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The University of
Montana

UNIVERSITY RELATIONS • MISSOULA, MT 59812 • 406-243-2522 • FAX: 406-243-4520

NEWS RELEASE

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Contact: Todd Morgan, associate director, UM Bureau of Business and Economic Research, 406-243-5113.

IMPACTS OF MONTANA'S WOOD PRODUCTS DECLINE FAR-REACHING

MISSOULA—

Ongoing weakness in the U.S. housing industry and the longer-term issue of timber availability are plaguing Montana's wood products industry in 2008, with potential repercussions for years to come, reports a University of Montana researcher.

"Recent closures and curtailments of sawmills and plywood facilities related to the troubled housing market have hurt employment and wages in Montana's wood products industry," said Todd Morgan, director of forest industry research at UM's Bureau of Business and Economic Research. "The extent to which Montana's industry recovers when markets improve, however, will depend largely on timber availability."

Montana had 3,068 mill production workers in the state in the first half of this year, down from 3,330 in the first half of 2007 and more than 3,500 during the same period in 2006.

Mill production wages fell below \$60 million in the first half of 2008. Wages were just under \$64 million in the first half of 2007 and exceeded \$66 million in the first half of 2006.

Lumber production from Montana sawmills in the first half of this year was 387 million board feet, down 9.2 percent from the first half of 2007 and 21.2 percent from the first half of 2006.

“Job losses, reduced wages and declines in lumber production can be painful but temporary issues that pass when conditions improve in the broader housing and wood products markets, or these conditions could persist and worsen,” Morgan said. “With the uncertainty that surrounds timber availability in Montana, it can be difficult to rebuild capacity when markets eventually rebound.”

If Montana’s milling infrastructure and the skilled forestry work force is lost, that reduction in industry capacity will translate directly into future reductions in revenue from timber harvest and greater expense for landowners who want to thin forests to reduce fire hazard or restore damaged watersheds.

Despite declines in wood products employment, wages and production, the industry continues to be an important part of the Montana economy. Morgan said the wood products industry, which includes loggers and employees at wood and paper manufacturing facilities, employs more than 9,000 workers who earn about \$400 million in labor income annually. The industry accounts for 10 percent of Montana’s economic base.

At the local level, the industry plays a larger role, accounting for 12 percent of the economic base in Ravalli County, 13 percent in Missoula County and 23 percent in Flathead County.

Wood products wages in Montana are 22 percent higher than the average wage across all industries.

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