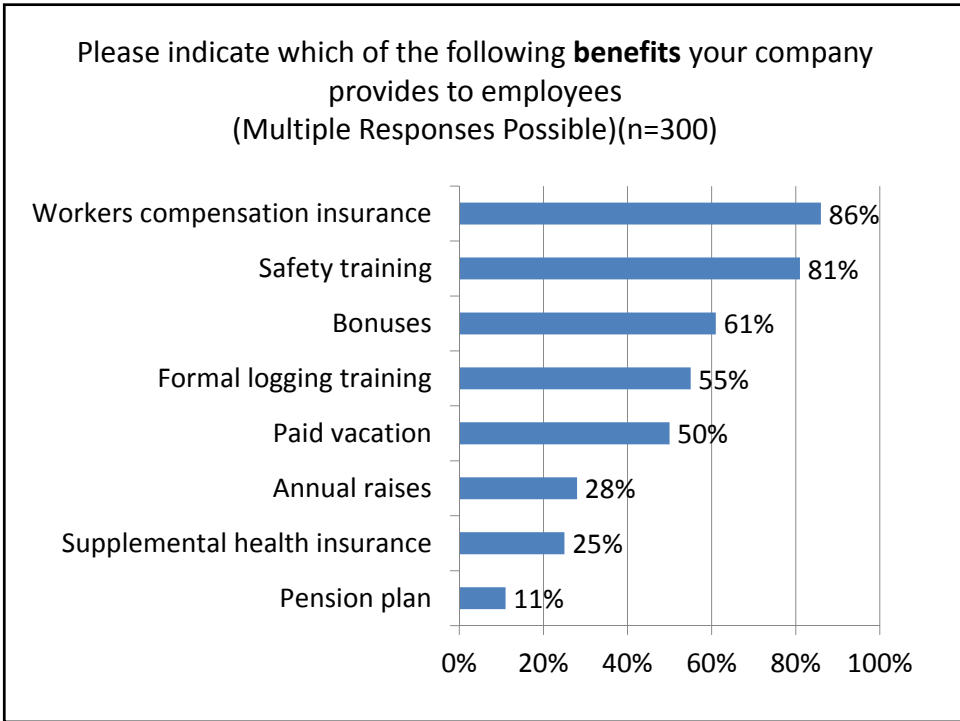


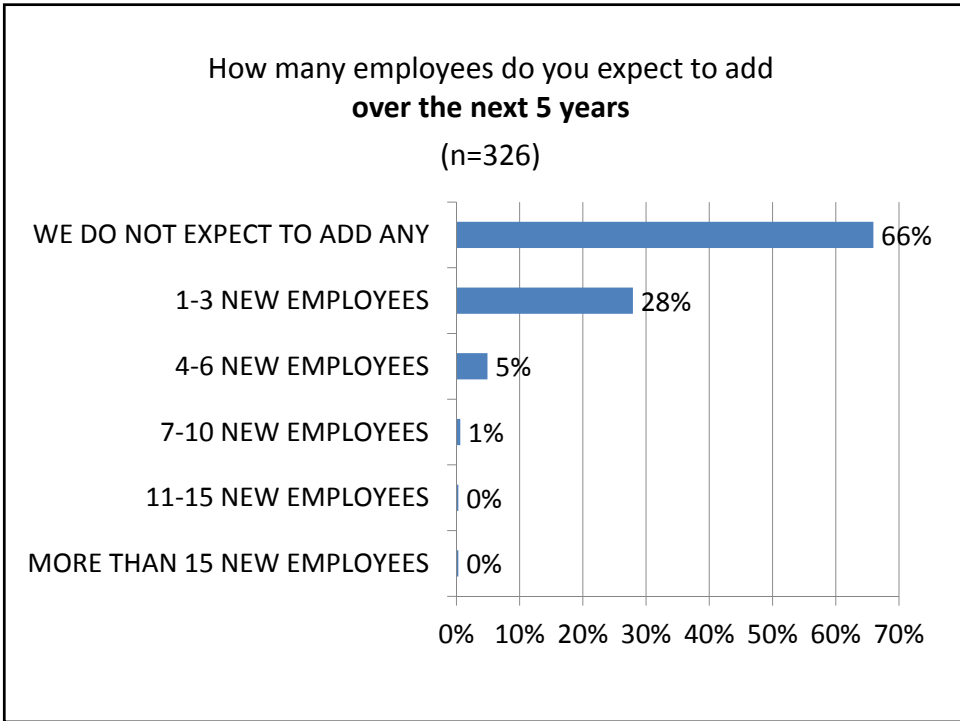


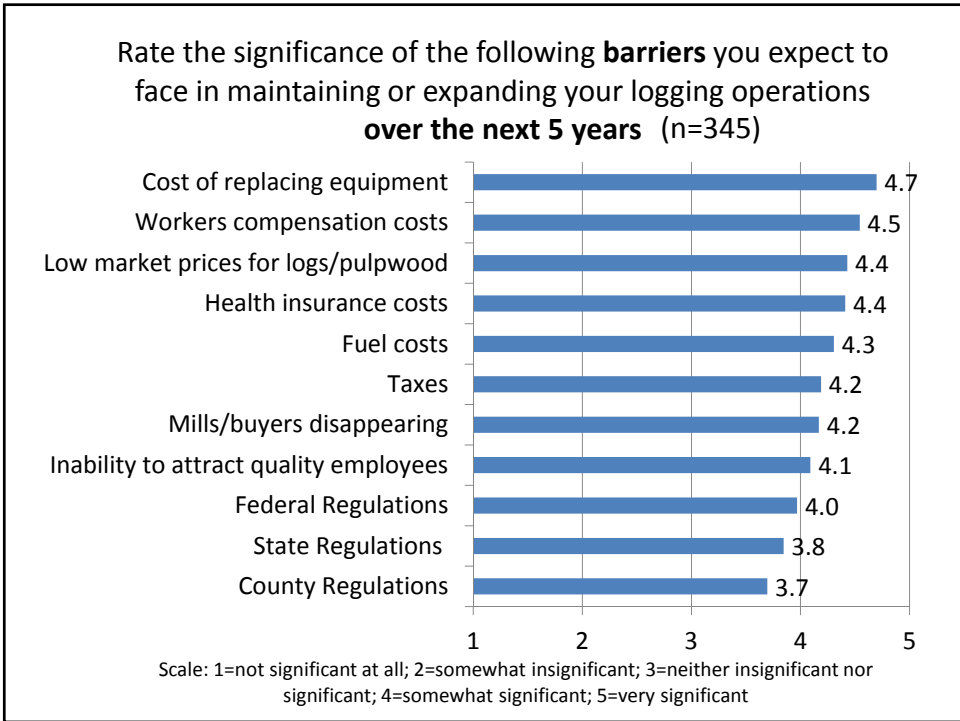
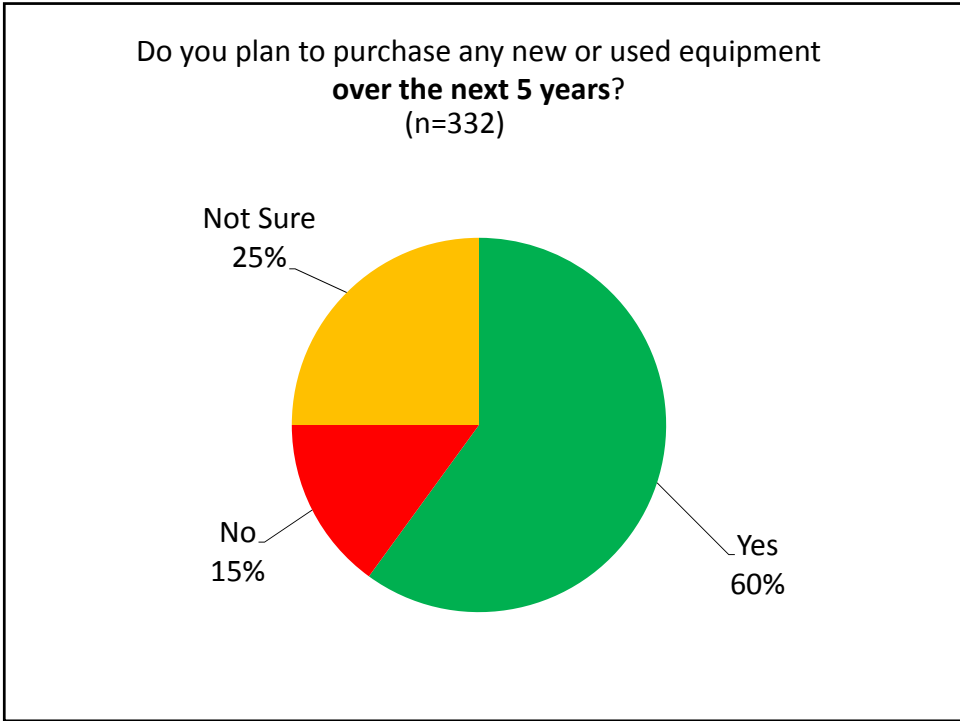
Approximately what percent of full capacity were you operating in **2015**?
(n=317)
80%

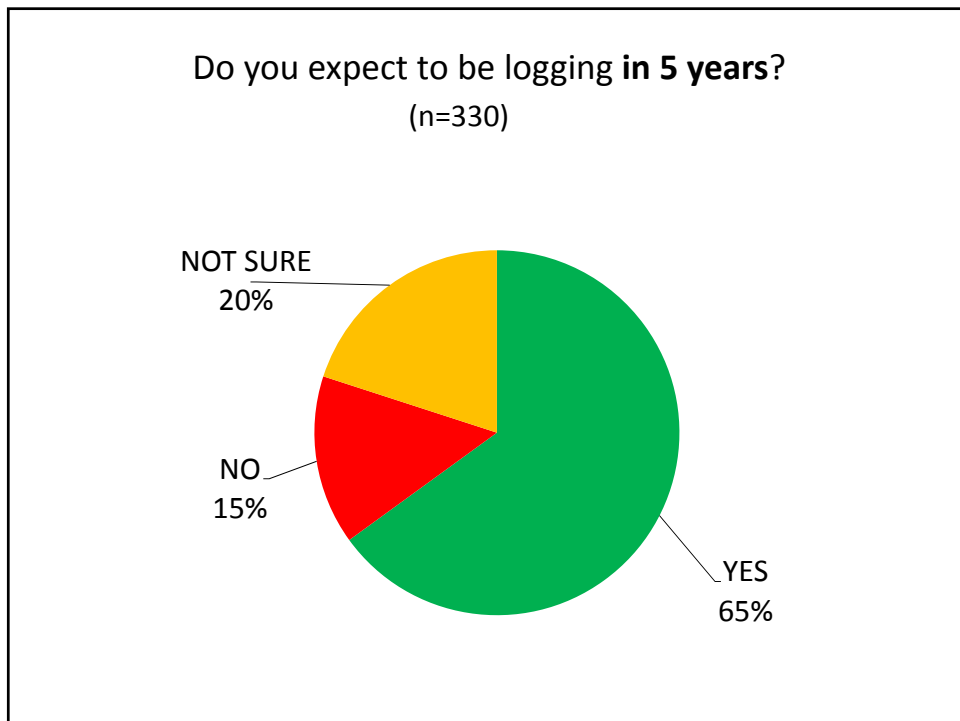
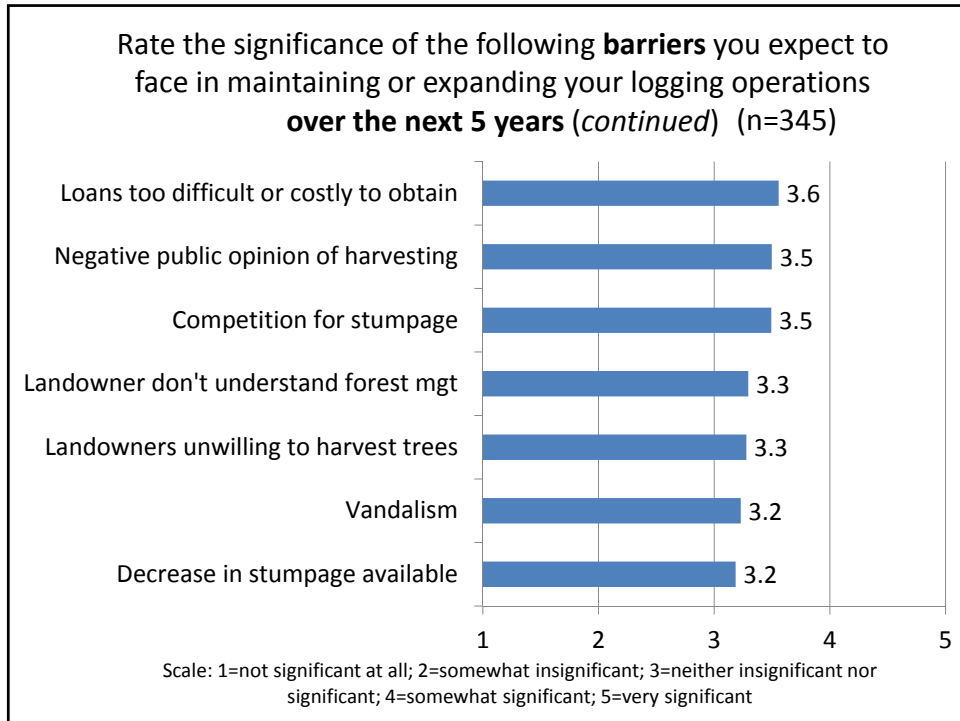


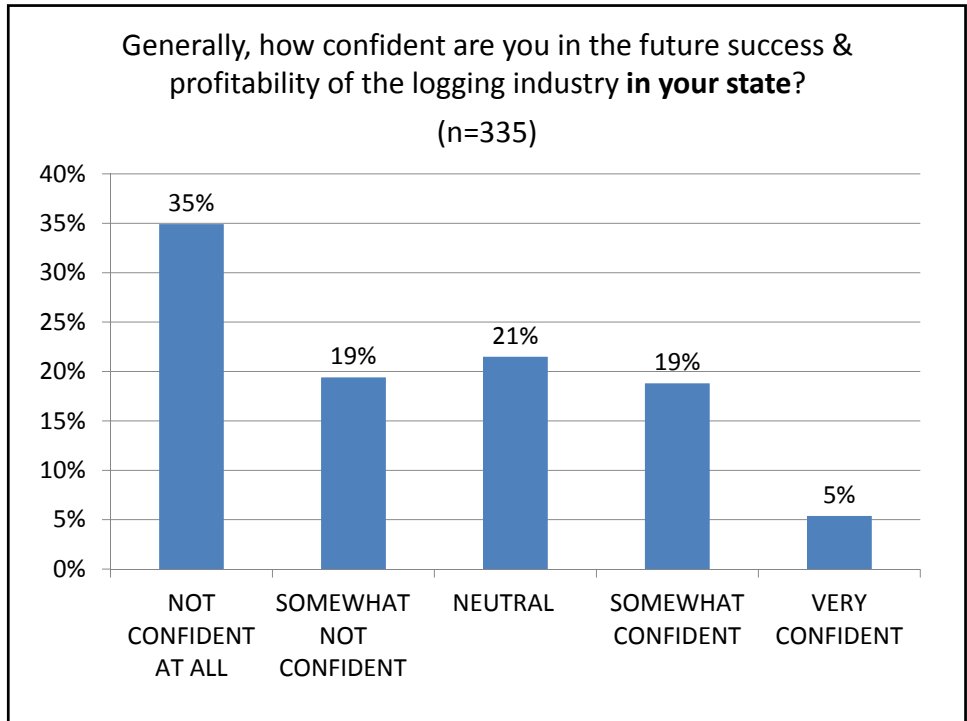
<p>Did you provide <u>contract harvesting</u> services to mills in 2015?</p>	
Yes = 33%	(n=320)
No = 67%	
<p>If YES, approximately what percent of your business was mill contracted?</p>	
57%	(n=107)
<p>Do you <u>independently buy and sell</u> the timber you harvest to mills?</p>	
Yes = 61%	(n=325)
No = 39%	





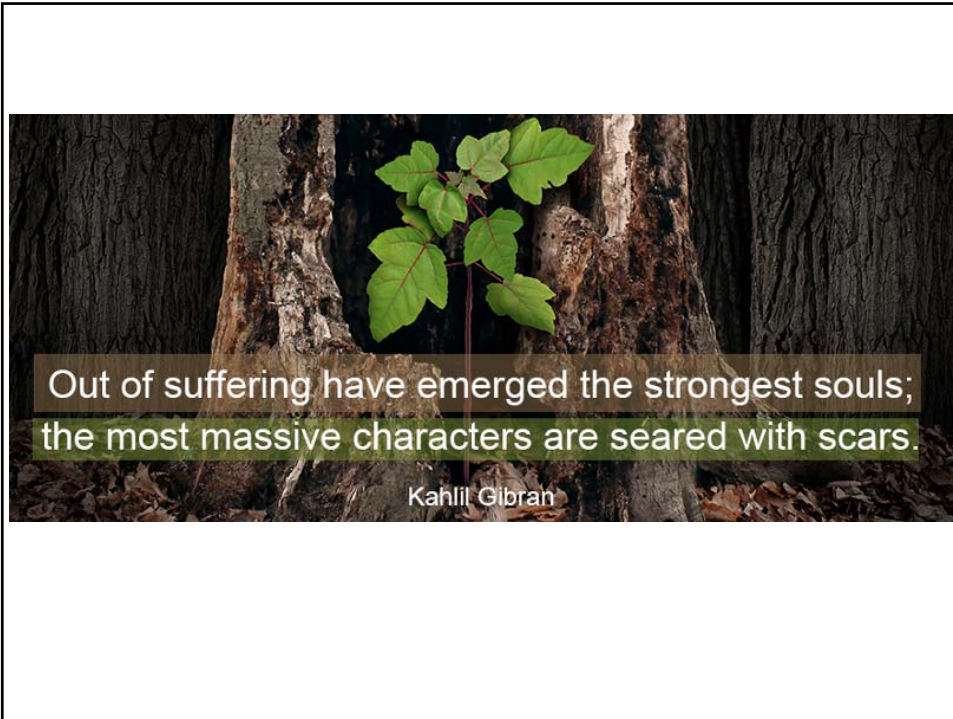






SUMMARY

The summary section consists of three vertically stacked images. The top image shows a red line graph with a downward-pointing arrow and a green sign that says "RECESSION". The middle image shows a newspaper headline that says "Tough times". The bottom image shows a road splitting into two directions with a green sign featuring a question mark.



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