

**Washington Forest Protection Association
Executive Director Mark Doumit's Message
2007 WFPA Annual Meeting
November 15, 2007 - 9:15 am**

Good morning and thank you all for coming to our 2007 WFPA Annual Meeting.

I expect today to be full of very useful and exciting insights about the future of our business and our state. We have a great slate of speakers with our first panel being some of our state's top leaders in government. We'll hear some inspirational thoughts from Coach Lambright, and an afternoon full of new ways to think about moving forestry into the future.

Now that I have completed my first year of work at WFPA, I've had a chance to talk with many of you about your challenges and hopes for the future as well as observe and work on the current issues of today. We're living now with the implementation of the Forests & Fish Law after spending about a decade coming to terms with endangered salmon and clean water protection issues. We have an agreement for 50 years of regulatory and legal assurances from the federal government. And, we are now seeing the rewards of these efforts, as well as the challenges of adaptive management.

- Private landowners have invested millions of dollars improving their road systems resulting in more than a thousand miles of fish habitat being opened up, along with a better ability of the road systems to weather storms and heavy rain events.
- Private landowners are leaving trees along thousands of miles of streams to protect riparian habitat and clean water.

- Washington now has a more predictable supply of timber from private and state lands that encourages new investment in research, development and milling facilities.
- The value of collaboration is entrenched in our regulatory system and scientific research processes, which will give us the best chance of finding balance among the three legs of sustainability that Toby just talked about.
- Finally, we have earned the trust of the public that we are good stewards of the natural resources important to all of us, as we supply the market with wood and non-wood forest products, create jobs and provide rural economic stability.

One of the most challenging issues we face today is the impact of projected population growth on our ability to keep working forests on the landscape for all of the public and private values they provide. It is estimated that Washington's will add an additional 1.5 million people by the year 2020. The more economically successful the forest industry is, the more environmental and social values will be provided to the public as a by-product of forest management activities.

For me, this is a truly exciting time for the timber industry. Today, the economic downturn in the housing market is dramatically affecting our economics. The timber business is cyclical and the landowners in the forest business know that in order to be successful they have to take a long-term view of the economics. I don't want to down play the severity of the current economic situation, but I do want to point out how we think in the timber business. WFPA alone is turning 100 years old next year. All of the founding members of the association are still members of WFPA today (Weyerhaeuser Company, Merrill & Ring, Simpson,

Port Blakely Tree Farms). We represent more acreage today than we did in the early 1900s. And many of today's members are well over 100 years old. These are family owned businesses, corporations and small independent companies, TIMOs and REITs. This diverse membership has one thing in common, the ability to make an investment in forest operations and keep a long-term vision for that investment for the length of time to grow trees. I don't know any other business that has a cycle that lives that long. While forest managers are used to making calculations over this 50 year cycle about the financial risks that fire, disease, drought, weather events, and other physical calamities might have on the ability to harvest those trees, it is not as easy to find that predictability in the regulatory system. It takes a true "Act of Faith" to plant a tree with the expectation of harvest 50 years from now.

A few years back I was invited to a Washington Business Roundtable meeting in Seattle at the Top of the Bank of America Tower. The Dot.com businesses that were presenting were talking about an 18-month produce life cycle from product development to decline in the market for their high tech products. I was amazed and had a hard time relating to that type of business model. A couple of years later the Dot.com bubble burst hundreds of those companies were broke.

With next year being WFPA's 100th birthday, we have a lot to look back on and be proud of. We also have an incredible future to look forward to. Solutions to many of the major problems that our society faces today can be found right here within the timber industry. Issues such as climate change, creating a livable environment for a growing population as well as having building materials and wood products available into the future on a sustainable basis can be found right here.

It is ironic that this association was founded 100 years ago after devastating wild fires struck terror across the western United States and today's lack of management on the forest health issue especially on Federal forest lands brings the catastrophic fire issue back to us in very much the same way as it was 100 years ago.

We are entering into a new era in forestry. While the production of wood products on a sustainable, profitable basis is still the top priority, finding ways to keep forestry as a preferred land use in spite of population growth and inflation in real estate is critical. Pressure to convert resource and agricultural lands are at an all time high and this pressure will continue with 1.5 million more people predicted to arrive by 2020.

At WFPA we are actively working on our “Working Forest Agenda”. The Working Forest Agenda is about fully realizing all of the true values that come from a working forest in addition to the wood products. Examples of this might be environmental or ecosystem service values such as the value of clean water, clean air or habitat for fish and wildlife. Economic market-based approaches to paying for these values need to be developed so that the forest industry gets full credit either in the tax system, the regulatory system or through an established market place approach such as a carbon market, transfer of development right payment or environmental easements which pay for real asset values to the public, that come along with the working forest. Landowners deserve credit for the work that has been done in Forests and Fish and the ongoing Forest Practices Act. Recognition of all of the social, environmental and economic values of the

forest will be key elements in keeping forestry as a preferred land use in the future alongside competing land uses which would cause conversion.

Cost/benefit work needs to be done for all of the values our forest lands provide to the public so that long-term net present values for forestry can compete with the net present values of conversion and development.

Court Stanley related a story about a conversation that he and Jim Warjone had, which went something like this: “If you were an economic development director looking to recruit a business to your state and you found a business that had a stable job base at all levels from professional to labor and it paid competitive wages, salaries and benefits this business was renewable forever and could have predictable demand for its products. This business provided side benefits for cleaning the water, the air and provided fish and wildlife habitat as well as recreational opportunities, while still operating their business. Would this be the kind of business you would recruit to your state? Of course, the answer is yes to the economic development director. This state of Washington is lucky to already have that business, the forest products industry. We’ve been around for over a century and are still the second largest manufacturing sector in the state with over 45,000 direct jobs created. Still the largest agricultural commodity producer in the state and still providing all of the environmental benefits and recreation that make people want to live in Washington State.