



EMERGING MARKETS

Michigan Forest Products Council
2020 Annual Report



MICHIGAN
FOREST
PRODUCTS
COUNCIL



MARC BLOM
CHAIRMAN
MICHIGAN FOREST PRODUCTS COUNCIL

Michigan Forest Products Council is committed to advancing a sustainable industry that produces necessary products that people use every day. Our dedicated members, detailed knowledge and strong advocacy fills a void in our industry.

We've identified industry leadership, fiber supply, new markets, and sustainability as our organization's top priorities for 2021. In addition to these priorities, we have and will continue to engage on multiple projects and issues related to international trade, recovered fiber and sustainability. This last year, we also crafted solutions to industry challenges through our newly created member benefits team.

Our data collection and research supported business decision making; and our member engagement, strategic alliances and stakeholders helped amplify the industry's voice throughout the state and beyond.

Please review the progress we've made over the last few years on our industry's priorities in this year's annual report titled, Emerging Markets.

BOARD OF DIRECTORS

CHAIR



Marc Blom
JM Longyear

VICE CHAIR



Todd Maki
Louisiana Pacific

TREASURER



Jim Contino
Verso

SECRETARY



Craig Timm
Domtar

IMMEDIATE PAST CHAIR



Todd Johnson
Weyerhaeuser

Brad Mischler	Ahlstrom-Munksjo	Margaret Minerick	Minerick Logging
Tim Neff	AJD Forest Products	Mark Korkko	Molpus
Eric Stier	American Forest Management	Wally Robison	Morbark
Charles Detiege	Arauco	Todd Siegert	Packaging Corporation of America
Tim Biewer	Biewer Lumber	J.R. Richardson	PM Powergroup
Kurt Bisballe	Bisballe Forest Products	James Pearson	PotlatchDeltic
Paul Drysdale	Drysdale Forestry	Forrest Gibeault	Steigerwaldt
Andrew Johnson	Graphic Packaging	Shawn Hagan	The Forestland Group
Gerald Grossman	Michigan Association of Consulting Foresters	Bob Edwards	Timber Products Company
Annie Husa	Hancock Forest Management	Eric Diring	Westrock
Mark Sherman	Keweenaw Land Association	Todd Johnson	Weyerhaeuser
Tim Bills	Michigan Lumber and Wood Fiber		

MFPC STAFF

Kevin Korpi Executive Director

Ray Gurley Director of SFI and Forest Policy

Lauren Martin Director of Operations

Amanda Hattis Director of Communications

BENEFITS OF WORKING FORESTS



Clean Air



Wildlife



Rich Soil



Healthy Forests

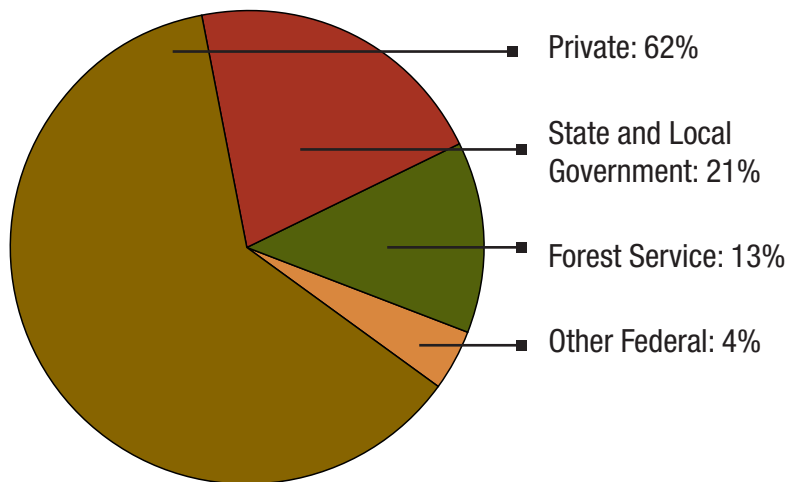


Fresh Water

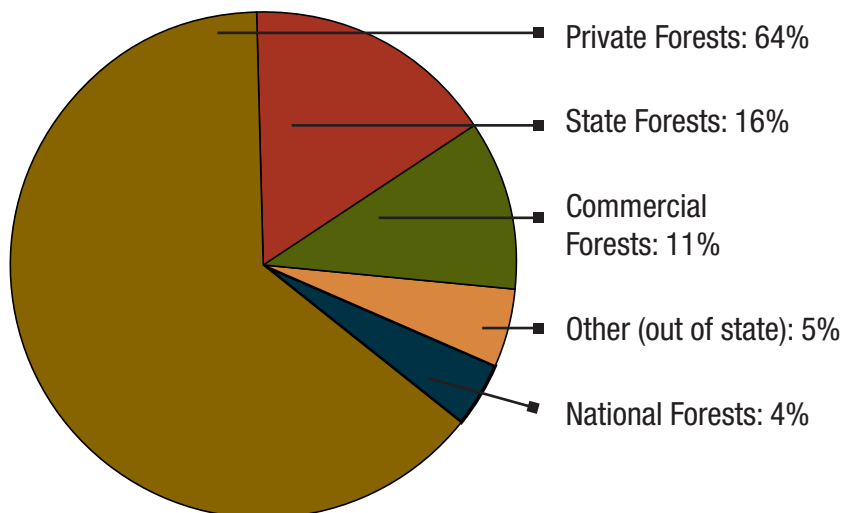


Jobs

FORESTLAND OWNERSHIP IN MICHIGAN



SOURCES OF MICHIGAN TIMBER SUPPLY



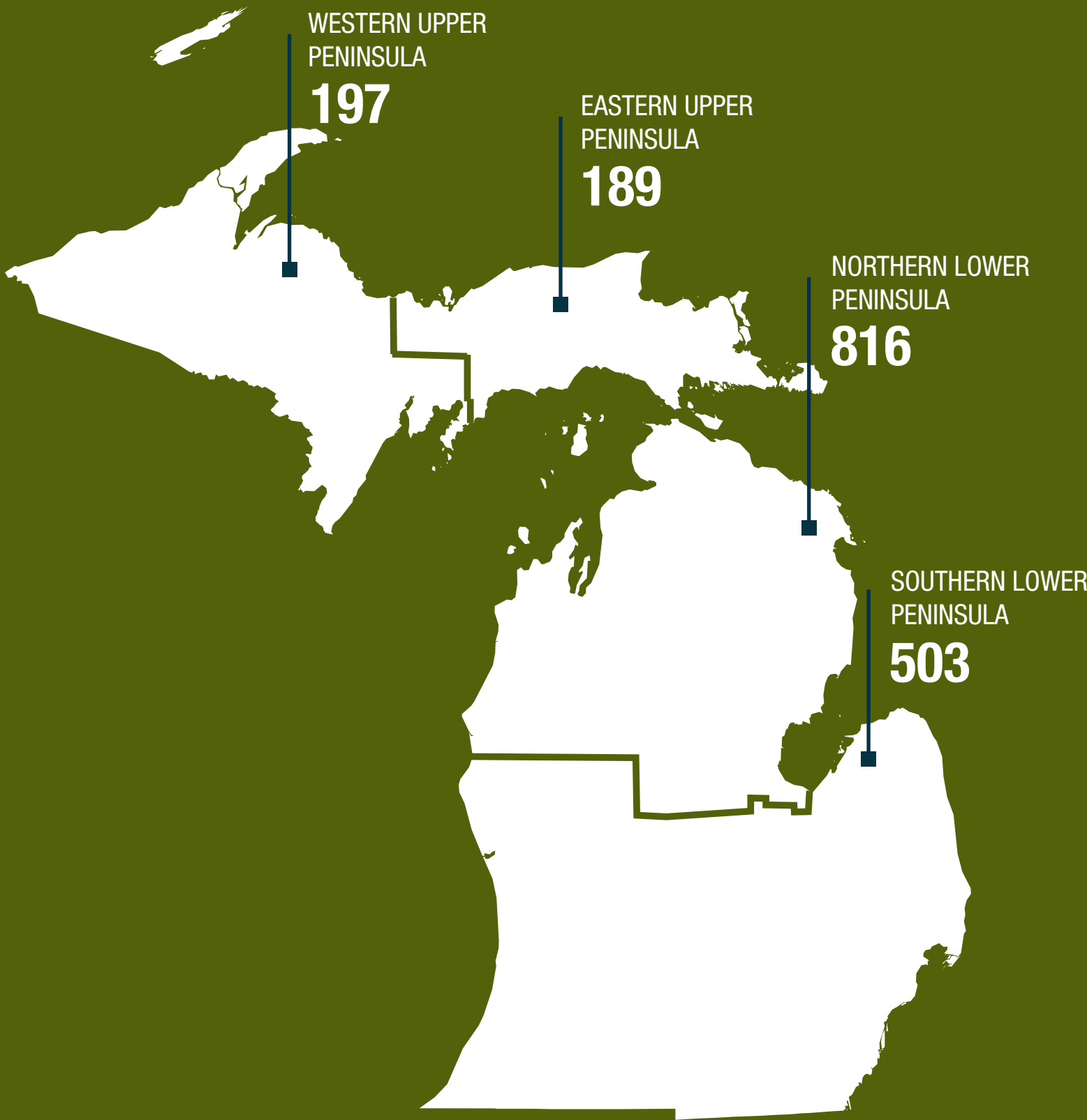
MICHIGAN -

WORKING FORESTS

Michigan has over 20 million acres of forest land. These working forests contribute greatly to our state. Carefully managed forest land supplies a steady, renewable supply of wood for lumber, energy, paper and packaging, and more than 5,000 items that consumers use every day.

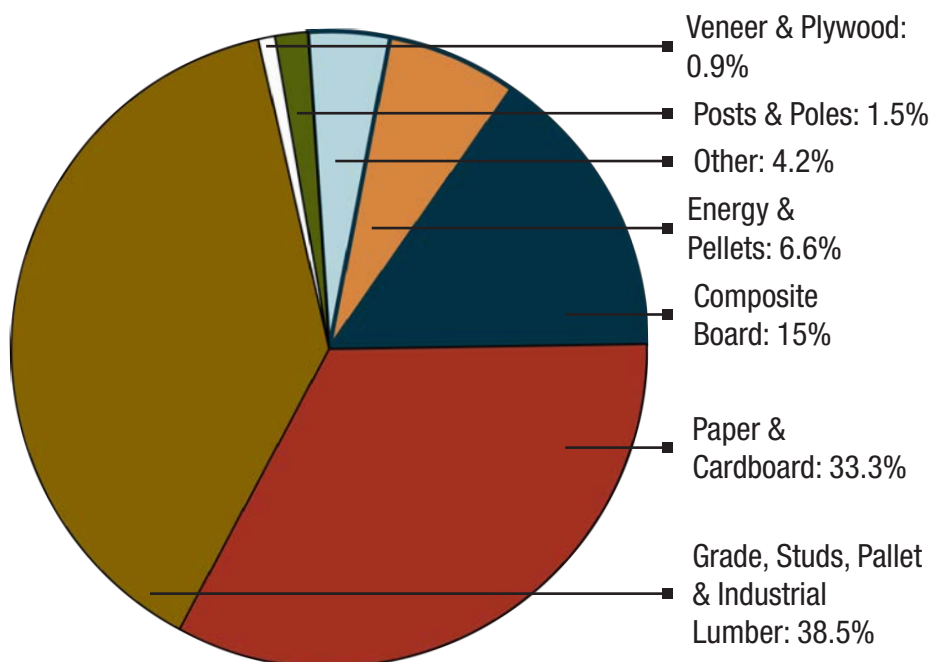
A TOTAL HEALTHY ECOSYSTEM

NUMBER OF FOREST PRODUCTS FACILITIES BY REGION



MICHIGAN'S FORESTS

According to the 2018 Michigan Primary Mill Survey, more than 48% of the total wood volume received by Michigan mills is used for the production of paper, pulp, and composite board products (oriented strand board, composite siding, hardboard, and plywood), for a total of nearly 2.3 million cords. Sawmills receive 38% of roundwood or approximately 1.8 million cords for production of grade lumber, dimension lumber, pallet cut stock, crane mats and other industrial lumber. Grade lumber totals nearly 12% of total roundwood receipts or about 304 million board feet (International ¼ inch rule). Stud mills receive nearly 10%. Pallet products and cants are 7 and 6% respectively of total roundwood receipts for a combined total of about 589,000 cords. In 2018, energy production (including one pellet plant) received about 314,000 cords, or nearly 7% of total roundwood receipts.



FINISHED PRIMARY PRODUCTS - 2018





ECONOMY and JOBS

Michigan is blessed to have many talented and hardworking individuals and companies that make up the wide-ranging supply chain of our diverse forest products industry. Nearly 2,500 loggers, sawmills and manufacturers make some of the highest quality forest products in the world. The Michigan forest products industry generates over \$21.3 billion annually and supports 99,000 jobs.

MFPC

Our industry trade group represents and advocates on your behalf. Led by a talented board of directors, the Michigan Forest Products Council works to promote, protect and sustain a sustainable forest products economy in Michigan.

We look forward to building on our success in 2021, adding value for members, improving our state's business climate and growing emerging product markets.

EMERGING MARKETS

Identifying new markets for nanocellulose, wood and wood residues is a critical priority for the state to ensure the continued health of existing forest products industry facilities and to build on an already strong housing market. These industries will support new secondary manufacturing industries and we expect cross laminated timber and engineered wood products will continue to grow rapidly.

PROJECT GREEN

MFPC joined Project GREEN to advance research and development of new product markets that will help the industry grow and thrive. Project GREEN, Michigan's plant agriculture initiative housed at Michigan State University, is a cooperative effort by plant-based commodity groups and businesses in cooperation with Michigan State University AgBioResearch, Michigan State University Extension and the Michigan Department of Agriculture and Rural Development to advance Michigan's economy through plant-based agriculture.

Project GREEN produces industry-driven research and outreach that works to enhance plant agriculture through:

- Developing research and educational programs in response to industry needs.
- Ensuring and improving food safety.
- Protecting and preserving the quality of the environment.

HOME IMPROVEMENT
SPENDING INCREASED BY

8.7%

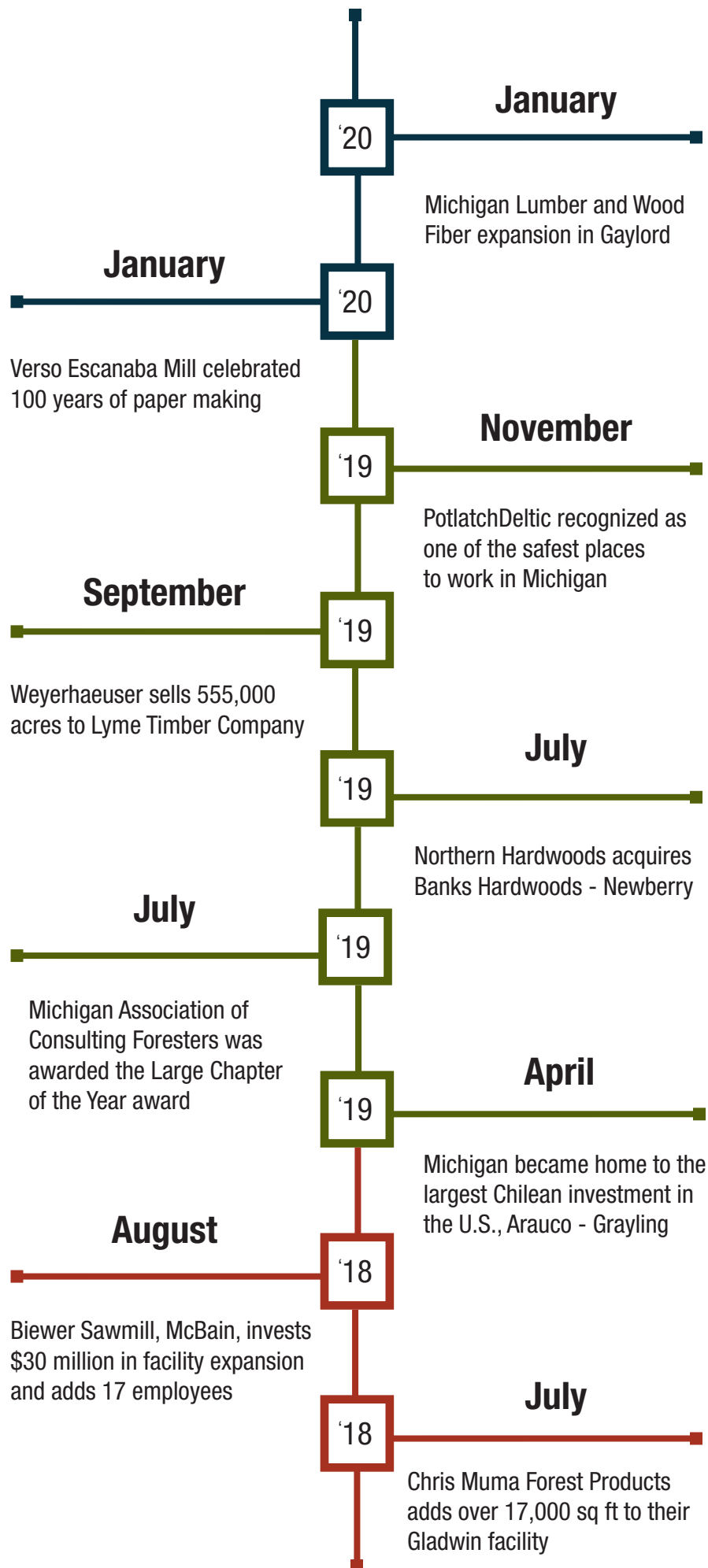
IN 2020

HOUSING STARTS IN THE U.S. HAVE
CLIMBED TO STRONG LEVELS OF

**1.4 MILLION
U.S. HOUSING
UNITS**



MFPC MEMBER CELEBRATIONS



NEW MEMBER BENEFITS

MFPC members drove progress in 2020 to increase the level of service the council provides by creating a new member benefits package. The council's goal is to save members money, provide premium value and discount, and improve our competitive business climate.



RISK REDUCTION, SAFETY, INSURANCE SERVICES

Keenly focused on saving you money, Diebold Insurance Agency has been protecting businesses and families throughout Michigan and North America since 1929. In that time, they have developed relationships with more than 20 insurance carriers. Several of their carriers have coverage programs specifically designed for loggers and wood products operations. Visit michiganforest.com.



GREAT NORTHERN COOPERATIVE

The Great Northern Cooperative is a member-owned purchasing cooperative focused on leveraging the massive purchasing clout of forest products and agricultural sectors, and everyone in that supply chain including individual, non-profits, and businesses. GNC will offer savings on gasoline, diesel fuel, diesel exhaust fluid (DEF), bulk deliveries, fuel billing and supply and tax reporting data. Visit greatnortherncoop.com.



PROFESSIONAL DEVELOPMENT AND LEADERSHIP SKILLS

This leadership initiative delivers critical skills to member companies that will attract and retain talent and help to advance leaders in member companies and the forest products industry as a whole. These will be delivered to members through a Leadership Academy, Dale Carnegie courses, and a regional Forest Products Leadership Summit. For more information visit michiganforest.com.

FOR YOU —

ADVANCING THE FOREST PRODUCTS INDUSTRY

MAINTAINING STABLE FIBER SUPPLIES

The MFPC works with the Michigan Department of Natural Resources and many contractors, consultants, and stakeholders to manage a stable forest land base. The department typically issues approximately 700 timber sales contacts per year and actively manages close to 59,000 acres, which produces nearly 1,000,000,000 cords, with a net value to the state of over \$50 million annually. *Qualified Forest Program - PA 672'18*, an amendment to the Qualified Forest Program bill, became law on March 29, 2019. The amendment doubled the number of acres eligible for the exemption to 2.5 million.

GOOD NEIGHBOR AUTHORITY

The federal Good Neighbor Authority program and acres prepared has been expanding over the past three years. The program started out preparing around 2,000 acres in 2016 and in 2017 they prepared around 4,000 acres. In 2020, the DNR was expected to prepare around 8,000 acres. However, due to COVID-19 the DNR prepared about 50,000 acres of state forest timber sales and about 5,600 acres of Good Neighbor Authority timber sales. More than 3,600 acres of GNA timber sale preparation has been deferred to FY21 in cooperation with the USDA Forest Service.

FOREST DEVELOPMENT FUND

PA 287 of 2020, a new law that prohibits money in the state's Forest Development Fund to be used for administrative costs outside of those needed to ensure proper forest management, was signed by Gov. Whitmer at the end of 2020. MFPC supported Rep. Markkanen (R-Hancock) on the issue.

REGISTERED FORESTER

The Michigan DNR created a registered forester board and selected candidates to serve on the board. Their duties include checking the legitimacy of training credits of the registered foresters with a 5% sample. Board members include Joyce Angel – MSAF, Bill Botti – landowner, Jerry Grossman – consulting forester, Brenda Haskill – MDNR, Melinda Jones – urban forestry, Todd Penrose – industry, Jim Schmierer – university.

PROTECTING WATER QUALITY

The Michigan Forestry Best Management Practices for Soil and Water Quality document, also known as the “BMP Manual”, was published in mid-2018. The MI SFI Implementation Committee donated \$10,000 and received 1,000 copies for distribution. 2,500 hard copies of the manual were printed and it is also available online at <http://bit.ly/MIBMP18>.

IMPROVING TRANSPORTATION OPTIONS

The Michigan Forest Products Council supported Michigan Technological University in developing the Upper Midwest Log/Forest Study to increase efficiency in supply chain, lower transportation costs and improve service. The study concluded:

- 400-600 dedicated log cars required for the current log volumes in ideal conditions.
- In three out of four case studies, truckers would observe benefits from a shift to a multimodal strategy.
- The highest freight concentrations in the Upper Peninsula are in Delta, Marquette, Dickinson, and Menominee counties.

LEADERS IN SUSTAINABILITY

According to Accenture research, the paper products, paper packaging and construction materials segments are all vulnerable to disruption. Companies face a choice: wait to combat the challenges or go on the offensive now and discover potentially disruptive situations and prepare for them. One of the exciting opportunities for growth in Michigan is a more sustainable future where forests supply the basic materials for life. Most materials would be grown and recycled; the forest products sector would have a net-positive environmental impact; and consumer markets would be dominated by innovative forest-based products, enabling the industry to attract the best talent while meeting demand for sustainability.

Future growth opportunities may be in nanocellulose, zero waste packaging, biomass soil enrichment, black liquor, recycled products and cross laminated timber that stores carbon.

In 2019, MFPC invested in Michigan State University's STEM Teaching and Learning Facility. This facility will be the first in Michigan to use wood rather than concrete and steel for its load-bearing structure.

Known as mass timber, this framing style uses large solid or engineered wood. The \$100 million facility will be constructed of glue laminated wooden columns and a relatively new product called cross laminated timber for the floors and ceilings. Cross laminated timber stores carbon that would otherwise be released in the atmosphere.

MFPC also partnered with Michigan Technological University's, Robert Froese, on sustainable management practices for 9 million acres of northern hardwoods in the Lake States region.



**“Growing trees sustainably,
using all of the harvested wood
and incorporating it into a
long-term structure extends the
carbon and climate benefits of
forests.”**

***RICH KOBE, MSU DEPARTMENT OF FORESTRY,
CHAIRPERSON***

FOREST CERTIFICATION

SFI

The SFI Implementation Committee in Michigan, in partnership with Michigan State University, is currently developing projects that work to address several major issues within the forest industry. Between the two organizations they have received two grants – one designed to help address concerns over declining enrollments in forestry and related natural resource degree programs – and another that will offer robust e-learning content linking working certified forests with carbon management and associated climate benefits.

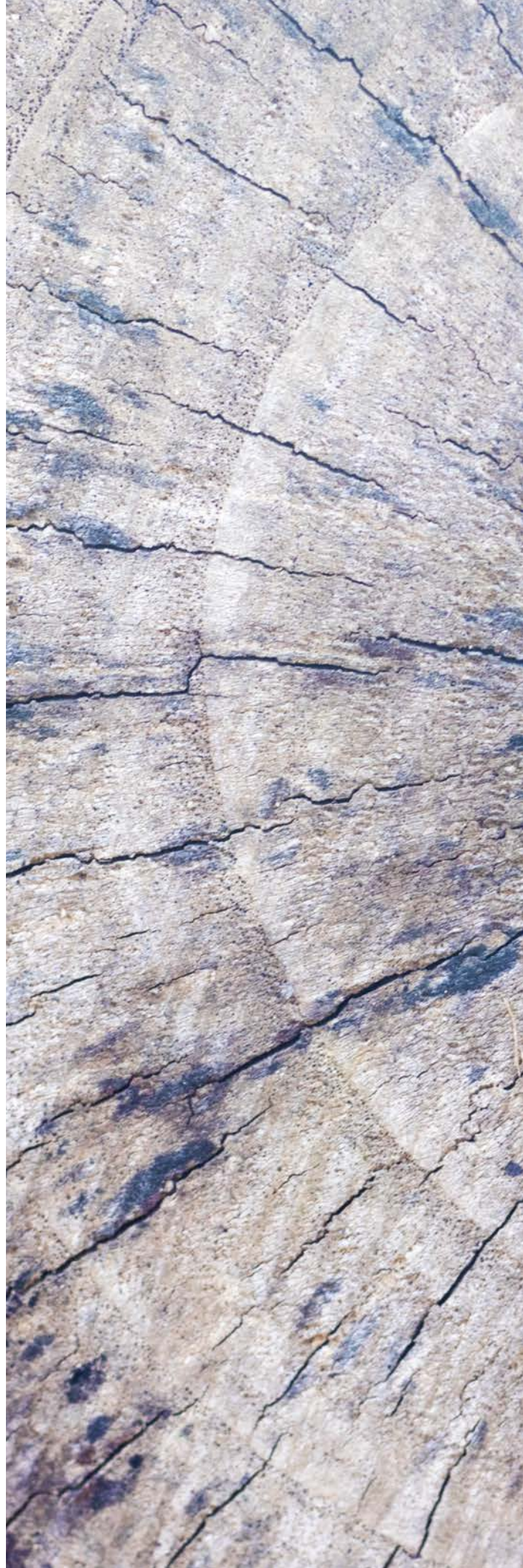
In 2019, the Michigan SFI Implementation Committee trained 1,179 individuals in continuing education classes and an additional 104 individuals met their CORE qualification.

TREE FARM

Michigan joined the American Tree Farm System 70 years ago on June 10, 1949. Governor Gretchen Whitmer signed a Special Tribute on September 13, 2019 to celebrate the 70th anniversary of Tree Farm in Michigan.

Wheels to Woods, a Michigan Tree Farm grant program gave \$37,311 in grants to 105 schools to visit a forest or forest products company for an educational field trip in 2019. The program impacted 9,341 students, 440 teachers and 1,235 parents.

Michigan Tree Farm participates in a national audit every five years. In June 2019, 17 Michigan Tree Farms were audited. The auditor was very impressed with these Tree Farmers whose great work in their woods exemplified and exceeded the 2015 Standards of Sustainability. Michigan passed the 2019 audit and will expect another one in 2024.



2020 FINANCIALS

REVENUE

Membership	\$ 474,000
TOTAL	\$ 474,000

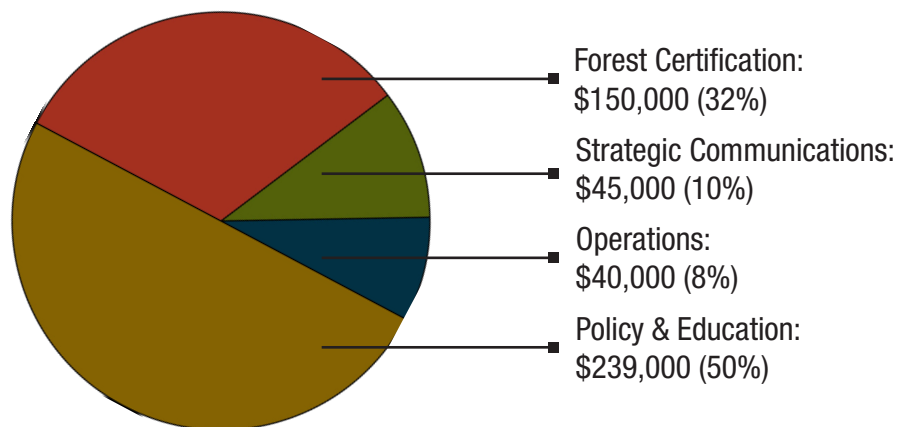
OPERATING EXPENSES

General and Administrative	\$ 40,000
Program	\$ 284,000
Sustainable Forestry	\$ 150,000
TOTAL	\$ 474,000

CHANGE IN NET ASSETS

Net Assets Beginning of the Year	\$ 22,305
Net Assets End of the Year	\$ 17,492
TOTAL	\$ (4,813)

2020 EXPENDITURES





**PROTECTING, PROMOTING AND
SUSTAINING MICHIGAN'S
FOREST ECONOMY**

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