

# Speech

USDA Forest Service  
Washington, DC



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## Looking to the Future Condition of Forests in the United States

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Pinchot Institute for Conservation  
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It's a pleasure to be here today. Forums like this are important occasions for discussing the future of conservation on forest lands in the United States. At the Forest Service, our thinking about the best approach to take has evolved considerably in recent years. I'd like to take this occasion to reflect on some of the new questions we are asking and the direction we are now taking.

### Declining Timber Markets

Four years ago, I had the opportunity to attend the World Summit on Sustainable Development in Johannesburg, South Africa. Prior to the conference itself, I visited three mills owned by a U.S. company in the northern part of South Africa, near Sabie.

The mills had equipment that was decades old and pretty inefficient as a result. In addition, they were required by post-apartheid law to bring management under black leadership by a certain deadline, one that was fast approaching. So the company was funding a huge training program, and the workforce wasn't stable. Close to 30 percent was HIV-positive, with a high death rate since drugs were few and living conditions were extremely poor. In this context, the company played an important social role, providing medical care and family and personal counseling.

You can imagine all the costs and difficulties associated with all this. Nevertheless, these mills were exporting Forest Stewardship Council-certified wood to the United States, and they expected to be producing a profit within 3 years.

I wondered how this could be possible. That experience came on top of something I encountered in the 1990s, while I was the forest supervisor of the Deschutes National Forest in central Oregon. During that time, mills were closing all over the Pacific Northwest, but a local mill owner I knew bought a mill in Lithuania for export to the United States. Again, I wondered how that could possibly be economical with all of the transportation costs, to say nothing of development costs in an underdeveloped country.

Well—from these experiences, I finally began to understand that global economic trends had caught up with forestry. We are so challenged in the United States by a whole range of social, economic, environmental, and other issues that it can actually be cheaper to operate overseas and import the wood than it is to operate in the United States and sell on our own markets. When our citizens buy softwood lumber, four boards in ten now come from other countries.

As a result, there are very few mills left in some parts of the United States, and this has serious consequences for forest management on both private and public lands. Without mills to process material, it's tough to get it out of the woods—something we need to do to reduce fire hazards,

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provide habitat for various species, and restore fire-adapted ecosystems—ecosystems we all know are significantly “out of whack” for a variety of reasons.

For me, that raises a number of questions:

- How are global timber markets affecting industry in the United States?
- How responsive are Forest Service programs to the challenge—on national forest lands as well as on private lands?
- How is the changing state of forest landownership affecting ecosystem services in the United States? As forest landowners sell to developers, what does that mean for all the nonmarket services we get from working forests, such as water delivery or carbon sequestration?
- What is the role of certification? What can we do to create new markets for nontimber forest products as well as for ecosystem services?
- Without a robust timber market in the United States, how do we protect all of the ecosystem services provided by forest lands for free? Is carbon the new surrogate for timber?
- Finally: What can we in the Forest Service do about any of this?

## Oaxaca Seminar

To address some of these questions, we decided that we needed to get outside our usual framework of thinking, including physically. So we set up an annual seminar in Oaxaca, Mexico, where Forest Service senior executives could go for a few days to start thinking through the future of forestry worldwide.

The seminar featured presentations and discussions on a wide array of topics, including global trends and pricing, including the role of China. China is a huge and growing market for wood, and they are also a major wood producer. They are currently thinking through ways of restructuring and decentralizing their forestry sector.

The Oaxaca seminar also explores ecosystem markets worldwide. There are all kinds of examples of functioning ecosystem markets in other countries, ranging from Australia, to Costa Rica, to India. That includes markets in water, soil salinity, pollination, and biodiversity.

We’ve also been looking at the certification movement and its applicability to the United States. A related theme at Oaxaca is community-based forestry. There’s a worldwide trends towards decentralization and devolution of forest governance to the local level.

Finally, the Oaxaca seminar has given us a chance to take a close look at how our programs at the Forest Service fit into these new worldwide trends.

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## Lessons Learned

From the Oaxaca seminar and other, similar discussions we've had, we've drawn a number of conclusions:

1. **Private forest lands in the United States are in peril.** Global markets are gradually driving U.S. companies out of traditional forestry. One trend, for example, is a gradual transfer of forest land from the timber industry to TIMOs, which tend to make real estate investments. The sale of private timberlands could have a vast impact on all the ecosystem services provided by private forests in United States.
2. **Markets for ecosystem services are developing worldwide, and the United States needs to get in on the action.** These markets won't replace markets for traditional forest products, but they could supplement those more traditional markets just enough to help landowners hang onto their lands and resist development and real estate pressures.
3. **Certification has grown so fast that it has entered the mainstream in the forest products industry.** What role does the Forest Service play? The difference between certification schemes gets less and less all the time: The focus is now on certification, not on what kind of scheme you use. However, just how applicable is certification on national forest lands and private lands in the United States? I worry about a double standard when we support an end to illegal logging and promote certification internationally but don't certify wood produced in our own country. On the other hand, there's a cost issue on private lands, although markets and investors increasingly tend to demand certified wood.
4. **Community-based forestry is a worldwide movement, and we see this in a number of ways:**
  - Forests provide local jobs, local forest protection and investment, and products produced sustainably for community needs. The long-term stakeholders in forests are usually the people who live in and around them and who therefore care about them the most. It only makes sense for these people to be closely involved in forest management.
  - China, India, Russia, Brazil, and other countries have all restructured their forestry sectors in recent years or are looking to do so. In each case, they are devolving forest governance to a regional or local level.
  - In the United States, parallel trends are underway through such mechanisms as stewardship contracts and resource advisory committees on national forest land. The focus is on empowering local communities to find local forest management solutions through restoration projects, thereby creating local jobs, supporting rural America, and developing a localized and specialized forest products sector.
5. **Market awareness is essential in forestry today.** Successful businesses in the forestry sector are able to market the right products at the right time in the right place. In the current business context, the Forest Service can play a central role in creating a good environment for investment—or, conversely, in stifling it. Our role is no longer all about supplying timber.

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## Forest Service Activities

In the current global context, taking into account all the opportunities and constraints, the Forest Service is undertaking a number of new initiatives:

- 1. We are taking a fresh look at how we deliver State and Private Forestry programs.** The old landowner-by-landowner approach is inefficient, at best. We are focusing on now on multiple landowners at a time or groups. In particular, we are taking watershed or landscape-scale approach, in collaboration with the Natural Resources Conservation Service and other USDA farm/rangeland programs.
- 2. We are taking steps to protect and restore the delivery of ecosystem services.** We created a high-level position in our national office to focus entirely on ecosystems services. We are looking at the 2007 Farm Bill and considering ways to mobilize nongovernmental dollars in a marketplace to promote good conservation on the land. Recently, USDA Secretary Johanns said: “I see a future where credits for clean water, greenhouse gases, or wetlands can be traded as easily as corn or soybeans.” We’re considering some corresponding pilot projects and looking at ways to extend education and training related to ecosystem services. We’ve also made ecosystem services a priority for our Research staff.
- 3. We are piloting certification programs on national forest land.** Working with the Pinchot Institute, we are testing certification on a number of national forests. We want to see whether certification schemes are a good fit with our programs for national forest management.
- 4. We are promoting community-based forestry.** Our International Programs staff provides technical support to other countries that are grappling with forestry governance issues, specifically the prospect of decentralizing forest governance. Domestically, we are supporting the community practitioners’ movement through resource advisory committees, community wildfire protection plans, stewardship contracts, and a strategy for engaging communities in conserving the Tongass National Forest in Alaska.
- 5. Finally, we are developing a market-based perspective for promoting a favorable investment climate for local businesses engaged in forestry-related work.** That includes developing new products, goods, and services for forest communities, such as biomass, and adjusting the Forest Service’s timber program to the global market. In also includes supporting private landowners in emerging markets, such as markets for ecosystem services.