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North American Softwood Sawmills in Decline **Report details current state and future outlook of softwood sawmill industry**

MADISON, Wis.— The number of larger, permanent softwood lumber mills in the United States and Canada has shrunk from 1,311 in 1995 to 990 as of June 2007, according to economists at the USDA Forest Service Forest Products Laboratory (FPL). In a report issued this week, economists Henry Spelter, David McKeever, and Matthew Alderman also report that economic prospects for the industry are clouded by overcapacity caused by a cyclical downturn in housing.

The report, titled “Profile 2007: Softwood Sawmills in the United States and Canada” updates a report published in 2005 and is available free of charge by calling the Forest Products Laboratory at (608) 231-9200.

“This report is part of an ongoing effort to present periodic snapshots of the evolving softwood sawmill industry, which is highly diverse with a multitude of publicly traded and privately held companies,” says Spelter.

The report contains information on the location, ownership and approximate capacities of the 990 softwood sawmills currently existing in the United States and Canada. The authors also review major end markets for lumber and changes in usage trends along with data on the amounts and uses of chips, shavings, and sawdust generated as byproducts in the course of sawing lumber.

Economic issues affecting softwood sawmills are also addressed in the report, including the 2007 housing recession, the 2006 Softwood Lumber Agreement affecting the terms under which lumber is imported from Canada into the United States, and the

ongoing mountain pine beetle epidemic in British Columbia that threatens to cut timber supplies over the next 5 to 10 years.

The report notes that the mountain pine epidemic in British Columbia has the potential to shrink North American lumber supply by 4 percent within 10 years, a development that is likely to benefit the economics of the timber industry in the U.S. South.

The U.S. Forest Service Forest Products Laboratory was established in 1910 in Madison, Wis., with the mission to conserve and extend the country's wood resources. Today, FPL's research scientists work with academic and industrial researchers and other government agencies in exploring ways to promote healthy forests and clean water and improve papermaking and recycling processes. Through FPL's Advanced Housing Research Center, researchers also work to improve homebuilding technologies and materials. Information is available at FPL's Web site: www.fpl.fs.fed.us.

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