



WORLD
FORESTRY
CENTER

{update}

World Forest Institute

Volume 11 Issue 5, October 2012

4033 SW Canyon Road
Portland, Oregon 97221 USA
Phone: 503-488-2130
Fax: 503-228-4608
<http://wfi.worldforestry.org>

WFI Staff

Sara Wu, WFI Director
503-488-2130
swu@worldforestry.org

Chandalin Bennett,
WFI Program Manager
503-488-2137
cbennett@worldforestry.org

Rick Zenn, Senior Fellow
503-488-2103
rzenn@worldforestry.org

WFI Fellows

Ali Malekghasemi, Iran
amalekghasemi@worldforestry.org

Hwa-guang Shang, Taiwan
hshang@worldforestry.org

Andres Alarcon, Chile
aalarcon@worldforestry.org

Fall Conferences at the World Forestry Center

WFI held two very successful events in September back-to-back, with the second Forest Products Forum, followed by the eighth Who Will Own the Forest? conference. The Forest Products Forum, co-organized by Forest Economics Advisors, was sponsored by RBC Capital Markets, and attended by 100 professionals from the TIMO, wood industry and investment community.

The agenda featured speakers from both FEA and 6 guest speakers discussing the current and future drivers of the North American markets for housing, wood products, timber and wood biomass.

Who Will Own the Forest? 8 attracted over 400 attendees from 19 countries, and was sponsored by Title Sponsor Timberland Investment Resources, and 39

Corporate sponsors. The two-day event featured discussions about opportunities and challenges in timberland investing domestically and abroad. The following--a synopsis of the first half of the event--is a reprint of an article authored by attendee Keta Ksoman of Madison's Lumber Reporter.



Above: WFI Director Sara Wu (right) with alumnus John Turland who spoke at the WWOTF?8 conference on investment opportunities in China.

Left above: A mixture of panel discussions and individual speakers kept the audience engaged throughout the conference.

Left below: The Forest Products Forum held right before the start of WWOTF?8 attracted a diverse group of timber industry professionals.

Photos courtesy of Yasmin Khajavi

Continued on next page

Forestry Conferences

Timberland Investment

Beginning with the most general topic, there were two speakers covering macro-economic issues; Tim Duy from the University of Oregon opened the FEA Forum, while Jeff Savage of Wells Fargo Wealth Management kicked off the WFI speeches. Both had a lot of

by Keta Kosman

insight and useful data, but neither were able to offer a particularly glowing picture for the US in the coming two years. The final years of this decade, however, could turn out very well indeed.

"Owners' equity in US real estate has collapsed," explained Duy. "Damage to household balance sheets and retirement funds is phenomenal."

Savage pointed out an important statistic that does not get a lot of press, "The labour participation rate is still declining," he said. "This needs to go up before true recovery can happen."

The labour participation rate tracks people who want to work but have given up looking for a job for whatever reason. When that miserable situation corrects and people are again encouraged to apply for real jobs, unemployment will increase at first before it starts to go down. When that does happen, more people will be back to work properly.

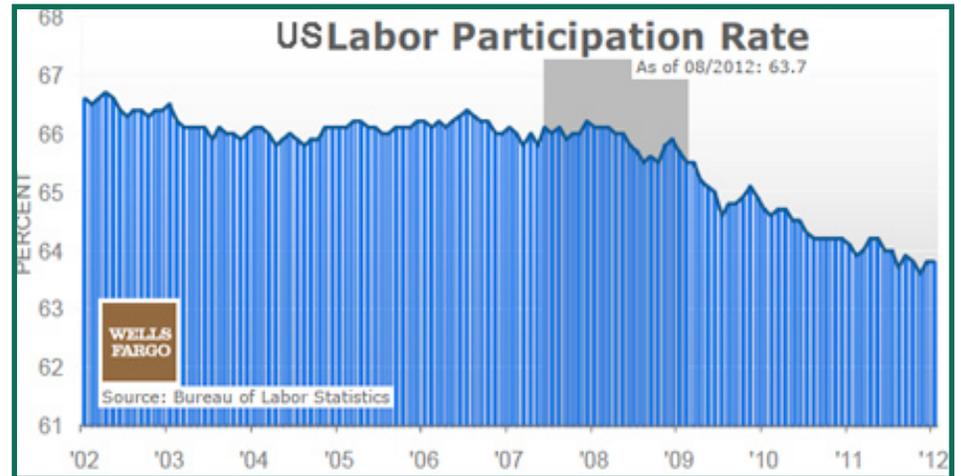
Moving on to US housing starts, Brendan Lowney of FEA spoke about "Housing and End-Use Outlook" for wood products.

"Housing has underperformed the economy in the last couple of years," explained Lowney. "In the post-recession we expect it to outperform, however that is contingent on employment."



While statistics on the inventory of new homes for sale is encouraging, deciphering the data on existing home inventory is more difficult.

"There could be as many as 400,000



homes not currently for sale but in the foreclosure pipeline," detailed Lowney. "Core-Logic sets the overhang of unsold homes at 1.5 million. The vacancy rate, actual + theoretical, is 1.9 million. Looming foreclosures on first-lien mortgages, those with no payments made in 90 days or more, account for 20 per cent of homes in serious delinquency. This brings the overhang of existing homes for sale to 2.1 million, but that's probably a bit high due to the recent increase in both pre-foreclosure sales by banks, and in short sales. So we put the overhang at 1.8 million homes."

"However, due to high headship rates [the number of adults living together under one roof] for several years running, the very recent recovery of home prices, and the huge amount of pent-up demand, we estimate that by 2015 that 1.8 million overhang will have been sucked up into the marketplace," continued Lowney. "The US is currently underbuilt by 3.3 million homes."

Madison's always finds the industry perspective most compelling. Craig Johnston,

Don Haid of Weyerhaeuser, talked about recent changes and challenges for their companies.

Echoing *Madison's* own sentiment, Johnston started out his presentation by saying, "With housing growth and with additional sawmill capacity coming back online, will we be able to move all this wood?"

"The lumber segment of US railroads has really shrunk, there are extremely inefficient lumber volumes for railroads and forest products are a slow-moving asset therefore the returns are low. However with trucking, capacity is extremely tight, and spot capacity is even worse."

Johnston explained that a large segment of trucking business for lumber products is the spot business, booked daily. Producers have been running into significant problems lately in this space. It is a problem in Canada as well, not just the US, as a few of *Madison's* sources have indicated in recent months. More information on this critical subject will be coming in a future issue.

The wood manufacturers panel at WFI provided wonderful insight from Jordan, McFall, and Haid.

To a question from the floor asking what is the biggest constraint on capacity, Jordan answered that it is, and has been, hiring workers.

"As a family-owned company, during the downturn we propped up our loggers so that when things turn around we have someone to call," said Jordan.

McFall said, "Every time there has been capacity expansion [in the past four years] there has been nowhere to sell the product. We approach this with a cost-saving structure, however the customer is an issue."

"At Weyerhaeuser capital is a constraint," explained Haid. "If you sell your product will it be at print or will it be a long-term contract at some kind of premium?"

"Everyone is extremely risk-averse. Expansion will come after demand is solidly in there. Those who came back too soon, in most cases, they are not around now or were bought out by someone else."

Fascinating as all this is, it's just the tip of the iceberg. Following this introduction to the proceedings of this week's conferences will be more details in coming issues of your *Madison's Lumber Reporter* and *Madison's Timber Preview*.

President of Forest City Trading Group spoke at the FEA Forum on transportation issues in North America, while at the WFI, Jack Jordan of Jordan Lumber & Supply, Daniel McFall of Stimson Lumber, and

Hatfield Marine Science Center

Alumni Updates

The Director of the Taiwan Forestry Research Institute, Dr. Yue-Hsing Huang, and members of his staff visited the World Forestry Center as one of their stops on a tour of forestry organizations in the Pacific Northwest. One of the attendees, David Lin, the Division Head of Forest Economics at TFRI, was a Fellow in 2005.



From left: Dr. Jiunn-Cheng "David" Lin (TFRI, WFI alumnus), Dr. Meng-Ling Wu (TRFI), Dr. Chin-Shien Wu (TFRI), Sara Wu (Director, WFI), Dr. Yue-Hsing Huang (Director, TFRI), Xiaoping Zhou (USFS), Dr. Chin-Shien Wu (TFRI), and Dr. Fen-Hui Chen (TFRI).

Alumni Lanhui Wang (China) and Deepak Tamang (Nepal) met up at a symposium organized by Beijing Forestry University in Beijing, China, where Lanhui is a professor.



Lanhui (left) was a Fellow for one year in 2008-2009, which intersected with Deepak's Fellowship in 2007-2008.

WFI took a memorable trip to Oregon State University's Hatfield Marine Science Center (HMSC) in Newport, OR.

Sam Chan, Associate Professor in the Sea Grant College Program, took WFI on a behind-the-scenes tour of some of the research projects happening at HMSC.

As anyone who has visited the HMSC visitors center knows, you are being recorded the moment you walk in. Set up as a working sociology laboratory, there is video recording equipment, and more recently, audio equipment recording visitors' experiences in the museum. Oregon Sea Grant Chief Scientist Bill Hanshumaker describes the learning experience as "people voting with their feet" as to how they want the exhibit space set up. With moveable exhibits

throughout the entire museum, scientists can take this data and design the exhibits in a way that enhances learning.

This museum design is part of what is called the Free Choice Learning Lab.

Technology specialist for the program Mark Farley, showcased the nuts and bolts of their current project of automating social learning data in this environment. This project is funded by a National Science Foundation grant and will help the researchers work towards providing adaptive content to visitors.

After spending time at



Hatfield Marine Science Center with OSU Professor Sam Chan (right) and WFI Fellows Ali (center) and Hwa-guang (left).

HMSC, Sam Chan and WFI hit the woods for a brief stop in some of the coastal hemlock/spruce forest to talk about watershed health and salmon life cycles. The health of many forest ecosystems is tied into the life of salmon from the freshwater to seawater and back - and on this trip, WFI covered it all!



From left: Ali (Iran), Chandalin (WFI) and Hwa-guang (Taiwan), talked with Mark Farley, Oregon State University Technology Specialist working in the Free Choice Learning Lab at HMSC. The group stood over one of the touch tanks containing star fish and other creatures to talk about how people learn in this environment.



During a stop on the beach, Sam Chan (right) explains about the 'forest of the sea' to Iranian Fellow Ali.



Recent Events

[Fundraising events](#) at the World Forestry Center this fall have included a Lumberjack Breakfast and Doggie Palooza.



World Forestry Center staff Chandalin Bennett (left) and Amber Morrison (right) get into the spirit of things at the first annual Lumberjack Pancake Breakfast fundraising event.

Zimbabwe Fellow Tendayi Mhlanga presented findings from his 6-month Fellowship program at both Oregon State University and WFI.



Top: Zimbabwe Fellow Tendayi spoke at OSU about the how the sawmill industry back home compares with that of the PNW. Bottom: Tendayi shared his research finding with colleagues Ali (left) and Hwa-guang (right).

Mt. St. Helens Field Camp

September 27-28, WFI Fellow Dr. Ali Malekghasemi and Senior Fellow Rick Zenn joined local Prairie High School teachers and students for two days of Science, Technology, Engineering and Mathematics (STEM) training with the non-profit Mt. St. Helens Institute (MSHI). The overnight program was based at the

remote Windy Ridge Field Camp on the east side of the volcano, above Spirit Lake in Washington's Gifford Pinchot National Forest. After hands-on training with GPS, hypsometers, water test kits and plant identification, four teams of students set up plots and collected data in the 1980 "blast zone" near Ghost Lake and Meta Lake. Annie Lawrence, the MSHI Science and

Education Coordinator led the project and wrote: *You were such an incredible help. I really appreciated how all of you had a unique perspective on science and ecology to present to the students. Thank you for your enthusiasm for working with the students and for rolling up your sleeves and cleaning and doing heavy lifting with me! I hope to work with you again in the future!*



Iranian Fellow Ali Malekghasemi (left) helps one of the Prairie High School teachers demonstrate the technical equipment for the students.



Prairie High School students conduct water-testing exercises at Ghost Lake, where you can still see remnants of the 1980 eruption.

Fellows Publish Articles in The Forestry Source

For several years now WFI Fellows have had the opportunity to publish articles in the Society of American Foresters featured newsletter, *The Forestry Source*. On a quarterly basis a column called "Forestry Around the Word" is published in which a WFI Fellow writes about a forestry issue, program, or concern in their home country.

Articles have discussed everything in the range

of forestry issues from genetic tree improvement in Taiwan to forestry education in Australia to community forestry models in Nepal.

We're grateful to *The Forestry Source* for this opportunity to share a little with the rest of the forestry community which we learn everyday from our international research Fellows here at WFI.

Happy reading!



Look for articles from the WFI Fellows in your next edition of SAF's *The Forestry Source*.



Zimbabwe Fellow Leaves as Chilean Fellow Arrives

Recent Events

Upcoming [Speaker Series](#) event:

Monday, December 3 @ 4pm in the Mt. Hood Room of the Discovery Museum.

Hwa-guang Shang from Taiwan will discuss his research into educational and extension platforms for disseminating information about global climate change.



Nepalese alumnus Jagdish Poudel returned to Portland for a short visit and lunched with his former WFI colleagues.



Staff and Fellows joined Jagdish for an Indian lunch in downtown Portland during his visit. He returned to Portland to attend the Wildlife Society's annual conference, which is relevant to his current PhD work.

This fall we welcomed a new Fellow from Chile while at the same time saying farewell to our Zimbabwean Fellow.

Andres Alarcon, from Santiago, Chile started his 6-month Fellowship program in September.

Andres is employed by WoodTech Measurement Solutions as a software engineer and project leader for the Portland-based branch of his company. His colleague at WoodTech is former Chilean Fellow Mario Angel who was a Fellow and Program Manager at WFI back in 2001. Mario saw the value in sending his employee to WFI to gain a greater background in forestry in the Pacific Northwest, where many of his clients are based.

Andres has a background in IT and comes to WFI to learn the particulars of the log-scaling business in or-

der to better serve his clients. Manual log scaling is not an easy task, nor is it risk free and there are several different ways to do it. The goal of the research is to identify the pros and cons of each method as well as the costs and benefits.



Andres is studying manual log scaling methods to complement his existing work in automated scaling.

On the heels of Andres arrival, our Zimbabwe Fellow Tendayi Mhlanga finished his 6-month program.

Tendayi studied business models and technology used at sawmills throughout the west. He was mainly interested in the day-to-day functioning of the PNW sawmills and the tools they used to successfully operate their businesses.

His research findings can be found on the [Presentations](#) page of our website. We will miss Tendayi and wish him success in his future endeavors back home.



Tendayi learned every aspect of sawmill business operations while here in the US in order to build capacity in his sawmills back home.

Halloween Tradition Comes to WFI



First-time ever pumpkin carvers took to their tasks with gusto. The WFI Fellows proved to be creative and inspired carvers, eager to participate in the annual tradition that most of us in the U.S. grew up with!