

Washington Forest Futures: Economic Contribution Study

A complex mix of forest landowners and the forest products industry has always been important contributors to the Washington state economy, particularly in rural, timber-dependent areas. The role of the forest sector in the state's economy can be captured in several ways, such as analyzing changing business level measures collected in state statistics and by understanding the linkages between the forest sector and the state's economy as best characterized by input/output and econometric models. In this study, we will assess the current role of the primary and value-added wood industries in the Washington economy and their relative contributions over time, based on the state's sector level data, and project their likely contribution in the near future using input from the Timber Supply and Forest Structure Study. CINTRAFOR research has projected an expansion of primary industry investments (Perez-Garcia 2003, 2004). We will link investment potential to future economic contributions and their impact on value-added wood industries and classes of forest landowners. While changes in definitions have compounded the problem of developing statewide economic models, the available data sets provide insights into the changing structure of the forest sector, its disparate owners, and the state's economy.

Methodology

Data that will be used to conduct the study:

- Time series of Washington economic data to develop the best possible links with existing state economic models in consultation with state modelers.
- Timber Supply and Forest Structure Study results to project future contributions.
- Gross Business Revenue (GBR), value-added, and employment data from the Department of Revenue from 1980-2004, by industry sector and region of the state.
- Business trends of the various classes of forestry and wood products sector relative to other major sectors within the Washington economy.
- Changing business trends with reference to the Competitive Position and Timber Supply studies to identify key factors driving change within specific industry sectors.
- Economic impact of forest activity across rural and urban regions, for assessing income disparity between timber-dependent and urban communities.

Anticipated Outputs:

- Description of the role of the forestry and forest products sector and its various ownerships in the economy of Washington.
- Analysis of the economic contribution of the forest products industry on a regional basis (including timber-dependent regions and communities relative to urban areas).
- Description of changes over time in key drivers at both the state and county level, using urban and rural distinctions.
- Projection of the contribution of forestry and logging, primary manufacturing, and secondary manufacturing into the near future.
- Analysis of regional economic and productivity trends such as wage costs and productivity across stages of processing.
- Economic impact analysis table (gross product, income, direct and indirect jobs, and taxes) related to forest sector activity levels.
- Business-as-usual projection for the Washington forest products sector, identifying those factors and policies that constrain investment within the industry.

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