

BRADLEY COUNTY ECONOMIC DEVELOPMENT CORPORATION

MATTHEW H. PELKKI, PhD
UAM—School of Forest Resources

PRESENTED PROGRAM TO BCEDC BOARD OF DIRECTORS

Dr. Matthew Pelkki from the UAM School of Forest Resources and Arkansas Forest Resources Center updated the Board Members on the timber industry. He stated that it has been a very difficult 5 to 6 years in the overall economy as well as the forest products economy. The data he presented was for Arkansas and some specific to Bradley County. The most current data available is from 2009-2012. From 2009 to 2012 the forest products industry has lost about 25% of their employment across Arkansas. Right now there are about 25,000 jobs in the state's forest industry. He stated that he believes in the industry and its future. But, it has gone through restructuring. In the solid wood products sector there has been a loss of about 3,000 jobs, in the logging sector a loss of about 1,600 jobs, in the furniture industry a loss of about 2,200 jobs. Pulp and paper during the same time lost only about 500 jobs. Dr. Pelkki explained that the pulp and paper sector is being driven by a global demand. Because Arkansas has newer paper mills than other parts of the country the mills in AR are more efficient. Therefore, companies will opt to utilize the AR mills over older mills. The last paper mill constructed from a Greenfield site in the United States was the Clearwater Mill in 1977 at Arkansas City. Dr. Pelkki explained that about a third of the sawmills in AR have been closed. He stated that the GP sawmill in El Dorado have buyers looking to restart the mill from time to time, but nothing concrete.

Dr. Pelkki stated that Arkansas' average annual salary in the wood products industry is \$57,000. But, in the U.S. the average is \$50,000. This is important because when working with the Arkansas Science & Technology Authority they require a business sector to provide annual compensation higher than the national average before investing resource dollars. Dr. Pelkki discussed the ongoing research trying to expand timber products potential. The re-

search includes work with pine oils for diabetic foot cream, researching genetic markers, nanotechnology, water filtration, and electronic sensors.

Dr. Pelkki explained that the wood products industry can be broken down by sectors; logging, solid wood, furniture and pulp & paper. The average annual salaries for these sectors are; logging at \$29,000, solid wood at \$48,000, furniture at \$40,000 and pulp and paper at \$80,000.

The industry in AR bottomed out in 2008 but has been on the way up. Dr. Pelkki stated that the industry is currently at record high wages and the value added in the last three years has been on a steady increase. He stated that the remaining industry is very healthy and growing. There has never been a time when the forest products industry has contributed more to Arkansas' gross state product.

Dr. Pelkki explained that the wood products industry has created 24,736 direct jobs. Also created are indirect jobs such as trucking companies. Then there are the induced affects. This is where salaries are used to purchase goods which provides additional jobs. He stated that the entire impact is about 6% of the state's economy with about 64,000 jobs directly or indirectly effected by the wood products industry.

Dr. Pelkki discussed the wood products impact on Bradley County. He explained that in 2009 the Bradley County employment's average compensation with value added was \$148,095,437; average worker compensation \$75,000. In 2012 it dropped to \$47,290,294 with a decrease of over \$100 million in value added or gross state product and a loss of about 400 workers. This loss occurred when Clear Water Paper was completely spun off from the Potlatch Real Estate Investment Trust. Dr. Pelkki explained that without including pulp & paper in the data, the 2009 forest product industry still shows an average annual

HOW CAN BCEDC HELP LOCAL BUSINESSES?

BCEDC can help your business in such areas as:

- Land and building acquisitions
- Financial packaging
- Demographic and economic data
- Incentive packaging
- Workforce training
- Plant expansions
- Entrepreneurial and small business development

**Bradley County Economic
Development Corporation
is on facebook!**

BCEDC Is affiliated with:

- Southeast Arkansas Cornerstone Coalition
- Southeast Arkansas Regional Intermodal Authority
- Arkansas Heavy Equipment Training Program
- TEAMUP/WAGE-Southeast Arkansas Community Based
- Arkansas Small Business and Technology Dev. Ctr. @UAM
- Bradley County Chamber of Commerce
- Arkansas Department of Workforce Services

| May 2014 Jobs Update | | | JOB OPENINGS AT: |
|------------------------------|-------------|-----------|--|
| Bradley Co. Employers | # Emp. | Vacancies | |
| AR Superior Federal CU | 13 | 0 | <p>Armstrong Flooring: Has Ongoing True Temp positions. Interested candidates must apply at Employers Staffing of America in Monticello, must be available to work 1st or 2nd shift.</p> <p>Bradley Co. Medical Center: For information on job openings and to apply go online to — www.bradleycountymedicalcenter.com/jobs</p> <p>City of Hermitage: Has a p/t opening for a water-sewer-street operator. For information call 870-463-2209.</p> <p>Hermitage School Dist.: Has an opening for an Agri Teacher. Contact Hermitage School Dist. at 870-463-2246 for info.</p> <p>New Beginnings, CASA: Has a job opening for a receptionist. Qualification: Computer skills and dependable. For information call at 226-9970. SE</p> <p>AR Human Dev. Ctr.: Has an opening for a program coordinator. For info call 226-6774.</p> <p>The Mad Butcher: Has an opening in the Meat Dept. Application taken on Mondays, 1-4 pm at Mad Butcher.</p> <p>Warren School Dist.: For details on job openings and to apply contact the Warren School Dist at 870-226-6738 or online at www.edline.net/pages/warren_sd under employment.</p> |
| Armstrong Flooring | 254 | 0+ | |
| Ashcraft Wood Products | 15 | 0 | |
| Bradley Brand Furniture | 5 | 3+ | |
| Bradley County | 69 | 0 | |
| Bradley Co. Medical Ctr. | 243 | 15 | |
| Chapel Woods Health & Rehab | unavailable | | |
| City of Hermitage | 6 | 1 | |
| City of Warren | 51 | 3 | |
| First State Bank of Warren | 33 | 0 | |
| Fulghum Fibers | 10 | 0 | |
| Hermitage Schools | 75 | 1 | |
| New Beginnings, CASA | 18 | 1 | |
| Oasis Trading | 46 | 0 | |
| OK Foods | 11 | 0 | |
| Ouachita Hardwood | 40 | 0* | |
| Potlatch | 158 | 0 | |
| SE AR Community Action Corp. | 82 | 0 | |
| SE AR Human Dev. Ctr. | 269 | 1 | |
| Super Valu Foods | 58 | 1** | |
| The Mad Butcher | 48 | 1*** | |
| Townsend Flooring | 15 | 0* | |
| UAMS/KIDS FIRST—Warren | 24 | 0 | |
| Union Bank | 7 | 0 | |
| Warren Bank & Trust | 41 | 0 | |
| Warren School Dist. | 286 | 4 | |
| TOTAL | 1877 | 31 | |

*Taking Applications **Applications on Thursday

***Applications on Mondays, 1-4 pm

Continued: Dr. Pelkki compensation of \$39,000 in all of Bradley County. In 2012 the county took about a 150 job decrease and the average compensation dropped by 25%.

Dr. Pelkki discussed AR's Forest. He stated that 18,943,711 acres, almost 60% of AR is forested. Most of the state is in hardwoods about 55% of the state's forest. Pine forest is about 45% and of that about 50% are pine plantation and about 50% are naturally regenerated pine forest. AR has a billion tons of standing timber, more than ever before in AR. 75% of the harvest each

year is pine, partly because pine grows faster. Data from the U.S.D.A. Forest Service shows that annually we grow 27 million tons of pine and about 17 million tons of hardwoods. We are removing yearly about 16 million tons of pine and about 9 million tons of hardwoods. This means we have about 17 million tons of excess annually. This is not good. Forests are living things and they age, get diseases, have insect damage and damage due to natural disasters. Yearly our forest are getting older and larger by about 2% net. Younger forest are less susceptible to diseases and disasters.

Dr. Pelkki explained that a lot of companies are looking at So AR because of the high volume and the low cost of wood fiber. The resource is available and would support 2 or 3 large bio-fuel plants strategically placed in AR. But the problems he sees with bio-fuel is that the science is not there yet. Bio-fuel production falls short at a large scale facility. There has yet to be a facility constructed to produce above 20 million gallons of fuel per year. Pellet mills are much smaller than biomass facilities and an area can support more pellet mills. Pellet mills operate on proven technology. Wood pellets are all being produced and exported for the European markets to meet their carbon emission standards.

Dr. Pelkki explained that there is competition with the Asian markets for pulp and paper. China has



BCEDC Mission Statement

To enhance and sustain the economic climate of Bradley County by increasing the employment opportunities for the residents of the county

BCEDC

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paper mills, they just need the pulp that is produced in America. The problem with exporting pulp is that rail cars are not designed to transport pulp and rail space is limited on the main lines.

Dr. Pelkki stated that if you start from Drew County and work back to Camden there is approximately 2 1/2 million tons of surplus pines each year. This is why many wood products companies are looking in our area. Some people fear that timber based industries may cause us to lose our forest but it is not possible. When forest are cut more are planted. Arkansas has been cut over 4-5 times and we currently have more trees than in the last 70 years. The problem would be not having a market for the trees currently in the ground. Without a market the fiber could be lost to disease and natural disasters.