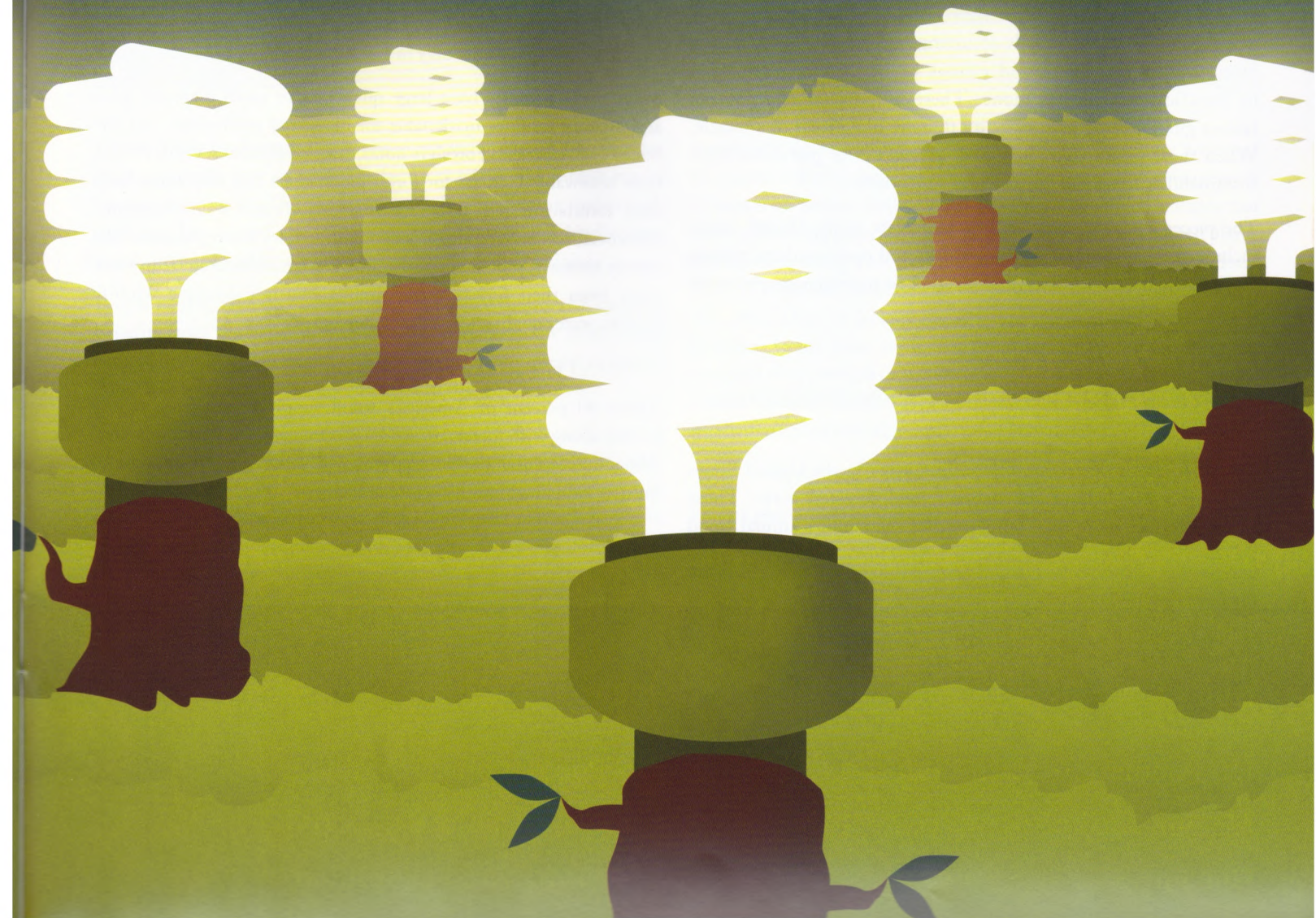


Sourcing sustainable materials for the global biomass marketplace is determined through multiple factors. Unfortunately policy makers tend to focus on one factor, thus reducing market access for sustainably-managed forests from private landowners in the United States.

BY SCOTT JONES



Since developed nations around the world set their sights on a lower carbon economy through alternative energy sources, the avoidance of unintended consequences from our actions has become a top priority. By transitioning energy production from coal to biomass, we can reduce emissions but need assurance that we do not reduce carbon capture through deforestation. To accomplish this, sustainability policies have been created in an attempt to offer transparency and assurances of avoiding these unintended consequences. However, many of these policies have unintentionally constrained markets for wood because they do not recognize that measuring sustainability for U.S. wood used in biomass production has multiple factors, not just forest certification.

There is not a one-size-fits-all approach for verifying sustainability of forest resources. While forest certification is necessary to verify that material sourced from high-risk countries is sustainably managed, it seems that forest certification has less of need in verifying sustainability when sourcing from low-risk countries where good forestry is already occurring, such as the United States. Sustainability for U.S. wood cannot be defined or guaranteed by certification schemes alone. There are several contributing factors guaranteeing sustainability that are like pieces of a puzzle. When those pieces come together, we get a clear picture of what sustainability looks like for U.S. private forests.

The pieces assuring sustainability for forests in the United States include good stewardship, access to free and open markets, private property rights, laws and regulation, and best management practices.

PIECES OF THE PUZZLE

SUSTAINABILITY: A SUCCESS STORY OF GOOD STEWARDSHIP

Private forests cover about 431 million acres in the United States or roughly one-half of the nation's total forested acres. These forests produce more than 60 percent of the nation's annual wood

harvest. In several regions of the country, they are the primary source of pulp, lumber, plywood, and other wood products. Private forests also generate a host of non-timber benefits such as water purification, carbon sequestration, wildlife habitat, and open space – usually at no cost to surrounding communities. The landowners who manage these private forests practice sustainability every day. They define sustainability as meeting the needs of society today without jeopardizing our ability to do so in the future. The success of these forests is ongoing proof of the value of sustainable practices. For the past 100 years, total forest area in the U.S. has been stable – and even has grown, according to the 2010 U.S. Forest Service Resources Planning Act Assessment.

ACCESS TO FREE AND OPEN MARKETS

The environmental and economic benefits generated by private forests are not guaranteed; they depend on the stewardship practices of forest landowners. This stewardship, in part, depends on the ability of forest landowners to access markets for wood products and to earn enough money to stay in forestry.

Many private forests have large quantities of small diameter trees and logging residues marketable for bioenergy production. As the Society of American Foresters notes, “this additional revenue stream from renewable biomass for forest landowners can help them keep their forests forested, rather than selling them for development.” Moreover, revenue streams from complimentary forest products, like woody biomass, provide opportunities for landowners to “reap more value from their forests while simultaneously enhancing wildlife habitat, water quality, and even scenic beauty.”

PRIVATE PROPERTY RIGHTS

About 90 percent of America's wood supply comes from family forests, along with forests owned by private investors and companies. About 60 percent of the “privately-owned” fiber comes from some 10 million individual family forest landowners.

1900

US Population: 76 million

Median Income: \$490/year

Housing Starts: 189,000

2000

US Population: 281 million

Median Income: \$45,000

Housing Starts: 1.6 million



Clearly, those landowners have a vested interest in sustainable practices on the property they own; it's the best way to see a long-term return on their investment. They have many reasons for owning timberland, including beauty and scenery, protection of nature and biodiversity, family heritage and legacy, investment, hunting and fishing.

People tend to take care of what they own since they derive ongoing benefits from the value they've created. We also know that society cannot benefit from forests without secure private property rights. America's working forests have thrived in this environment.

Landowners have the passion to own and manage their lands, as well as an incentive to oversee their property with sustainability in mind. Smart forest management produces not only present-day income but also value for future generations. So, landowners play a key role in sustainable forest management and they also create jobs and sustain economic vitality for timber dependent communities.

Jobs and economic vitality, of course, also depend on healthy markets for forest products. We will continue to see the benefits forests provide – clean air, clean water, wildlife habitat, recreation, wood products, and those jobs that drive a vital economy – by continuing to make sure markets stay vibrant and healthy.

FRAMEWORK OF LAWS AND REGULATION

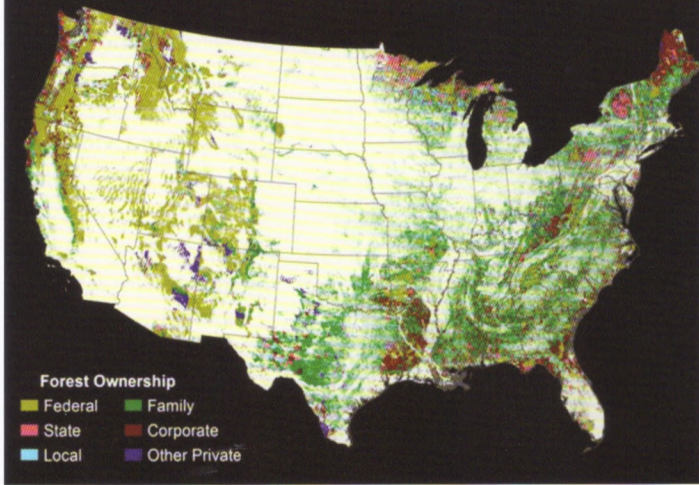
Good forest management begins with a strong rule of law, along with a general respect for rules and regulations, political stability, government effectiveness, appropriate regulatory quality and citizen

accountability. Forest operations in the United States are governed by federal and state laws and regulations that guide the management of forests on private lands. With more than 26 federal statutes that cover everything from the protection of water, air, endangered plants and animals, along with a layer of state laws to fill in gaps at the local level, U.S. forests have become the solution to many environmental concerns. These policies have stood the test of time and offered assurance to the forest products industry and U.S. customers that the products they produce or purchase were sourced from well-managed forests. Simply put, the vast majority of wood in the United States is legally harvested and accounted for appropriately.

BEST MANAGEMENT PRACTICES (BMPS)

Forests play an important role in the health of our environment and our economy. Private forest landowners are among the strongest advocates for maintaining healthy and sustainable forests and ensuring water quality. To protect water quality, best management practice (BMP) programs were developed and have served to manage nonpoint source pollution from forestry activities for more than three decades. Individual states have invested substantial resources to develop effective BMP programs. Starting from a core set of principles, BMPs are shaped by a diverse group of stakeholders and tailored to address local landscape conditions. The flexibility of this approach produces the most updated solutions as the latest scientific research becomes available. Through years of refinement and support, BMP programs have become effective at minimizing and preventing nonpoint source pollution from forestry activities.

FOREST OWNERSHIP, US 2011



56% of forests nationwide are privately owned by family forest owners and companies. 87% of forests in the Southern United States are privately owned—68% of those acres are owned by family forest landowners. Source: USDA Forest Service, Northern Research Station, *Forest Inventory and Analysis, Family Forest Research Center, May 2014; Family Forest Owners of the U.S., Brett J. Butler, 2014*

The most recent data shows a 90 percent level of proper BMP application by private forest landowners in almost every region of the United States.

CERTIFICATION

Forest certification is a voluntary process in which a professional forester gives written assurance that the forest management practices of a particular manager or group comply with some specified sustainability standard.

Forest certification is a complex issue, often shaped by different land ownership patterns, objectives and governmental structures, as well as the economic realities of a region or country. Although we can identify that good forestry practices occur in the United States, that's not the case in some parts of the world considered high risk, where forest certification is necessary to verify that wood sources originate legally from sustainably-managed forests. Where good forestry already is occurring, however, it seems that forest certification is less of a concern and unnecessary. Additionally, policies that artificially inflate the demand for certified content while depressing the supply of uncertified content ironically results in greater imports of forest products from regions that lack the environmental safeguards taken for granted in the United States.

Forest certification creates direct and indirect costs to forest owners. Direct costs include the auditor's site visit, travel expenses, report writing, and the certifying organization's oversight. Indirect costs vary significantly from one forest owner to the next, and can easily exceed direct certification costs. Offsetting these costs, at least in theory, are price premiums for certified products and improved marketing opportunities for certified producers. Unfortunately, such projected price premiums have not been realized.

From an economic perspective, the size and limited growing stock value of most small private forests mean the costs of certification frequently outweigh the potential gains. As such, mandating certification to access markets creates an incentive for private forest landowners to sell their standing stocks quickly, to less discriminating buyers, or to consider selling their property altogether. This growing reality stands in stark contrast to the claims of price premiums and marketability made by certification advocates.

For private forestlands in the United States, certification represents an unnecessary and costly restriction rather than an enhancement of market access and profitability. Certification adds significant cost to the forestry operations and, in some instances, unacceptable hardships for private forest landowners. The unfortunate irony of excluding uncertified content sourced from private forests in the U.S. is the reduction of environmental benefits produced by those forests.

SUMMARY

Ironically, biomass marketplaces that have the potential to sustain private U.S. landowners and enhance the environmental quality of their forests could have the opposite effect by limiting market opportunities if sustainability criteria are too narrowly focused. Forest certification that was once a voluntary way to distinguish forest products in the marketplace is becoming an untenable requirement for an increasing number of private forest landowners. Many private U.S. landowners harvest wood in a way that complies with Best Management Practices and a framework of existing federal and state laws and regulations. Few consumers are demanding certified products, but failure to certify soon could prevent small forest owners from accessing wood markets.

In similar fashion, excluding most private forests from biomass marketplaces by not recognizing other factors that sustain their forests could reduce the environmental productivity and stewardship of those forests. By creating a market for woody biomass but arbitrarily limiting the suppliers to large certified forests, the world biomass market increases the cost of using woody biomass as an alternative to fossil fuels and creates a disincentive for private investments in forest thinning and stewardship.

The purported aim of sustainability certification is to enhance environmental quality. Yet, as applied as a sole indicator of sustainability of private forests, it could have the opposite effect. Biomass sustainability policies should recognize the existing high level of environmental stewardship of U.S. private forests. In turn, wood product processors and retailers should look to the additional sustainability factors of private forests other than certification requirements that impose unnecessary costs to landowners. To the extent that existing biomass sustainability policies create a mandate by recognizing only certification as a measure of sustainability, they should not arbitrarily favor one category of renewable fuel producers but allow other measures to be recognized and create a marketplace that is free and open to the most sustainably managed forests on the globe.

The pieces of the puzzle that make up a sustainable supply of woody biomass from the United States are all on the table. If we focus only on one piece we will fail to see the entire picture and run the risk of unintended consequences in the future. However, if we put all the pieces together, we will get a clear picture of what we can achieve and put ourselves on a path to a lower carbon future that includes healthy working forests managed by private forest landowners from the United States. ■

“Factors guaranteeing sustainability are like pieces of a puzzle. If we focus only on one piece we fail to see the whole picture. But, when those pieces come together, we get a clear picture of what sustainability looks like for U.S. private forests”

