Kentucky Forestry Economic Contribution Summary 2016

University of Kentucky
Cooperative Extension Service
College of Agriculture, Food and Environment
Forestry Extension

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Forests are Kentucky's single most dominant land type, covering nearly one-half of the state, providing a significant range of both economic and non-economic benefits. Most of the economic contribution is derived from the harvesting of timber and processing of the wood resource. The 2016 forest industry contributions were mixed compared to the previous year with the biggest declines coming from paper converters and the pulp and paper sub-sector, the latter can be traced to the closing of the Verso mill in western Kentucky. This fact sheet provides a summary of this important industry; a complete report is available at www.ukforestry.org.

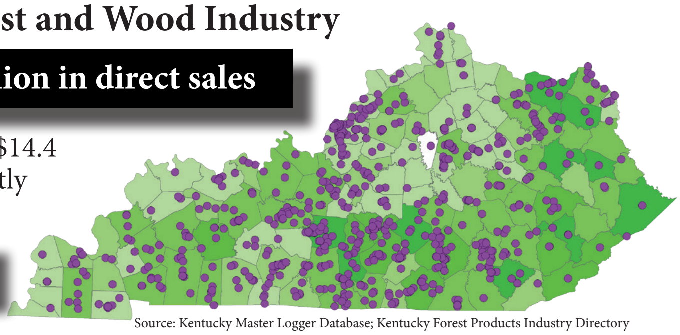
2016 Economic Contribution of Kentucky's Forest and Wood Industry

$14 billion total economic contribution with $9 billion in direct sales

The $9 billion in direct contribution represents sales while the $14.4 represents the direct, indirect, and induced contributions directly tied to the forest and wood industry.

60,225 total jobs with 27,740 directly employed

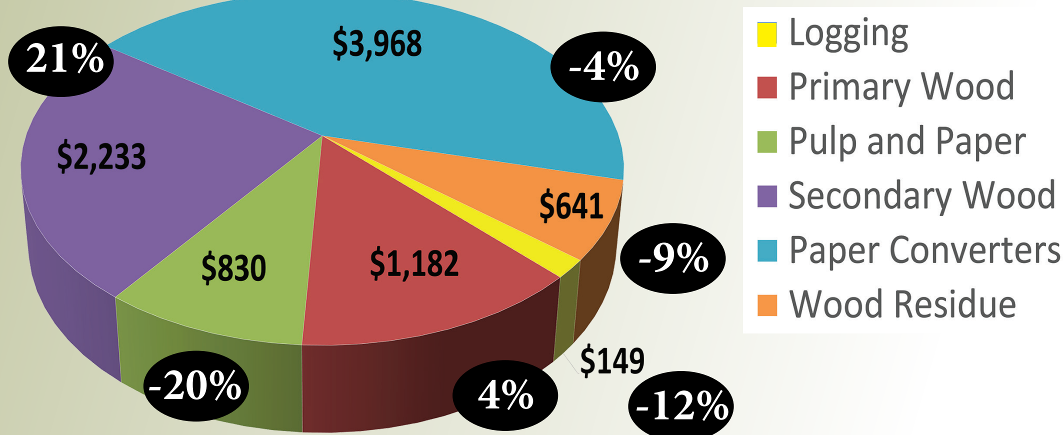
The largest forestry sub-sector, in terms of employment, is secondary manufacturers who employ more than 11,900 Kentuckians.



Source: Kentucky Master Logger Database; Kentucky Forest Products Industry Directory

Kentucky Wood Industries and Master Logger Distribution 2016
Dots represent the 722 wood industry facilities in Kentucky. The darker the county shading the higher the concentration of Master Loggers.

Forestry Sectors $Millions (direct)
Black circled numbers represent percent change from 2015



Source: IMPLAN Analysis of 2015 data adjusted for 2016 using 2016 forestry sector employment

Forestry Sub-Sectors

Overall, the forestry sector was down an estimated one percent from 2015. Primary and secondary wood manufacturing were estimated to show increases while logging, pulp and paper, paper converters and wood residue manufacturing showed decreases in both employment and direct revenues.

Exports

Kentucky's wood related exports declined slightly in 2016 to $283 million. Asia continued to challenge Europe as a leading export destination for Kentucky wood related products; Asia imported more than $105 million while Europe imported over $107 million. Once again, oaks continue to dominate Kentucky wood exports. More than $89 million in new and used wooden casks (barrels) were exported in 2016. Oak lumber was the next largest export at over $71 million. In all, oak related exports exceeded $164 million in 2016.

Top 5 Kentucky Wood, Paper, and Pulp Exports in 2016 in Millions

Wooden Casks (Barrels)	$89,843,297
Oak Lumber	$71,509,913
Hardwood Lumber	$30,290,142
Ash Lumber	$16,418,475
Chemical Wood Pulp	$9,749,623

Source: U.S. Department of Agriculture Foreign Agricultural Services

Commodity Pricing

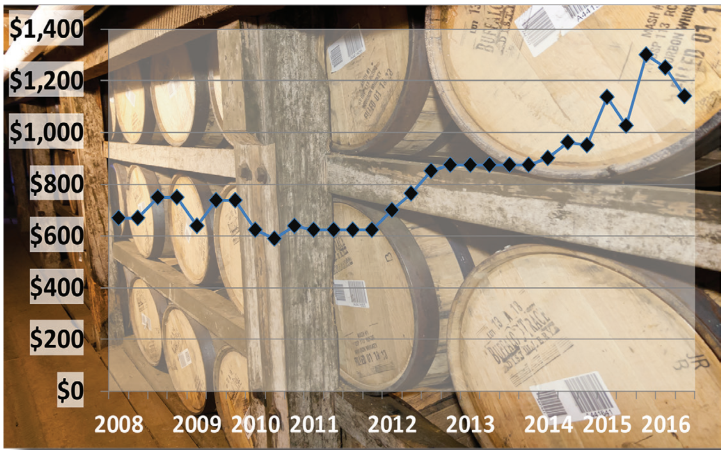
For most of 2016, delivered log and pulpwood prices have remained stable or declined slightly for a number of products with the exception of stave logs that maintained strong prices in 2016. The statewide delivered log price for other roundwood products including lumber logs, railway tie logs, and lower value construction logs used for manufacturing products such as construction mats and pallets were flat or lower for many species.

2016 3rd and 4th Quarter Delivered Lumber Log Price Averages for High and Low Quality ($/MBF)

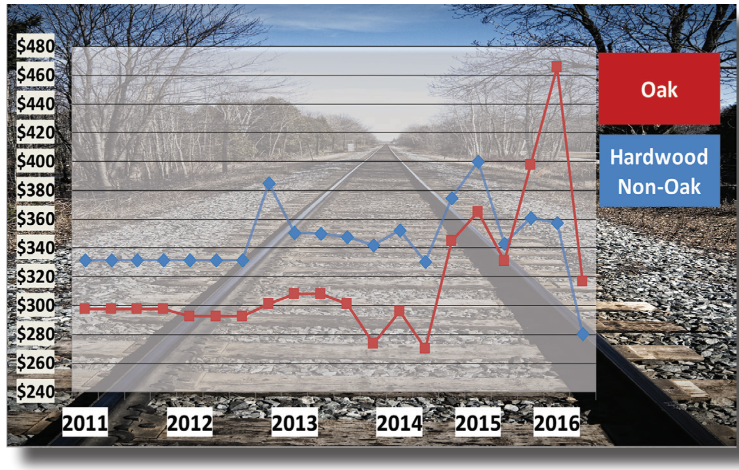
Black Walnut	$1,694- $525	Hard Maple	$789 - $410	Yellow-poplar	$535 - $271
White Oak	$1,100 - $400	Black Cherry	$650 - $325	*Source: Kentucky Division of Forestry's Delivered Log Price Data average of 3rd and 4th quarters of 2016. (MBF = 1,000 board feet)*	
Red Oak	$800 - $356	Ash	$617 - $200		

The increased demand for white oak logs has kept stave log prices higher in 2016 compared to previous years. Railway tie log pricing and demand has diminished and is related to less coal shipments and positioning of major North America railway companies that has led to less overall railway infrastructure repair.

Delivered Stave Logs
Prices in Kentucky 2008-2016 by Quarter ($/MBF)



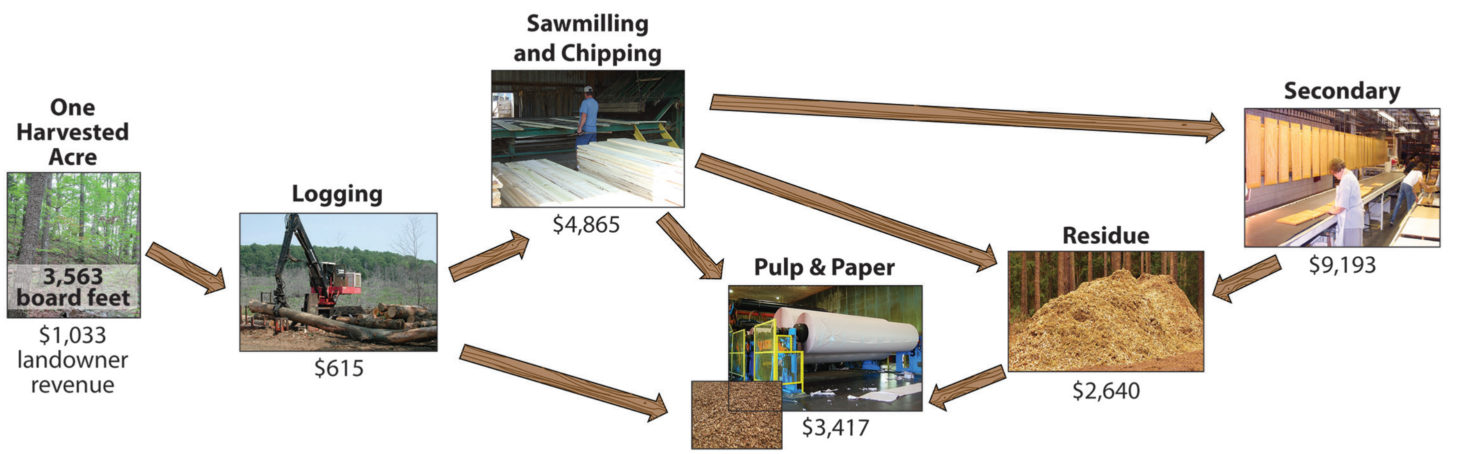
Delivered Tie Logs Prices in Kentucky
2011-2016 by Quarter ($/MBF)

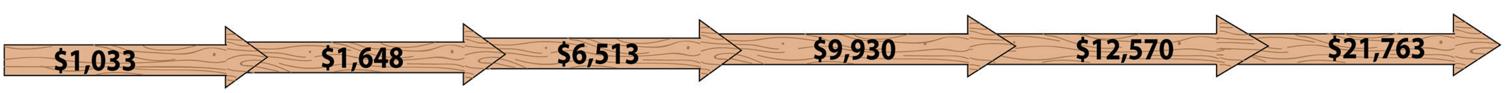


Sources: Kentucky Division of Forestry's Delivered Log Price Data *(MBF = 1,000 board feet)*

2016 Economic Contribution of One Acre of Harvested Timber in Kentucky

Kentucky's forests provide the timber resources for a significant portion of the forestry sector's economic contribution. This includes timber revenues for landowners selling timber and revenues from logging, milling, residual products such as bark, and secondary industries that use lumber and other primary products. It is estimated that every acre of timber harvested yields significant returns, not just for the landowner, but for the Commonwealth as a whole.





Cumulative Direct Economic Contributions of a Harvested Woodland Acre in Kentucky

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