

For a copy of the study, "Economic Impact of Timber," contact Keith Jacobson, Minnesota Department of Natural Resources, at keith.jacobson@dnr.state.mn.us or (651) 297-7298.

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For more information, contact:

Department of Natural Resources
500 Lafayette Road
St. Paul, MN 55155-4040
(651) 296-6157 (Metro Area)
1-888-MINNDNR (646-6567) (MN Toll Free)
www.dnr.state.mn.us

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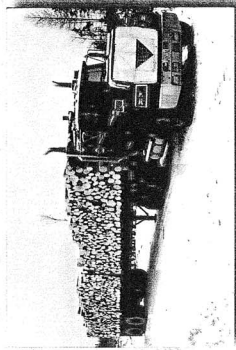
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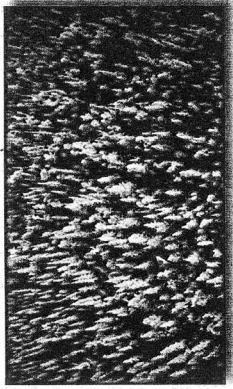
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Value-Added Economic Impact of Timber Harvested in Minnesota



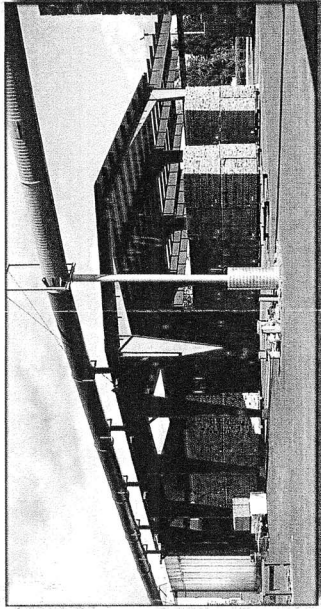
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Value of Timber Production and Forest Management

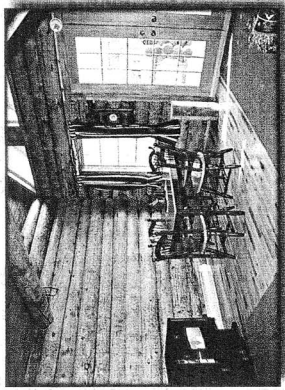


Good forest management is important to all Minnesotans. Wood is a renewable resource and harvesting is one important management tool used by foresters as part of the process of maintaining forest health. It can also help to regenerate young, vigorous forests. Wildlife habitat can benefit from sustainable timber harvest and forest management too.

One of the main reasons timber harvest and forest management are important, however,



state's economy. Included in the \$41.60 figure is \$2.72 in income and sales taxes generated.



is the tremendous positive impact they have on the state's economy. Wood products manufacturing is a major contributor to the state's wealth, and much of the raw material driving the industry is from Minnesota.

To better evaluate the impact of forest management and timber production on the state's economy, the Minnesota departments of Employment and Economic Development (DEED) and Natural Resources (DNR)

recently cooperated on a study. This study found that each dollar of timber sold supports approximately \$41.60 of value-added economic activity in the

state's economy. Included in the \$41.60 figure is \$2.72 in income and sales taxes generated.

Value-Added Economic Impacts of Timber

Economic Activity Supported by \$1 of Timber Sold

The flowchart below is a simplified illustration of value-added economic activity supported by \$1 of timber sold. In this illustration, the end product is a cabinet, but similar charts could be made for paper and other forest products.

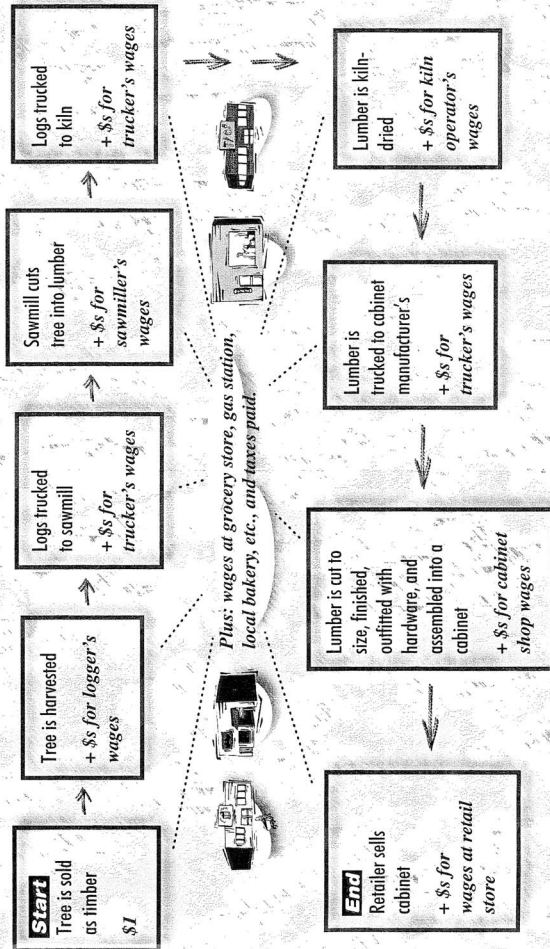
The boxes contain direct economic impacts.

The central statement represents a sampling of some secondary or "multiplier" impacts. These "indirect" impacts and the "induced" impacts of increased household consumption due to the forest products industry were calculated by the Regional Economic Models, Incorporated (REMI) model in the DEED-DNR analysis.

Adding the economic contributions at the various processing steps along the way and all of their secondary or multiplier impacts determines the total value-added contributions to Minnesota's economy supported by \$1 of timber sold.

In Minnesota the **TOTAL** figure for all products, across industry segments, is **\$41.60 per dollar of timber sold!** Clearly, while long-term by their nature, investments in improved timber productivity and forest management are excellent investments for Minnesota!

NOTE: Timber is one of many inputs that contribute to value-added wood products.



Why Is the Wood Products Industry so Important to Minnesota's Economy?

Forest Product Manufacturing Is a Wealth-Building Industry

The importance of maintaining a manufacturing base for the state's economy cannot be overstated. The value-added impact of service industries such as tourism, while important, is much smaller than the impact from manufacturing.

Wood Products Are an Economic Foundation for Many Rural Communities

Main street businesses in much of rural Minnesota such as the local grocery store, hardware store, bank, insurance agent, and auto repair shop, all depend on loggers and mill workers as customers. Much of the state's rural infrastructure has been built or upgraded because of the forest products industry. This infrastructure benefits tourism and other important industries as well. The wood products industry tends to provide higher-wage jobs than many other nonmanufacturing occupations.

Wood Drives Other Sectors of the Economy

Many other important industries dependent on wood do not show up in employment figures for the wood industry. Examples include the printing and home-building industries.

Do Investments in Forest Management Pay Off?

Forest management and timber productivity investments (such as intensified reforestation) tend to be long-term by their very nature. For example, it takes a minimum of 20 years for a red pine plantation to even begin producing merchantable timber. It is clear from the study, however, that investments in forest management will yield excellent long-term economic payback to Minnesota's citizens as well as environmental benefits. In addition to the other benefits citizens gain from the state's forests, Minnesota families and communities depend on the economic benefits they provide. The next time you see timber being harvested, think about the \$41.60 in economic activity supported by each dollar's worth of wood grown in Minnesota.

