



Illinois Forestry Development Council

Critical Issues Facing Illinois Forests and Forestry

Critical Issue: The Need to Make the Illinois Forest Products Industry More Strategic and Adaptive in a Global Marketplace

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What Firms Make-up the Illinois Forest Products Industry? The forests of Illinois are capable of producing high quality hardwoods for a variety of consumer products. Production occurs predominantly on private forestland. There are over 1,000 members of the Illinois Tree Farm Program with an average land holding of 83 acres. Timber buyers and logging firms who get the logs to market make-up the timber harvesting industry. Primary wood-using industries include saw mills, veneer mills, and manufacturers of lumber and unfinished products from logs. Secondary wood-using industries include all firms that use lumber and other primary industry products in the manufacture of finished products.

What Role Do Forest Products Play in the Illinois Economy? Forest product producers and manufacturing firms comprise a small but important part of the State's economy, particularly in rural counties. The U.S. Bureau of Economic Analysis reports that the relative contribution of paper and wood products manufacturing to the 2003 Illinois Gross State Product has followed national trends in the manufacturing sector and declined to 0.5% (2.5 billion current dollars). The 2004 Illinois Statistical Abstract reports that in 2002, Illinois forestry, logging, wood and paper manufacturing employed over 40,000, agriculture and forestry support activities over 12,000, and furniture and related products manufacturing over 20,000 people. The forestry, logging, wood and paper manufacturing categories combined had a total annual personal income and earnings value of 2.1 billion in 2002.

Where Do Opportunities Exist? The entire Illinois forest-related sector should view the global demand for forest products as an opportunity. A 2002 Australian study forecasted that international demand for wood products is expected to increase by approximately 1.2% per year until at least 2010. In the Asian Pacific region, net imports are expected to exceed 200 million tons annually. Closer to home, new housing sales in the U.S. market reached an all time record in 2002 with a total of 976,000 units. Environmental concerns, which are putting the brakes on wood production in many regions, make timber sourced from certified, sustainable forestry operations both

Illinois timber often
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be processed

-Photo credit:
J. Mangun



“A large portion of Illinois’ highest value timber products are processed outside Illinois and outside the US. . . We are losing an opportunity for value added products that could be a major factor in local Illinois economies.”

**-Illinois citizen
comment**



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ecologically and economically attractive.

What Actions Should Be Taken? The modern business environment is increasingly complex and the nature of the global economy adds even more complexity. Before doing business in the global marketplace, Illinois firms need to develop state-level strategies and to build competitive advantage. The key for the Illinois economy is that we do not simply become a source of timber for other states or countries, but rather that value be added through manufacturing before Illinois wood leaves the state.

Some chronic problems within the Illinois forest sector first need to be addressed. Many Illinois secondary wood-using firms remain unaware that quality Illinois hardwoods are available. No central market exists to bring buyer and seller together. The number of primary wood-using firms in Illinois has sharply declined due to comparatively high workers’ compensation and unemployment insurance rates, as well as energy and transportation costs. This unfavorable economic climate causes Illinois timber to leave the state to be processed.

Illinois’ increasing number of private forest landowners has also created a situation in which many landowners are unaware of the value of their timber and how, with a professionally prepared management plan, it can be harvested in an environmentally responsible manner. Efforts to establish regional landowner associations to support more effective information dissemination need to be pursued. Participation in voluntary certification programs such as the Sustainable Forestry Initiative Program of the American Forest & Paper Association should be explored.

State and county economic development programs should increase support for forest-based industries. Assistance to increase marketing capacity, improve access to financing and capital, and revise taxation formulas will be necessary to stimulate entrepreneurial business development in the Illinois forest products industry.

Additional Reading

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