



Are there enough loggers to meet cellulosic demand?

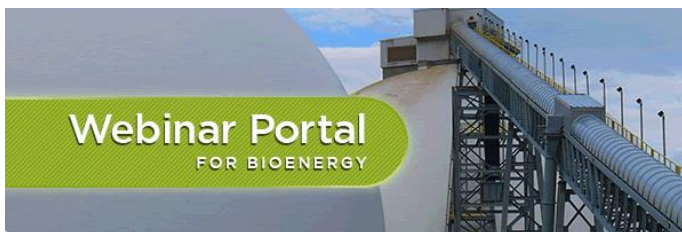
The webinar starts at 2:00 PM(Eastern Time)



"The IBSS project is supported by Agriculture and Food Research Initiative Competitive Grant no. 2011-68005-30410 from the USDA National Institute of Food and Agriculture."



"The webinar project is supported by The Renewable Resources Extension Act National Focus Fund Grant no. 2011-46401-31144 from the USDA National Institute of Food and Agriculture."



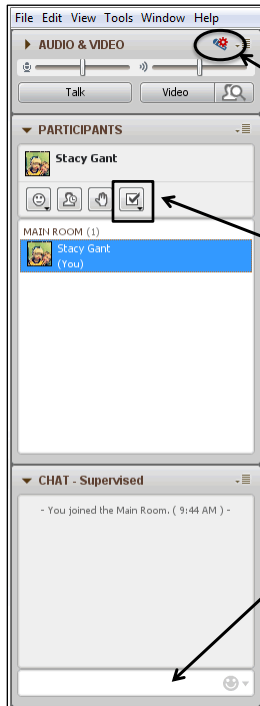
To qualify for and receive continuing education credits for participating in the live webinar or for viewing the archived webinar, you must successfully complete the following steps:

1. Complete the registration form with your current information;
2. Complete the webinar pre-survey;
3. Participate in the Live webinar or view the Archived webinar in its entirety;
4. Complete the satisfaction survey;
5. Take and pass the short quiz at the end of the webinar if provided (you can retake the quiz as many times);
6. Complete the Continuing Education Form (CEU Form) with your continuing education program license or identification information if applicable and certify that you have participated or viewed the webinar in its entirety.

Transitioning from the Bucket to the Barrel

www.se-ibss.org





Orientation

1. Audio Setup Wizard – Allows you to ensure your audio is set up properly.
2. Polling - Allows you to answer yes/no questions and respond in a multiple choice format
3. Chat - If the chat says “Supervised,” be aware that the presenter/moderator can see all messages, even those marked private.



Why did you join today's webinar?

- A. Need continuing education credits
- B. Subject matter
- C. Subject matter and CEUs
- D. Requested by boss
- E. Other



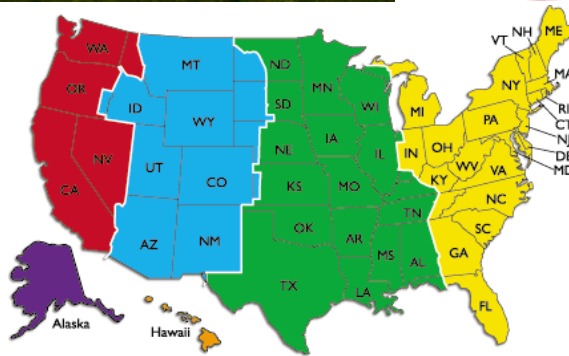
- A. Extension or Education Agency
- B. Government Agency
- C. Private Natural Resource Business
- D. Landowner
- E. Other

Transitioning from the Bucket to the Barrel

www.se-ibss.org



- A. **Pacific**
- B. **Mountain**
- C. **Central**
- D. **Eastern**
- E. **Other**



Transitioning from the Bucket to the Barrel

www.se-ibss.org





Thank You!

To qualify for and receive continuing education credits you must

1. Complete the satisfaction survey
2. Take and pass the short quiz
3. Complete the Continuing Education Unit Request Form
4. Certify that you have participated or viewed the webinar in its entirety

Subscribe: Join our email subscription list if you would like us to keep you automatically informed of upcoming webinars (<http://bioenergywebinars.net> and click on subscribe)

Transitioning from the Bucket to the Barrel

www.se-ibss.org



Doug Duncan, Executive Director

Are there enough
loggers to meet
cellulosic demand?

www.hotdw.com

Areas of Concern

Trends

Strategies / Outcomes

Questions and Responses

www.hotdw.com

Areas of Concern

New Markets – fuelchips, wood pellets, biofuels

Unfamiliar with wood supply chain – landowners, loggers, brokers, trucking, competing markets, complimentary markets.

How to secure long-term agreements often originating from investment agreements and requirements of end user.

We need a specific single focus product that is dependent or harvests driven by much higher value forest products.

Our product is secondary to primary products and will not drive the timber purchase and harvest.

www.hotdw.com



Areas of Concern

Traditional Markets (Complimentary)

We like having lots of loggers – abundant loggers predicates lower delivered prices .
The opposite could be true.

Solid wood, plywood, OSB, pallets are on rebuild curve – past logger shortage was not an issue with decreased mill production.

Fear the new markets less for competing materials and more for competition for loggers.

www.hotdw.com



Areas of Concern

Loggers

Where is the long-term profitability?

When do I renew (purchase) capital assets?

How to maintain a safe, productive and dependable workforce?

Where are all the truckers?

www.hotdw.com



Trends

30% decline in NC logging businesses 2001-2010 (BLS)

VA is 28%, SC is 43%, Southwide is 34%

Professional logging businesses downsized to weather the economy and can readily upsize. They know the business principles.

Slow to downsize and slow to upsize unless new markets or reopened markets are available.

www.hotdw.com

Trends Continued

Loggers most optimistic with overlapping market zones for similar products.

Diesel fuel price indexing (highway and off-road).

Available trucking.

Skilled operators.

Higher probability of being profitable.

www.hotdw.com

Trends Continued

Spot market purchasing of traditional raw products is the norm (no futures or commodity trading available).

New market investors are uncomfortable with spot purchasing due to experience and backgrounds in energy trading.

Overseas purchasers in particular like long-term feedstock agreements (10 years). The South doesn't do this due to landownership and spot purchasing tradition.

www.hotdw.com

Trends Continued

Traditional and complimentary markets have lost touch with logging financials. The move to independent logging contractors since the 1970's has kept procurement staff focused on delivered costs and less on logging profitability.

Oligopoly defined: market form where the industry is dominated by small number of firms. Each oligopolistic is likely to be aware of the actions of the others. The decisions of one firm therefore influence the decisions of the others.

www.hotdw.com

Trends Continued

Our forest product oligopoly involves both pricing influence of raw materials and that of finished products.

Transportation costs reduce competition by creating regional markets. Example: you can't haul pulpwood but so far before transport costs exceed the delivered value of the product. You can haul potato chips farther than potatoes.

Transportation zones are fairly well established for traditional markets. This may change particularly for the biofuels markets as the value of the finished product (fuels) may exceed the value of traditional products made from the same feedstock.

www.hotdw.com

Strategies and Outcomes

New markets have been quick to employ traditional procurement managers at start-up. Will it work long-term if they are seeking an edge on procurement? It's a relationship business and new business might mean new faces and new approaches.

Wood pellet plants are being built at larger scale and have significant feedstock requirements.

Biofuel plants are still on horizon but likely to have the same type of impact.

www.hotdw.com

Strategies and Outcomes Continued

Finance companies are now rebounding to work with loggers.

New markets are talking long term contracts to stabilize feedstock delivery prices and use less spot market.

Loggers are concerned about skilled operators and have developed entry level training programs. NCAPL originated FOROP with support of Pioneer – Gregory Poole Forest Products and CAT Forest Products.

Logging equipment manufacturers are typically behind on orders

www.hotdw.com



Strategies and Outcomes Continued

There is a new breed of logger who has diversified into trucking and timber buying functions. They are running multiple crews and their own contractors. Weekly production in the 200-300 load range.

Certification programs will not limit expansion of markets. Landowners and loggers will continue to do the right things for the right reasons. Discussions on who pays the cost will continue.

www.hotdw.com

Is There a Logger Field of Dreams?



www.hotdw.com

Yes there is.



Nearly 80% of the professional logging business in play today are expected to expand to meet new and traditional markets if they are profitable.

The other 20% are expected to come from those in rural areas who have watched logging as a friend or relative, drawn to the lifestyle, and willing to take the risk.

www.hotdw.com

Question and Response Time

Doug Duncan, NC Association of
Professional Loggers, Inc.

contact@ncloggers.com

(919) 271-9050

www.ncloggers.com

www.hotdw.com