

Meeting Notes

Subject: Oregon Forest Cluster Economic Development Core Team Meeting

Date: January 27, 2009

Attendees: Chris Clafin, OECDD
Dana Shannon, OECDD
Mike Cloughesy, OFRI
Chris Knowles, OSU
Gary Lettman, ODF
David Morman, ODF

Overview of recent forest cluster trends:

- Building permits are still dropping.
- Public agencies are adjusting timber sale contracts.
- One Oregon county postponing 2009 timber sale program.
- Some companies may be having cash flow problems.
- Some surprise that mill curtailments have not been longer or more extensive.
- Some private forestland being withdrawn from real estate market for now.
- Some mill upgrades are being delayed.
- Loss of 20 percent of the cluster's employees over the past two years

Recent developments related to the Forest Cluster Economic Development Strategy :

- OSU Wood Innovation Center, in cooperation with other universities, is applying for grant to for a study to better understand raw forest product material forest flows in the Pacific Northwest and the US South.
- Wood Innovation Center advisory council has been formed and will meet for the first time in February.
- US Endowment for Forestry and Communities is forming a National Forest Products Commodity Commission. It will not differentiate Oregon products.
- The Department of Forestry, working closely with the Wood Innovation Institute, has signed an agreement with the University of Montana to develop metrics for forest cluster vitality, innovation, and investment. Net timber revenue returns to forest landowners is being looked at as one metric. Log and stumpage prices and logging and transportation costs are key variables influencing this metric. These variables are strongly influenced by national and international economic conditions. Study will include industry leader interviews. Questions may include asking what they would like state to do to help them be more competitive, what new areas would they expand their businesses into, and how state incentives might help.

December meetings follow-up:

- Everyone is pleased with the turnout and feedback received at the December 10 Forest Cluster Forum and the visibility given the Forest Cluster Strategy at the December 11 Oregon Leadership Summit. At the Summit, business and elected leaders discussed the opportunity to strengthen rural economies and the sustainability of our forests by including money for forest restoration projects in the federal stimulus package. This was a key recommendation of the "Jumpstart Oregon" stimulus agenda included in the Oregon Business Plan's *Policy Playbook, Initiative and Cluster Guide*.
- We need to highlight the link between the Forest Cluster Strategy and Federal Forests Advisory Committee (FFAC) recommendations implementation efforts. Products emerging from the FFAC and Forest Biomass Work Group processes are consistent with the cluster strategy and should be viewed as tools for strategy implementation. The time is right to bring people together over FFAC implementation and its focus on forest restoration. There remains disagreement over what types of restoration treatments are appropriate.
- We need to remain vigilant for opportunities to link the Oregon Forest Cluster Strategy to current political actions on carbon cap and trade, economic stimulus, and energy production incentives. There appears to be strong alignment between economic stimulus proposals being promoted by western Senators, the Council of Western State Foresters, Rural Voices for Conservation Coalition, and also are consistent with the Oregon Forest Cluster Strategy.
- One strength Oregon has is the number of privately-held forestlands and manufacturing facilities. State of Oregon needs to support mill modernization and keeping mills in Oregon ownership.

Identified Short-term Opportunities:

- Much interest has been expressed in getting funding for the forest cluster portion of the 2009 Oregon Innovation Council grants. May have to prioritize the three forest cluster proposal elements if funding reduced.
- Agreement that the State of Oregon needs to promote to Oregon forest cluster participants that the Wood Innovation Center is the "front door" to access OSU, OECDD, ODF, and OFRI resources to assist the cluster
- Forecasts indicate a faster housing recovery in Asia (particularly in Japan) before the US market. How can Oregon manufacturers capitalize? State of Oregon or the Softwood Export Council could help with training on global product demand. Export markets may require sacrificing high recovery for higher quality.
- Opportunities for the Wood Innovation Center to share international learning with OECDD and at international marketing Softwood Export Council forums.

Next Steps:

- Continue stakeholder and public outreach
- Keep agency executive and our boards and commission informed and engaged.
- Need to solicit conservation and sustainability groups support for the forest cluster strategy, particularly The Nature Conservancy, Defenders of Wildlife, Sustainable Northwest, and Ecotrust. Also broaden connections to family owned businesses, local government.
- Look for more opportunities to engage architect community with information about Oregon wood.
- Work to further improve our understanding of international, national, state, and local supply/demand relationships and to synthesize existing information so that forest cluster members have access to meaningful information about economic conditions and trends.
- Promote greater use of “Lean” enterprise training which uses efficiency and waste reduction concepts based on the Toyota model. Cross-campus training expertise already exists at OSU.
- Focus of upcoming core team meetings will be developing consensus on a short-term work plan to begin full implementation of the Forest Cluster Strategy.
- **Next meeting scheduled for March 16 from 1:00 to 4:00 p.m. at ODF headquarters**