

**Statement of Dr. Tom Monaghan, Mississippi Forestry Association
On Behalf of the National Alliance of Forest Owners
Hearing on the Future of our Nation's Forests
Subcommittee on Department Operations, Oversight, Nutrition, and Forestry
U.S. House Committee on Agriculture
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I. Introduction

Mr. Chairman, thank you for this opportunity to appear before the Subcommittee on Department Operations, Oversight, Nutrition and Forestry today and to assist you and your colleagues, also of this Subcommittee, in your efforts to chart the future of our nation's forests.

I am pleased to appear before you today as a private forest landowner, a forester and a lifelong steward of our natural resources. In 2002, I retired as the Forestry Extension Leader from the Mississippi State University Extension Service. In that role, I led our state's extension foresters in delivering a variety of educational outreach programs to private landowners and forestry personnel, all designed to promote stewardship and sustainable forest management practices on the land. The day after retiring, I began a second career with the Mississippi Forestry Association (MFA), a statewide membership organization representing private landowners, professional foresters, professional wood suppliers, forest industry manufacturers and businesses and federal and state agency personnel who manage forests to produce clean water, clean air, wildlife habitat and outdoor recreational opportunities for all Mississippians.

The Mississippi Forestry Association is a member of the National Alliance of Forest Owners (NAFO), an alliance that represents forest owners in 47 states, encompassing more than 74 million acres. NAFO is an organization of private forest owners committed to promoting federal policies that protect the economic and environmental values of privately-owned forests at the national level.

My testimony today will focus on the present and future contributions of private forestland in the United States. I will examine the importance of forests to our national natural resources infrastructure; how forests can meet important national objectives, such as clean air, water, energy, climate change mitigation and the demand for forest products in our everyday lives; and the importance of federal policies that support the ongoing efforts of private forest landowners to invest in and be good stewards of their land.

While I will focus on private forest landowners, please keep in mind that all members of the forest products community, including forest owners, resource professionals, loggers and manufacturers play key roles in sound forest management.

II. Private forest owners manage the majority of forestland in the U.S. Forest inventory is generally increasing and ownership patterns are dynamic. Private forest landowners generally seek to keep working forests in tact rather than convert them to other uses.

Nationally, there are 755 million acres of forestland. Of that, 427 million acres, 2.5 times the size of Texas, is private forestland owned by over 10 million people. Unlike much of the rest of the world, the U.S. is expanding its overall forests and standing timber inventory. Over the past 100 years the amount of forestland has remained relatively stable. Additionally, the standing inventory (volume of growing stock) of hardwood and softwood tree species in U.S. forests has grown by 49 percent between 1953 and 2006. This has occurred because of sound forest management and through the increased importance of forests and forest products in our economy and society in general. Recently, however, markets have begun to dwindle, potentially jeopardizing the positive trends of the past 50 years.

Americans own forests in a variety of ways, including family ownership, partnerships, small and large businesses, private investments, such as Timber Investment

Management Organizations (TIMOs) and publicly traded investments such as Real Estate Investment Trusts (REITs). The vast majority of forestland owners are families. For them, forests represent a significant family investment as well as a considerable share of their wealth. In Mississippi, the 175,000 individual and family forest landowners who own and manage 10 acres or more of the state's timberland, have long looked to an investment in land and timber as a very significant means of support for their retirement, for college funds, for savings accounts, for medical emergencies or simply as "rainy day" reserves. Others have used the value of their lands and forests as collateral when borrowing money to build homes or pay for college educations.

Of course, much of the value of these family forests comes in benefits without a specific price tag, including family recreation, hunting trips, solitude and aesthetics. To many of these families, their forests represent more passion than profit.

Other private forest landowners include small and large businesses, partnerships and investment organizations such as TIMOs and REITs. These owners have taken on new significance over the last few years. Most Americans still see the forest products industry as a vertically integrated industry that owns forests for specific manufacturing purposes. However, over the past two decades, most of the forests owned by large manufacturing companies have been transferred to businesses that focus solely on responsible long-term forest management with little or no manufacturing interests. Today over 80 percent of the forests formerly owned by large manufacturers is now owned by companies and organizations comprised of professional foresters and land managers who responsibly manage their forests for multiple market opportunities over the long-term. Apart from the inevitable changes in land use that accompany a growing population, the long-term value of these private forest lands comes primarily from keeping them in a working forest condition.

Throughout my testimony today, you will hear me use the term "working forest." A working forest is one that is conserved, not preserved. President Teddy Roosevelt said, "Conservation means development as much as it does protection." He charged our

nation with using our natural resources to provide sustained environmental, economic and social benefits over time. Working forests, then, are forests that provide an important base for family-supporting jobs in America's rural communities, that are the source of sustainable building and consumer products, contribute significantly to national priorities, like energy independence and security and climate change solutions and that address human health and quality of life needs, water quantity and quality, essential wildlife habitats, recreation and other important environmental services.

III. Private working forests are an increasingly critical part of our natural resource infrastructure because they are fundamental to a strong economy, a clean and healthy environment and achieving our national objectives for addressing climate change and developing new domestic sources of low-carbon, renewable energy.

Nationally, private landowners own the majority of our forests. This is particularly true in the Southern states where private landowners are the principal stewards of forests and wildlife. In fact, 44 percent of the private forests in the United States are in the South. In contrast, the federal government owns the vast majority of the forests in Western states.

Private forests provide significant economic benefits to society, providing the raw material for a major industry in our country. The forest products industry ranks in the top ten manufacturing sectors in 48 states. It accounts for approximately 6 percent of the total U.S. manufacturing GDP, placing it on par with the automotive and plastics industries. Additionally, it generates more than \$200 billion a year in sales and employs more than 1 million people earning \$54 billion in annual payroll. Through all of this, the U.S. forest products industry pays approximately \$7 billion annually in federal, state and local taxes. The U.S. forest products industry is a world leader in natural resources stewardship by providing valuable consumer goods and services while maintaining the highest standards of environmental stewardship in the world.

In addition to economic benefits, private forests produce a wide variety of environmental services desired and needed by our society, including outdoor recreational opportunities, diverse wildlife habitat, the storage of atmospheric carbon and the production of clean air and clean water. For instance, nationally, private forests provide 53 percent of our freshwater supply. Outside of the Western region of the U.S., state and privately owned forests provide 89 percent of the freshwater supply.

Nationally, forests sequester almost 200 million metric tons of carbon each year, offsetting 10 percent of annual U.S. emissions from burning fossil fuels. This fact has been recognized by the international community and federal regulators. The United Nations' 2007 Intergovernmental Panel on Climate Change ("IPCC") highlights forest management as a primary tool to reduce GHG emissions. The IPCC states that, "In the long-term, a sustainable forest management strategy aimed at maintaining or increasing forest stocks, while producing an annual sustained yield of timber, fiber or energy from the forest, will generate the greatest mitigation benefit." The EPA has identified responsibly managed forests as one of five key "groups of strategies that could substantially reduce emissions between now and 2030."

No other land use comes close to producing the array of environmental, economic and social benefits provided by our nation's private forestlands. They are a vital part of our national infrastructure that shouldn't be lost. Sustaining and enhancing the value of these forests both to society and to forest owners so they can continue to benefit our nation is of vital national importance.

IV. The potential use of wood for renewable energy and to address climate change provides an opportunity to strengthen existing markets and encourage the development of new markets for private working forests.

Congress is currently focused on renewable energy policy that will diminish our nation's dependence on fossil fuels and enhance our country's energy independence. Developing the full contribution our private working forests can make to this national

priority will at once help us meet our renewable energy goals and maintain our working forest resources. As existing markets decline, emerging energy markets can provide new opportunities for private forest owners to realize sufficient economic return to continue making long-term investments in their forests.

Wood is the original renewable energy and has been used at the industrial level for decades. Currently, the forest products industry generates approximately 80 percent of all renewable biomass energy, making it the largest industrial renewable energy producer. The current technology for using wood to produce electricity and heat is mature and readily accessible. Emerging technology also holds significant promise for utilizing wood cellulose to produce ethanol. Each of these applications provides a viable future source of domestic renewable energy from a wood resource that is efficient, plentiful, sustainable and beneficial to our climate and overall environment.

If Congress mandates a certain level of renewable electricity generation, it should provide sufficient flexibility to allow renewable forest biomass to make its full contribution. This will help keep our working forests working by promoting new market opportunities for wood that otherwise may have little or no economic value.

Congressional interest in renewable energy is in many ways driven by climate change considerations because of the potential to replace carbon intensive fossil fuel energy with renewable energy that significantly reduces our nation's overall carbon footprint. Private working forests are a fundamental part of the solution to global climate change. Both the United States Government and the international community recognize the value forests provide in sequestering carbon through absorbing CO₂ and storing carbon in trees, soils and forest products.

Our nation will realize these benefits by developing and promoting markets, like renewable energy, that help private forest owners continue managing their forests for long-term economic and environmental benefits .

Just as with renewable energy, as national climate change policy and legislation is considered by Congress, it should explicitly include the positive contributions of private working forests. Such policy should help maintain a robust manufacturing base for working forests to help maintain existing markets that foster long-term forest viability and investment. Any climate change framework should also allow offset credits from forest management and harvested wood products to be generated and traded as a flexible, cost effective way for regulators and other industries to achieve net greenhouse gas reductions.

Renewable forest biomass energy production on a much larger scale and the opportunity to participate in climate change mitigation markets offer two promising new markets for forest landowners. As history has taught us, maintaining existing markets and expanding new market opportunities for working forests help ensure they will remain and even increase over time.

V. New and existing markets should rely on local and state level oversight, third-party certification, and education programs as the most effective means to sustain working forests on the landscape over the long-term.

Sustaining the environmental, social and economic benefits of responsibly managed forests will occur only if governmental policies are aligned with the fundamental economics of forest ownership. Governmental policies must be scientifically based and developed through transparent and inclusive processes. They should recognize the important role played by a healthy, domestic forest products manufacturing base, which enables forest owners to continue to meet their ecological, economic and social responsibilities.

Private forest landowners are diverse and demonstrate sustainable forest management in a variety of ways. These include reforestation of harvested sites to maintain the forest cycle, using Best Management Practices (BMPs) defined through voluntary and regulatory state forestry programs and forest certification standards,

supporting training and outreach programs for loggers and family forest owners, using consulting foresters and other natural resource professionals and supporting research and technology development on sustainable forest management.

Additionally, private forest landowners verify their adherence to sustainable forest management principles in many ways, including: compliance with state and federal laws and BMPs; cooperative agreements with government agencies, conservation organizations, and multi-stakeholder partnerships; and transparent data collection and reporting. Forest certification is an especially important method. Credible forest certification systems are designed to integrate social, environmental and economic performance, verified through independent, third-party auditing and communicated through a brand or label on products. Several credible forest certification programs are available in the marketplace.

This robust yet flexible array of tools, in the form of federal, state and local laws, regulations, programs and BMPs have measurably improved the environmental performance of forest operations in the United States over time. They have also worked to promote environmental goals without sacrificing jobs and economic activity. As policymakers consider the imposition of new federal regulations on private working forests or market limitations on the participation of private working forests in emerging renewable energy markets, the implications for the economic viability of working forests must be considered to avoid inviting an unintended result -- compelling private forest owners to consider alternative land uses for working forests that do not provide the environmental services that promote healthy watersheds, wildlife habitat, carbon sequestration and similar benefits that are highly valued by society.

Rather than creating new federal regulatory overlays on effective existing practices at the federal, state and local level, Congress would be well advised to rely on the current framework that has been developed through transparent public processes over decades to strike the right balance between social, economic and environmental benefits. New federal intrusions into the existing framework, particularly in a manner

that results in federal pre-emption of current state and local practices, may create powerful market disincentives that will hinder rather than promote our nation's overall energy and environmental objectives.

VI. Conclusion

Keeping working forests working across the landscape as a fundamental part of our nation's natural resources infrastructure is essential to the well-being of our country. Private forest landowners provide unique economic, social and environmental benefits to our nation. While many of these benefits provide direct economic returns to society and to the landowners – the forest products we use every day and the jobs that sustain many communities – many are essential benefits to society that the private landowner provides for free - clean air, clean water and wildlife habitat.

The most effective way to keep working forests working is to promote policies that seek to sustain both the benefits working forests provide to society and to forest owners. This includes viable markets for existing and familiar products and services as well as innovative new markets for wood and the environmental benefits provided by sound forest management.

While oversight is important, it should be based at the state and local level – where environmental stewardship is best understood and practiced. This is the approach that has increased the productivity and extent of our forests in the United States at a time when many parts of the world have seen massive deforestation. By supporting practices that work while seeking new and promising market opportunities, our working forests can continue to provide the many benefits that have made them an extraordinarily valuable part of our nation's past, present and future.

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