

ISSUES AFFECTING JOBS IN THE FORESTS INDUSTRY

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON FORESTS AND
FOREST HEALTH

OF THE

COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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OVERSIGHT HEARING ON ISSUES AFFECTING JOBS IN THE FORESTS INDUSTRY

**Wednesday, February 4, 2004
U.S. House of Representatives
Subcommittee on Forests and Forest Health
Committee on Resources
Washington, DC**

The Subcommittee met, pursuant to notice, at 2:00 p.m., in Room 1334, Longworth House Office Building, Hon. Steve Pearce presiding.

Present: Representatives Pearce, Duncan, Hayworth, Renzi, Otter, Pombo (ex officio), Inslee, Tom Udall, and Mark Udall.

Mr. PEARCE. [Presiding.] The Subcommittee on Forests and Forest Health will come to order.

The Subcommittee is meeting today to hear testimony on issues affecting jobs in the forest industry.

I ask unanimous consent that Representative Otter have permission to sit on the dais and participate in the hearing. Hearing no objection, so ordered.

Under rule 4(g), the Chairman and the Ranking Minority Member can make opening statements; if any other members have statements, they can be included in the hearing record under unanimous consent.

Now I would like to recognize and welcome our Full Committee Chairman, Mr. Pombo, for any statement that he may have.

STATEMENT OF THE HON. RICHARD W. POMBO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. POMBO. Thank you, Mr. Chairman, for leading us on such an important issue here today.

The forest products industry was a sustainable sector of the American economy that helped produce a hard-working ethic across the Nation. Unfortunately, the industry has become a victim of government regulations and policies, a web of red tape and lawsuits and sensational campaigns by environmentalists that created a hands-off approach to forest management. Today, more and more forest product companies are struggling to stay in business.

An obvious indicator of this problem is the collapse of the Forest Service timber sale program. Averaging around 11 billion board feet annually for decades, it has plummeted to less than 2 billion board feet in the last couple of years, which is on Chart 1 there.

The resulting job losses have been directly proportional—which is represented in the second chart. In California alone, 26 percent of the remaining mills have closed in the last 5 years.

This comes at a time when forest growth greatly exceeds fuel and timber removals, exacerbating a critical problem already existing on 190 million acres of Federal lands. The case in the forest industry is clear: As the jobs disappeared, the vitality of our forests declined, and the incidence of catastrophic fire skyrocketed. In essence, we have and are effectively eliminating the skilled labor we need to treat our forests and put unemployed Americans back to work.

So it is appropriate that the first hearing of the Forest and Forests Health Subcommittee this year be on the issue of jobs, particularly because it will be necessary to rebuild a skilled workforce in order to effectively implement the Healthy Forests Restoration Act.

I would like to thank the panelists for coming here today to share your thoughts on this timely and important issue.

I would like to also add that in my opening statement, I talked about the unemployed, but I think we also have to recognize the underemployed—the people who have spent careers in the forest products industries who had a good, high-paying job, who are now doing other things in order to survive, in order to pay the mortgage and keep their families together, who are living on a lot less money than they should be and what they previously were.

So I think that when you look at this issue as a whole, you also have to take into account those people who lost their jobs in the forestry industry who have taken lower-paying jobs just to hold their families together.

I thank you, Mr. Chairman.

Mr. PEARCE. Thank you, Chairman Pombo.

[The prepared statement of Mr. Pombo follows:]

**Statement of The Honorable Richard Pombo, Chairman,
Committee on Resources**

Thank you, Mr. Chairman, for leading on such an important issue.

The forest products industry was a sustainable sector of the American economy that helped produce a hardworking ethic across this nation. Unfortunately, the industry has been a victim of government regulations and policies, an impenetrable web of red tape and lawsuits, and sensational campaigns by environmentalists that created a “hands off” approach to forest management. Today, more and more forest product companies are struggling to stay in business.

An obvious indicator of this problem is the collapse of the Forest Service timber sale program—averaging around 11 billion board feet annually for decades, it has plummeted to less than 2 billion board feet in the last couple years (see chart 1). The resulting job losses have been directly proportional (see chart 2). In California alone, 26% of its remaining mills have closed in the last five years.

This comes at a time when forest growth greatly exceeds fuel and timber removals, exacerbating a critical problem already existing on 190 million acres of federal lands. The case in the forest industry is clear: As the jobs disappeared, the vitality of our forests declined, and the incidence of catastrophic fire skyrocketed. In essence, we have, and are, effectively eliminating the skilled labor we need to treat our forests and put unemployed Americans back to work.

So it is appropriate that the first hearing of the Forest and Forests Health Subcommittee this year be on the issue of jobs, particularly because it will be necessary to rebuild a skilled workforce in order to effectively implement the Healthy Forests Restoration Act.

I'd like to thank the panelists for coming here today to share your thoughts on this timely and important issue.

STATEMENT OF THE HON. STEVE PEARCE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. PEARCE. I would welcome you all to the hearing here. I especially want to recognize Laura Falk McCarthy from my home state, who is here today as a witness and who was a witness at the field hearing of the Subcommittee which we held December the 15th in Grants, New Mexico.

Today we meet to examine the decline of jobs in the forest industry. While the map provided by the Pulp and Paperworkers' Resource Council, over on the right, shows mill closures and layoffs across the United States, I have personal experience with this same problem in my district. I can also tell you that regardless of where forest mills and factories close, it has a tremendous impact on local families, economies, and communities.

Just prior to the hearing, I had the opportunity to take a picture with many of the Pulp and Paperworkers' Resource Council members who are here today. I do not know any one of them personally, but I can tell you that when I look at them, I see the same decent people who go to work in my home town in the oil and gas industry.

These people here today are the faces that I see when I think about the need for the environmental community and for the rest of us to come to terms. We are losing valuable jobs, and these people are paying the price in this battle. I think that balanced, common-sense thinning of our forests can provide jobs, but it can also provide a tremendous improvement to our natural resource, our national forests.

In New Mexico, timber sales have declined dramatically. From 1976 to 1985, an average of 123.6 million board feet were cut and sold in New Mexico. Between 1996 and 2003, only 27.7 million board feet were cut and sold—almost a 100 million board feet decline—a 78 percent decline.

At the same time, with the lack of timber harvests, the amount of timber on our forests continues to rise. Year after year, net growth in national forests has exceeded the amount harvested. In the Southwest, this problem has been intensified by drought, insects, disease, and pinon-juniper encroachment. This has led to 80 percent of the forests in the Southwest being at moderate to high risk of catastrophic wildfire.

With the passage of the Healthy Forests Restoration Act, massive amounts of woody biomass must and should be removed from public lands. In New Mexico, as is the case across much of the Nation, there is insufficient infrastructure now to handle biomass. Even if more timber were made available to harvest off of public lands, only two mills are currently in operation in New Mexico. There are also very few operational biomass plants to handle the woody biomass that will be available due to the Healthy Forests Restoration Act.

We need to ensure that implementation of the Healthy Forests Restoration Act is done properly so we bring our forests back into a healthy condition and so the necessary infrastructure to support this goal is put into place.

Congress has passed numerous laws, and even more regulations and policies have been put into place to protect our forests.

Regardless, each year, millions of acres are devastated by catastrophic wildfire. At the same time, more and more jobs in the U.S. forest industry are lost. It is clear that many of our environmental protections are flawed and need reform. A balance must be met. The Healthy Forests Restoration Act is a step in the right direction.

It is with that that I thank our witnesses for traveling here today. I look forward to this important discussion.

[The prepared statement of Mr. Pearce follows:]

**Statement of The Honorable Stevan Pearce, a Representative in Congress
from the State of New Mexico**

Good afternoon. I want to recognize Laura Falk McCarthy from my home state, who is here today as a witness and who was a witness at the Field Hearing the Subcommittee held December 15th in Grants, New Mexico. Today, we meet to examine the decline of jobs in the forest industry. While the map provided by the Pulp and Paperworkers' Resource Council shows mill closures and layoffs across the United States, I have personal experience with this in my district. I can also tell you that regardless of where forest mills and factories close, it has a tremendous impact on local families, economies, and communities.

In New Mexico, timber sales have declined dramatically. From 1976 to 1985 an average of 123.6 million board feet were cut and sold in New Mexico. Between 1996 and 2003 only 27.7 million board feet were cut and sold. This is a 78 percent decline.

At the same time, with the lack of timber harvests, the amount of timber on our forests continues to rise. Year after year, net growth in national forests has exceeded the amount harvested. In the Southwest this problem has been intensified by drought, insects and disease, and pinon-juniper encroachment. This has led to 80% of the forests in the Southwest being at moderate to high risk of catastrophic wildfire.

With the passage of the Healthy Forest Restoration Act, massive amounts of woody biomass must be removed from public lands. In New Mexico, as is the case across much of the nation, there is insufficient infrastructure to handle biomass. Even if more timber were made available to harvest off of public lands, only two mills are currently in operation in New Mexico. There are also very few operational biomass plants to handle the woody biomass that will be available due to the Healthy Forest Restoration Act. We need to ensure that implementation of the Healthy Forest Restoration Act is done properly, so we bring our forests back into a healthy condition, and so the necessary infrastructure to support this goal is put into place.

Congress has passed numerous laws and even more regulations and policies have been put into place to protect our forests. Regardless, each year millions of acres are devastated by catastrophic wildfire. At the same time, more and more jobs in the U.S. forest industry are lost. It is clear that many of our environmental protections are flawed and need reform. A balance must be met. The Healthy Forests Restoration Act is a step in the right direction.

It is with that that I thank our witnesses for traveling here today. I look forward to this important discussion.

Mr. PEARCE. We will reserve Mr. Inslee's time for opening comments, and at this point, I will recognize Mr. Otter so that he can introduce one of his witnesses from his district and to give a short opening statement.

**STATEMENT OF THE HON. C.L. OTTER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF IDAHO**

Mr. OTTER. Thank you, Mr. Chairman. I appreciate you inviting me here even though I am no longer on this Committee.

I also want to welcome a fellow Idahoan, and that is Owen Squires, who is the Director of the Rocky Mountain Region Pulp

and Paperworkers' Resource Council, who will be testifying here today.

I am proud to represent Owen and the many folks who work in the forest products industry. I could not do it all by myself as well as I do without the information and the ideas that I have received from Owen and his colleagues over the years.

I would also like to welcome the other witnesses, and I look forward to their testimony.

We are all hearing a great deal about the good news that the economy is beginning to recover. However, there are too many communities in my district that missed out on the good economic times of the nineties and are wondering if their economy every will recover. Too many of my timber-dependent counties have double-digit unemployment. Unfortunately, the only way the jobless numbers in most of those communities gets any smaller is when people move away.

The no-cut timber policy of the last Administration resulted in the closure of 32 lumber mills in my district alone. Those mill closures resulted in the loss of thousands of good-paying jobs, disruption of the families within those communities, and an ever decreasing devaluation of the tax base.

I am pleased this Administration realizes that harvesting timber can be good for the environment and the economy, and I am hopeful that with tools like the Health Forests Reform Act, we can bring some common sense back to the management of our public lands and some jobs back to our rural communities.

Again, Mr. Chairman, I look forward to the testimony today and the Committee's deliberations on this critical issue.

Thank you.

Mr. PEARCE. Thank you, Mr. Otter.

[The prepared statement of Mr. Otter follows:]

**Statement of The Honorable C.L. "Butch" Otter, a Representative in
Congress from the State of Idaho**

Thank you, Mr. Chairman. While I am no longer a member of the Committee, I appreciate you allowing me to attend this timely hearing on such an important topic. I also want to welcome a fellow Idahoan to the Committee. Owen Squires, Director of the Rocky Mountain Region Pulp and Paperworkers' Resource Council, will be testifying today. I am proud to represent Owen here in Congress. I couldn't do my job half as well without the information and ideas I have received from Owen over the years.

I also would like to welcome the other witnesses. I look forward to their testimony.

We all are hearing the great news that the economy is beginning to recover. However, there are too many communities in my district that missed out on the good economic times of the '90s and are wondering if their economy will ever recover. Too many of my timber-dependent counties have double-digit unemployment. Unfortunately, the only way the jobless numbers in some of those communities get any smaller is when people move away.

The no-cut timber policy of the last Administration resulted in the closure of 32 lumber mills in my district alone. Those mill closures resulted in the loss of thousands of good-paying jobs that may never return.

I am pleased this Administration realizes that harvesting timber can be good for the environment and the economy. I am hopeful that, with tools like the Healthy Forests Reform Act, we can bring some common sense back to the management of our public lands and some jobs to our rural communities.

Again, I look forward to today's testimony and the committee's deliberation of this crucial issue.

Thank you, Mr. Chairman.

Mr. PEARCE. Mr. Renzi, do you have an opening comment?

STATEMENT OF THE HON. RICK RENZI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. RENZI. Thank you, Mr. Chairman.

I also want to thank you for holding the hearing. I appreciate also the Subcommittee addressing this important issue, particularly since I have many personal commitments to helping to bring back the sustainable industries involving wood product, particularly to rural Arizona.

We had a 460,000-acre landscape fire called the Rodeo-Chediski fire up in northeastern Arizona, part of Congressman Hayworth's old district that he actually visited with the President right after the fire. In addition, we have had several major fires out in Arizona that have been caused by the fact that we are not able to entice industry back into the woods with the kind of capital outlays they need to make in order to be able to get a proper return on their investment and then help us thin the forest, crush the brush, and then be able to come back in behind it with prescribed burns. You cannot prescribe the burns until you have thinned the forest.

So I am grateful, Mr. Chairman, and I look forward to the testimony today. I have a couple of people from my district here today. I want to thank the manager of the town of Eagar, Arizona, Mr. Bill Greenwood, for traveling all this way; Mr. Herb Hopper from Holbrook; Mr. Rob Davis from Show Low; and Mr. Kent Gibson from Snowflake, Arizona; and I think Estelle Bowman is also here representing the Indigenous Community Enterprises.

Thank you all for coming all this way. I look forward to the testimony.

Mr. PEARCE. Thank you, Mr. Renzi.

Mr. Hayworth, would you like to make an opening statement?

STATEMENT OF THE HON. J.D. HAYWORTH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. HAYWORTH. Mr. Chairman, thank you.

I look forward to hearing the testimony of the witnesses who are here with us today.

I join Mr. Renzi in welcoming my former constituents given the fact that some of the maps changed with the Decennial Census.

One other note—and I am so pleased to see the presence of minority staff—I would hope—and I know that many people have very busy schedules—but I think, Mr. Chairman, we should note during this hearing that none of our friends on the other side is here. I presume that an interest in job creation and job preservation is a nonpartisan issue, so I hope that our friends on the other side of the aisle can join us today, or I am sure that staff will relate with interest the proceedings here, and certainly we have a record of it, but the record should note thus far that none of our friends have joined us here to listen to job creation. But I look forward to the comments today.

Mr. PEARCE. I would now like to introduce our witnesses today.

We have Mr. Owen Squires, the Rocky Mountain Regional Director of the Pulp and Paperworkers' Resource Council; Ms. Patti Barber, Northern Pine Regional Director, International Paper

Company; Ms. Laura Falk McCarthy, Forest Protection Program Director, Forest Trust; Mr. Gerry Mims, General Mechanic, Smurfit-Stone Container Corporation's Pulp and Paper Mill; Ms. Cassandra Doyon, Owner of the Rocky Mountain Timber Products and Doyon Logging; and Mr. Dale Lovett, Special Projects Coordinator-at-Large, Pulp and Paperworkers' Resource Council.

I would remind the witnesses that under our Committee rules, you must limit your oral testimony to 5 minutes, but your entire statement will appear in the record.

I now recognize Mr. Squires for his statement.

STATEMENT OF OWEN SQUIRES, ROCKY MOUNTAIN REGIONAL DIRECTOR, PULP AND PAPERWORKERS' RESOURCE COUNCIL, LEWISTON, IDAHO

Mr. SQUIRES. Good afternoon, Mr. Chairman and members of the Committee.

My name is Owen Squires, and I am the Director of the Rocky Mountain Region of the Pulp and Paperworkers' Resource Council. My testimony today will also reflect the views of the Idaho State AFL-CIO and my PACE Local 80712 and Local 80608. These two locals and the International reflect the views of most of the people in the Pulp and Paperworkers' Resource Council and also those people within the pulp and paper industry.

I would like to thank the Chairman and the members of the Committee for their hard work on passing the Healthy Forests Restoration Act. We think it is a step in the right direction. I would also like to thank the Committee for their work on the Canadian Soft Wood Agreement, which is not settled yet, but we hope will be settled some time in the future.

Let me make it perfectly clear that only with adequate funding and strong leadership can the Healthy Forests Restoration Act hope to accomplish anything for local economies. Under the present laws and under the present gridlock, nothing is accomplished within these communities.

We live within rural America—that is where we make our living, that is where we recreate, and that is where we live. And with the danger of catastrophic wildfires, it is like living in a tinderbox.

The reality of what is going on in local economies is the fact that without the infrastructure needed to harvest timber, local economies are dying on the vine all over rural America.

The barriers that result from there being no incentive to find solutions to the management problems in our national forests has meant that many small communities have dried up and withered away. There is no local input to solve local problems. And anybody who has seen one of these catastrophic wildfires roll over the horizon realizes the legacy that it leaves.

In towns on the map that we have prepared before you there, you can see the devastation that is left. The map that says "Mill closed"—that small town is in Craigmont, Idaho—it represents a mill that only employed 30 people, but it was in a town of 300 people. Therefore, 30 percent of the town lost their jobs. One reason that those people would not go to work there was there was no sustainable forestry, there was no way to build an infrastructure back

into the mill, and you cannot hire somebody to come to work in your mill if you only have 18 months of timber supply.

In Clearwater County, Idaho, which is in Representative Otter's district—and Butch has done a lot to try to help us—we are at 28 percent unemployment. At Shearer Lumber Company, which lies in Idaho County, a county of 9,000 square miles, you can actually stand in the mill yard and throw a rock into the national forest. But for too many years, we have been prohibited from cutting anything out of that national forest, although it lies there full of root rot and bark beetle infestation. It is one of the last spawning grounds of the great steelhead salmon, but we cannot protect the habitat. Yet we were locked into a raging debate in the Pacific Northwest over what to do about downstream dams.

In Oregon, they have laid off 100 State troopers. In the State of Washington, their budget crisis has reached economic proportions.

When President Kennedy—and I was just a young kid—but when he pointed this Nation toward the moon, we all knew that it was a legacy that we were going to have, and it was a journey of generations, not election cycles. Our national forests cannot survive and cannot be claimed if we change every 8 years, with no long policy in sight. We do not have the time to wait. We need to do something.

We hope that the Healthy Forests Restoration Act will be a step in that direction.

This map shows more than closed mills. It has left our communities with a legacy of alcoholism, child abuse, and domestic violence. It is what you end up with when you have once proud wage earners reduced to begging from the Federal Government.

This concludes my remarks, and I will be ready to answer any questions.

Thank you very much.

[The prepared statement of Mr. Squires follows:]

Statement of Owen Squires, Director, Rocky Mountain Region Pulp and Paperworkers' Resource Council, Lewiston, Idaho

EXECUTIVE SUMMARY

- Our Nation is experiencing record-breaking and uncharacteristic wildfire seasons that leave in their wake millions of acres of blackened forests and wildlife habitat, thousands of destroyed structures and the loss of human life.
- Western states and local governments are in desperate financial shape because of declining revenues brought on by decades of declining forest management activities, especially on our federal lands.
- There remain many barriers that prevent the treatment of the current forest health crisis on the National Forests. Excessive planning and environmental analysis, overlapping agency jurisdictions, conflicting management policies and inadequate funding must be addressed if we hope to make real headway in restoring forests to health.
- An opportunity exists now to use smaller forest fuels to manufacture wood products, produce paper goods and generate electricity—all which will contribute to our nation's economy and benefit working families.
- We need leadership—leadership from the Administration and Congress to aggressively address the problems that exist in order to restore our forests to health, protecting them, as well as wildlife and communities, from uncharacteristic fires.

TESTIMONY

Good afternoon Mr. Chairman. My name is Owen Squires and I am the Director of the Rocky Mountain Region Pulp and Paperworkers' Resource Council (PPRC). My testimony today also reflects the views of the Idaho AFL-CIO, PACE Local

80712 and Local 80608 and the members within the PPRC. These organizations represent a vast majority of our nation's pulp and paper workers, forest products workers, as well as the people living in rural forested communities that face an ever-increasing risk to uncharacteristic wildfires.

I would like to thank the Chairman, and members of the Committee for their hard work and leadership in securing the passage of the Healthy Forests Restoration Act. This legislation, along with the President's Healthy Forests Initiative, has provided western rural forested communities hope along with an expectation that the dangerous fire risk situation in our national forests and close to our homes and communities will be addressed. But let me make it perfectly clear that only with adequate funding, strong leadership, congressional oversight, and some additional relief from out-of-date laws, will the situation improve.

My testimony today will focus on issues associated with the plight of wood products workers and the people who live in rural forested communities in the western United States. The issues I will discuss are: 1) the realities in rural economies; 2) the lack of needed infrastructure to complete necessary forest management activities; 3) the out-of-date laws that impede active resource management; and 4) the barriers that result from there being no real incentives to find solutions to management challenges.

My point of view is that responsible, active forest management will help promote the long-term health and sustainability of our nation's forestlands as well as the economic viability of rural communities. It is imperative that efforts continue to focus on protecting forests, wildlife and communities. In order to accomplish these important objectives, both the Forest Service and Department of Interior must be provided the tools and funding they need to implement forest management and fuels reduction activities.

Western States and counties are in desperate financial shape because of declining revenues and a shift in population brought on by decades of declining Federal timber harvest levels.

In Clearwater County, Idaho, local school districts are considering a four-day school week in order to lower costs. Without the revenues that once came to schools from timber harvest receipts, school administrators are forced to look for ways to reduce expense. Unfortunately, that cost-cutting sometimes comes at the expense of our children's opportunity to learn.

On the Nez Perce National Forest in Idaho, Shearer Lumber Company which lies on the outskirts of the small town of Elk City, must close its doors after (1958) 46 years of operation. One of the main reasons for the mill closure is the lack of log supply. This situation seems impossible to me—I can stand in the sawmill log yard and literally throw a rock into the Nez Perce National Forest. But endless litigation stops almost every management project the Forest proposes. This is doubly troublesome because the Nez Perce National Forest is in the middle of a severe forest health crisis. Millions of acres of Lodgepole pine are dead or dying as a result of a devastating bark beetle infestation, and root rot.

In Oregon, 100 State Police troopers have been laid off, and in Washington State the budget crisis is causing lawmakers to make very tough choices. A book could be written about California's economic woes. Many states are in the same tough economic condition, due in part to a drastic reduction in revenues from timber harvest activities on the National Forests. Other western states, where the manufacturing and industrial support infrastructure has all but disappeared, are in similar shape.

After the 2002 Los Alamos fire in Arizona, the machinery to do the forest cleanup had to be brought into the state from Denver. There isn't a company left in the region that has the infrastructure to support the needed salvage and restoration activity.

When a mill shuts down, the first thing that happens is the trained personnel move away seeking other employment. Then the mill is dismantled and the property is given to the county or the city as a future industrial complex, removing it from the property tax rolls. The homes and property that once belonged to the mill workers is bought up and converted to summer cabins or vacation homes. We continue to see one rural community after another change from places where working people made good livings and raised their children to vacation destinations for others. The rural landscape and culture of Idaho will be forever changed.

The solutions are as complicated as the problems, but a few opportunities stand out providing a place to begin.

When President Kennedy pointed the Nation toward the moon in 1961, Americans understood this was a long-term commitment, not one of election cycles, but one of generations. One of the problems with Forest Service management policies is that they change every four to eight years, along with the political winds. Instead, we need a long-term solution. If there are mistakes we can adjust. We don't know what

products and services are going to come from our national forests, just as we could not have dreamed about the future at the beginning of NASA.

To continue to allow the present gridlock to continue is unacceptable.

There are many preservationist organizations, whose leadership makes six-figure salaries working toward continued gridlock. They continue to seek donations thus maintaining the present do-nothing policies. To find a solution is counter to their financial goals.

CONCLUSION

Mr. Chairman, a very serious problem facing our nation's forests has been identified and needs our immediate attention. It affects hundreds of million acres of our public wildlands and places millions of private acres and tens of thousands of rural communities at risk. We have the science, the professionally trained resource managers, and a workforce ready for the task. What we need is leadership—leadership to act. Our expectation is that both the Administration and Congress will continue to provide that leadership, in a bipartisan fashion, to overcome the hurdles, provide the funding and meet the challenges of improving forest health, enhancing wildlife habitat, protecting rural communities, and using the excess forest fuel to manufacture wood products, produce paper goods and generate electricity. Without this leadership and the resulting action on the ground, people living in our rural forested communities will continue to lose hope and the likelihood of businesses investing in the needed infrastructure to accomplish this critically important environmental work is seriously compromised.

This concludes my prepared remarks, I would be glad to answer any questions you or the subcommittee may have regarding this important issue.

Mr. PEARCE. Thank you, Mr. Squires, for your testimony.
I now recognize Ms. Barber.

STATEMENT OF PATRICIA BARBER, NORTHERN PINE REGIONAL DIRECTOR, INTERNATIONAL PAPER COMPANY, TICONDEROGA MILL, TICONDEROGA, NEW YORK

Ms. BARBER. Thank you and good afternoon.

I am Patti Barber, and I work for International Paper Company in Ticonderoga, New York.

I have worked at International Paper for 27 years, and 9 of those years I have been recording secretary for PACE Local 5. In that time, I have witnessed a lot of changes.

I am very concerned about the state of our forest industry. We are told that our economy is growing and that new jobs are being created. The jobs that are being created are not all manufacturing jobs. Many of our first-generation paper makers are out of jobs. These people are at a time in their lives when they should be thinking about retirement; instead, they have lost their jobs. Thousands of these workers who used to make a good wage are wondering where they will find their next job.

I have been a member of the Pulp and Paperworkers' Resource Council since 1996. I was at a training seminar when three gentlemen gave a presentation about the PPRC and why this grassroots organization was created. I saw a video of the devastation that was caused by the spotted owl. I witnessed grown men with tears in their eyes and watched people in the West talk about how they lost their jobs in paper mills and lumber mills.

I knew that I needed to become involved, so that hopefully by educating people in my mill and our children to proper forest management, this sort of disaster would not happen in our home town. The first meeting I attended was in Redding, California where I met some workers who had lost their jobs. The comment was made that within 4 years, this would happen in the East. Six months

later came the Maine referendum with Jonathan Carter. I have been actively involved since then.

Ticonderoga is a small historic town in the northeastern part of New York on Lake Champlain bordering Vermont. Our mill produces an excellent printing paper product. As I speak today, our mill is facing major fiber concerns. Our mill cannot exist without a suitable fiber supply. This year, the Northeast has faced many severe weather problems making it hard for fiber supplies to keep the mill satisfied. We run the threat of running out of fiber. The mill will not survive without fiber to make paper.

International Paper Company's Ticonderoga mill has spent millions of dollars to keep our mill up-to-date with EPA's required pollution standards, conforming to Cluster Rule, MACT 1 and MACT II is in the process.

The workforce at our mill was over 1,200 workers at one time. To date, we now have fewer than 600. International Paper Company is the only mill in Essex County and the 6 million acre Adirondack Park.

Our country needs to get back those manufacturing jobs that we have lost to foreign countries which will help boost our economy even more. What happened to being made in America or buy U.S.A.-made products? Almost everything we buy on a daily basis is made in another country. Check the labels in your clothing. Products made in the U.S.A. are far and few. When I first became a PPRC member, I was asked how many items I bought that were made in the U.S.A. Today, it is still hard to say how many I can buy. But I do continue to look for that label.

The Pulp and Paperworkers' Resource Council believes in seeking a balance between jobs and environment. We feel this can be accomplished given a level playing field. Please check out the PPRC's map of all the job losses, mills, and lumber mills that have been closed or curtailed. Where have all these displaced workers gone? Are we headed backward toward the becoming a Third World country? Will the United States become a national park?

I would like to commend the Resources Committee for working very hard with the PPRC on the Healthy Forests Initiative. I would also ask that the Resources Committee continue to work at making sure it is implemented properly so that fiber from our national forests can again be a reliable part of the wood supply.

I would also like to ask the Resources Committee to help in amending the Endangered Species Act to protect private landowners and workers like me whose livelihood is derived from growing timber on private lands. The ESA is being used by environmental groups to de-industrialize America and make growing timber unprofitable to private landowners.

In closing, please think of all my coworkers at home and how they will manage if they should lose their jobs. Please put faces on the circles on that map which shows 100 workers here and 200 workers in another spot. All those dots have a name.

The PPRC will continue to show up in an effort to keep our jobs in the paper industry. I commend all those who are overseas, not only our military who are fighting to keep America safe, but those who cannot find good-paying jobs in this country and have made the sacrifice to support their families in another country.

A special thank you to the Resources Committee for taking the time to listen to our testimonies. The PPRC looks forward to continuing to work with the Committee in making our country a better place.

Thank you very much.

[The prepared statement of Ms. Barber follows:]

Statement of Patricia (Patti) Barber, Northern Pine Regional Director, Pulp & Paperworkers' Resource Council, International Paper Company—Ticonderoga (N.Y.) Mill Recording Secretary, PACE Local 1-0005

My name is Patti Barber and I work for International Paper Company in Ticonderoga, New York. I have worked at International Paper Company for 27 years and 9 of those years as the Recording Secretary for P.A.C.E. Local 1-0005 in our mill. In that time I have witnessed a lot of changes. I am very concerned about the state of our paper industry. We are told that the our economy is growing and that new jobs are being created. The jobs being created are not all manufacturing jobs. Many of our first generation paper makers are out of jobs. These people are at a time in their lives where they should be thinking about retiring, but instead have lost their jobs. Thousands of these workers who used to make a good wage are wondering where they will find a job that was as good as the one we lost.

I have been a member of the Pulp & Paperworkers' Resource Council since 1996. I was at a training seminar when 3 gentlemen gave a presentation on the PPRC On why this grassroots organization was created. I saw a video of the devastation that was caused by the Spotted Owl. I witnessed grown men with tears in there eyes as they watched the people in the west talk about how they lost their jobs in paper mills and lumber mills. I knew that I needed to become involved so that hopefully by educating the people in my mill and our children to proper forest management, this sort of disaster would not happen in our hometown area. The first meeting I attended was in Redding, California, where I met some of the workers that had lost their jobs. The comment was made that within four years this would be happening in the east. Six months later came the Maine Referendum with Jonathan Carter. I have been actively involved since then.

Ticonderoga is a small historic town in the northeastern part of New York, on Lake Champlain, bordering Vermont. International Paper Company's Ticonderoga mill is the only major industry in the 6 million acre Adirondack Park. Our mill makes an excellent printing paper product. As I speak today, our mill is facing major fiber concerns. Our mill cannot exist without a suitable fiber supply. This year the Northeast has faced many severe weather problems making it hard for fiber supplies o keep the mill satisfied. We run the threat of running out of fiber. The mill will not survive without fiber to make paper.

International Paper Company's Ticonderoga mill has spent millions of dollars to keep our mill up-to-date with EPA's required pollution standards, conforming to Cluster Rule, MACT I, & MACT II is in the process.

The workforce at our mill was over 1200 workers at one time. To date we now have only a little over 600 employees. International Paper Company is the only paper mill in Essex County and the Adirondack Park.

Our country needs to get back those manufacturing jobs that we have lost to foreign countries, which will help, boost our economy. What happened to Made-in-America? Buy U.S.A.-made products. Most everything that we buy on a daily basis is made in another country. Check the labels in your clothing. Products made in the U.S.A. is few and far. When I first became a PPRC member I was asked how many items I bought were made in the U.S.A.. That was a tough question and still is. But, I continue to look for that label made in U.S.A.

The Pulp & Paperworkers' Resource Council believes in seeking a balance between jobs and environment. We feel this can be accomplished given a level playing field.

Please check out the PPRC's map of all the job losses, the mill and lumber mills that have been closed or curtailed. Where have all these displaced workers gone? Are We headed backward to becoming a third world country? Will the United States become a national park?

I would like to commend the Resources Committee for working very hard with the PPRC to pass the Healthy Forests Initiative. I would also ask that the Resources Committee continue to work at making sure it is implemented properly so fiber from our national forests can again be a reliable part of the wood supply.

I would also like to ask the Resources Committee to help in amending the Endangered Species Act (ESA) to protect private landowners and workers like me whose

livelihood is derived from growing timber on private lands. The ESA is being used by environmental groups to de-industrialize America and make growing timber unprofitable to private landowners.

In closing, please think of my co-workers at home and how they will manage if they should lose their jobs. Put a face to the circles on that map that shows 100 workers here and 200 workers in another spot. All those dots have a name. The PPRC will continue to show in an effort to keep our jobs in the paper industry. I commend all those who are overseas, not only our military, who are fighting to keep America safe, but for those who can't find good paying jobs in our country and have made the sacrifice to support their families in another country.

A special thank you to the Resources Committee for taking the time to listen to our testimonies. The PPRC looks forward to continuing to work with the committee in making our country a better place.

Mr. PEARCE. Thank you, Ms. Barber, for your testimony.
I now recognize Ms. McCarthy.

STATEMENT OF LAURA FALK MCCARTHY, FOREST PROTECTION PROGRAM DIRECTOR, FOREST TRUST, NEW MEXICO

Ms. MCCARTHY. Thank you for the opportunity to testify today.

I am here representing the Forest Trust, a conservation organization based in New Mexico. The Forest Trust's mission is to protect the integrity of forest ecosystems and improve the livelihoods of rural people—a mission that means we think it is important for forests to provide people with jobs.

Through our research center, technical assistance program, and consulting forestry business, we have first-hand experience with issues that affect forest-related employment.

My testimony focuses on the role of Federal forest and fire policy in providing rural employment and business opportunities. I will address five points.

First, the National Fire Plan has had beneficial effects on jobs in the forestry sector because of three key authorities and programs that Congress built into it. These authorities were, first, the ability for Federal land management agencies to give preference to contractors who would hire local workers; second, the ability to contract with nonprofits such as economic development organizations and youth corps to do fuels reduction work; and third, the National Fire Plan's Economic Action Program, which provided roughly \$13 million per year in marketing and utilization projects to bring new jobs and manufacturing to forest-dependent communities.

Documentation of the number of jobs has been sparse, but the University of Oregon's Ecosystem Workforce Program is tracking the impact of Federal forest policies on rural communities and has some results from Oregon, Washington, and Northern California. These studies by Dr. Cassandra Moseley found that most of the new agency fire-fighting jobs went to people from nearby areas. In contrast, the Oregonian reported that most of the contracted fire-fighting jobs were awarded to five large companies who sent their workers around the country to fight fire, displacing local fire fighters.

Dr. Moseley's studies of thinning contracts in contrast to fire-fighting found that the National Fire Plan employed slightly more local people than other forms of service contracting, but that contractors from small rural communities still captured just a small percentage of the total funds awarded. While the gains to rural

communities have been small, the economic opportunities I have described are nevertheless critical to forest-dependent communities that are struggling to stay out of poverty and to achieve standards of living that most Americans take for granted. The three authorities Congress put in the Fire Plan made these small gains possible.

Unfortunately, two of the beneficial programs were authorized year-to-year through appropriations, and the third, the National Fire Plan Economic Action Program, received no funding in 2004. Regrettably, the Healthy Forests Restoration Act, did not address or include these programs.

My second point is that environmental is needed to assure sustainable forests and jobs. Efforts to change NEPA appeals and ESA distract the agencies and Congress from the real problems.

Eight reports by the Government Accounting Office and two reports by Northern Arizona University's Ecological Restoration Institute have shown that 2 percent of fuels treatments are litigated, and that only 20 percent are appealed. When projects are appealed, the GAO found that the implementation usually began within 90 days, which is about the same amount of time it takes to award a contract. According to ERI's studies, endangered species are not the most common subject of appeals.

In New Mexico, I have had community members tell me repeatedly that they need the environmental laws to guarantee a community voice. They tell me they would rather work within the existing legal framework that relinquish full control to the Federal agencies, which is what they believe will happen if NEPA and the Endangered Species Act are dismantled and where they think HFI will lead us. I hear people complaining, not about NEPA but about Agency disregard for the needs of forest-dependent communities, insufficient funding for fuels reduction projects, and the diversion of project money for fire fighting.

How many studies will be needed to show that NEPA appeals and ESA are not the root problems? We need Congress to focus on the real problems of funding the agencies to restore fire-prone forests and stopping the cycle of fire suppression and fuels accumulation.

My third point is that forest-dependent communities face many problems and need help from Congress to address them. Among these problems are high rates of poverty and unemployment, collapsing forest industry and infrastructure, insufficient access to technical assistance, capital, technology, and product development research, and contracting procedures and insurance burdens that prevent local businesses from fully employing residents in fuel reduction and fire suppression work.

Community-based forest workers have identified the barriers to their businesses, and they need help from Congress to find permanent solutions.

My fourth point is that forest-dependent communities have so much at stake that they have joined together with a range of other partners to outline a Community-Based Forest and Public Lands Restoration Act that will provide solutions to these problems. The bill was introduced in the 107th Congress as S. 2672 and passed the Senate, but it has not gone any further. The essence of this Act

is to direct the land management agencies to restore forests using community-based approaches.

Community forest workers are seeking support in the House for the ideas expressed in this legislative proposal. A broad coalition is forming around the interests of rural communities.

My fifth and final point is that the land management agencies perform very little monitoring of the outcomes of their programs. As a result, other organizations have found it necessary to step in to fill the void—for example, the studies I cited by the University of Oregon.

I will therefore conclude by telling you about the important work of the National Community Forestry Center. The Center was started by the National Network of Forest Practitioners 4 years ago in a groundbreaking effort to improve the well-being of communities and forests by helping rural people access, produce, and use information. This Center has played a key role in helping communities to monitor the National Fire Plan, and many of the facts I have raised in this testimony were derived from research that was carried out by the Center and its partners. Funding will end in December 2004, and more support is needed to extend this innovative and successful effort.

I will close there.

[The prepared statement of Ms. McCarthy follows:]

**Statement of Laura Falk McCarthy, Director,
Forest Protection Program, Forest Trust, New Mexico**

Thank you for the opportunity to testify today. I am here representing the Forest Trust, a forest conservation organization based in New Mexico. The Forest Trust's mission is to protect the integrity of forest ecosystems and improve the livelihoods of rural people—a mission that reflects our belief that it is important for forests to provide people with jobs. The Trust operates several programs, including a research center, technical assistance to forest-dependent communities and small businesses, and consulting forestry on private lands. We have first-hand experience with the issues that affect forest-related employment.

My testimony focuses on the role of federal forest and fire policy in providing rural employment and business opportunities. I will address five points as follows: (1) key mechanisms in the National Fire Plan that created jobs in rural communities; (2) the need for environmental protection to assure sustainable forests and jobs; (3) challenges facing small- and micro-size forest businesses that Congress can help address; (4) solutions proposed in the Community-Based Forest and Public Lands Restoration Act; and (5) monitoring the effects of federal forest and fire policies and the role of the National Community Forestry Center.

1. Key Programs in the National Fire Plan Created Jobs in Rural Communities

Three provisions of the National Fire Plan have been important to forestry job creation in rural communities. First, the National Fire Plan gave the federal land management agencies authority to give preference to contractors who would hire local workers. Second, the plan included programs to build community capacity by expanding the government's ability to engage non-profit agencies in fuels reduction work, such as economic development organizations and youth corps. Finally, the National Fire Plan Economic Action Program (EAP) invested 12.6 million dollars in marketing and utilization projects to bring new jobs and manufacturing to forest-dependent communities. These combined provisions resulted in modest employment gains in forest-dependent communities. Unfortunately, the Healthy Forests Restoration Act failed to include any of the provisions for rural communities that were so successful in the National Fire Plan.

A handful of studies have shown that National Fire Plan programs in 2001 and 2002 brought jobs to rural communities. These studies looked at two kinds of employment—firefighting and fuels reduction (thinning and slash disposal). The research was conducted by Dr. Cassandra Moseley at the University of Oregon's Ecosystem Workforce Program, and focused on the economic effects of the National Fire Plan in Oregon, Washington and northern California. In firefighting, Dr. Moseley

found that most of the new agency fire suppression jobs went to people from nearby areas. In contrast, the Oregonian reported that most contract fire suppression jobs were awarded to five national companies that sent workers around the country to fight fire. In addition, many of these national companies also received large fuel reduction contracts. The profits made in firefighting make it possible for the large contractors to be the low-bidders in fuels reduction, thereby filling jobs that would otherwise have gone to local residents.

A new report by the National Association of State Foresters and partners contributed additional information about the barriers keeping local workers from being employed in regional firefighting. This report documented that local fire departments were frequently forced to sit on the sidelines while their communities burned because of federal policies about firefighter deployment. This inefficiency has raised firefighting costs because of transportation expenses and delayed the fire response time.

Dr. Moseley's studies of fuel reduction contracts in the Northwest found that the National Fire Plan employed more local people than other forms of service contracting, but that contractors from small rural communities still captured only a small percentage of the total funds awarded. The studies also determined that local employment was most likely when service contracts required the use of heavy equipment, and that most of the labor-intensive jobs were still awarded to non-local operations.

The gains for rural communities in the National Fire Plan were initially significant but have declined in the last several years. The special contracting authorities giving preference to contractors that hire local workers and allowing non-profits to compete for fuel reduction contracts were only temporary, authorized through the Interior and Related Agencies Appropriations bills in 2001, 2002, 2003, and hopefully, though I have not confirmed it, the 2004 budget. Funding for the Economic Action Program declined significantly in 2003. The National Fire Plan portion of EAP was zeroed out in the President's 2004 budget and was not restored by Congress. Regrettably, the provisions of the Healthy Forests Restoration Act and funding in the 2004 Budget have not replaced these temporary authorities and programs.

Community Needs: The programs that stimulated rural jobs in fuels reduction and restoration, and were temporarily authorized through Appropriation Bills, should be continued through more permanent legislation. Specifically, rural communities need the agencies to level the contracting playing field with authorities that benefit local workers, to make non-profit agencies and youth corps eligible for fuels reduction work, and to fund investments in marketing and utilization through an effective mechanism, such as the Economic Action Program.

2. Conflicts Over Environmental Protection Distract from the Root Problems

Studies examining the claim that environmental laws are responsible for a decline in forest-related jobs have not found evidence of the connection. Eight reports by the Government Accounting Office and two reports by Northern Arizona University's Ecological Restoration Institute have shown that fewer than 2% of fuels treatments are litigated and less than 20% are appealed. Of the projects that are appealed, the GAO found that implementation usually begins within 90 days, which is about the time it takes to award a contract. According to NAU's studies, endangered species are not the most common subject of appeals.

In my work in New Mexico, I have had community members tell me repeatedly that we need the environmental laws to guarantee sustainable management and a community voice. They tell me they would rather work within the existing legal framework than relinquish full control to the federal agencies, which is what they believe will happen if NEPA and the Endangered Species Act are dismantled, and where they think HFI will lead us. Communities use the appeals process to gain a seat at the decision-making table and they fear that without it, the agencies will stop listening to their concerns.

When forest-dependent communities are asked to describe the challenges they face, environmental laws are usually low on the list. Instead, local contractors say they are concerned that land management agencies have received insufficient funding to carry out fuels reduction and that, as a result, they cannot get steady work. For the last three years, I have talked to District after District about planned projects, and found out later that the projects were shelved because there was no money for implementation. Some of the funding gaps are a result of fuel reduction funds being transferred to pay for firefighting, and some are because of insufficient funding. The agencies annual reports to Congress showed that they only achieved about 60% of their fuel reduction targets in 2001 and 2002. Last week, the President announced he will seek \$760 million for fuels reduction and restoration

activities. This funding is a promising start, but allocation of the funds in the appropriations process needs to benefit rural communities.

Community Needs: It is time for Congress to focus on the real problems of funding the agencies to restore fire-prone forests and stopping the vicious cycle of fire suppression and greater fuel accumulation. How many more studies will be needed to show that NEPA, appeals, and ESA are a distraction from the root problems? Congress should watch carefully as the expedited processes in the Healthy Forests Initiative are implemented before concluding that further rollbacks of environmental protection are needed.

3. Small- and Micro-size Forest Businesses Face Many Challenges

Forest-dependent communities are struggling to stay out of poverty and to achieve the standard of living that most Americans take for granted. Many people suffered when timber processing plants pulled out of their communities. Nationally, the highest unemployment rates are in forest-dependent communities. In some communities, the closing of mills has been followed by a decision to rebuild community capacity, to become more self-reliant, and to form local businesses that will put people to work in the woods, restore degraded forest conditions, and manufacture new value-added products.

Yet, many complex issues confront these community-based businesses, which are usually small- and micro-sized by the Small Business Administration's definition. First, the businesses are often in communities, with little or no remaining forestry infrastructure—including processing facilities and transportation networks. Second, the small enterprises often find themselves shut out of competition for federal restoration projects, because of inappropriately sized contracts and policies that favor large contracts. Third, the businesses do not have sufficient access to technical assistance, cutting-edge technology, or product development research. And, finally, the businesses find it difficult to access capital for high-tech equipment and processing investments because of an uncertain supply of raw material.

Community Needs: Community-based foresters have identified the barriers to new businesses and need help from Congress to find permanent solutions to the identified problems. Chief among these are continuing the National Fire Plan policies that supported rural community businesses and ensuring consistent and long-term planning and budgets.

4. Community-Based Forestry Act is Needed to Provide Solutions

Forest-dependent communities are not well-represented in the political process, but they have the most at stake when it comes to jobs in the forest industry and the larger picture of public forest management. Community forestry workers from western states have joined together with a range of other partners to outline a Community-Based Forest and Public Lands Restoration Act that will provide solutions to the problems I have just described. The bill was introduced as S.2672 by Senators Craig and Bingaman in the 107th Congress and passed the Senate.

The essence of the Community-Based Forest and Public Lands Restoration Act is to direct land management agencies in the Departments of Agriculture and Interior to conduct ecosystem restoration and maintenance activities using community-based approaches. The bill addresses all aspects necessary for forest restoration to succeed, from the watershed to the wood shop, and integrates the various mandates of the land management agencies under one umbrella. The six key parts of the bill are: (1) restoring ecosystem integrity with clear direction and contracting mechanisms to carry out restoration; (2) concrete mechanisms for collaboration with communities to rebuild trust and move beyond confrontation; (3) monitoring by agencies and stakeholders to ensure accountability and corrective action based on lessons learned; (4) technical assistance and local enterprise development to rebuild forest infrastructure where jobs are most needed; (5) contracting and other authorities to stimulate local workforce capacity; and (6) applied research to benefit rural communities and businesses.

Community Needs: Community forestry workers are seeking support in the House for the ideas expressed in this legislative proposal. We have been working with forest industry groups, the Western Governor's, State Foresters, Counties, and environmental groups, and have found common ground in the interests of rural communities. We urge you to engage in this important discussion about how to generate the investment needed to have healthy forests and healthy communities.

5. Monitoring is Needed to Document Outcomes of Federal Forest and Fire Policies

Discussions about sustaining the economic benefits of the National Fire Plan, the effects of environmental laws on the ability to carry out forest management, and the need for investments in rural communities and forestry infrastructure, are complicated by the fact that the federal land management agencies perform very little

monitoring and evaluation of the outcomes of their programs. Studies of employment like the ones I previously cited are sponsored by the University of Oregon, with partial agency funding, but they are limited to the Pacific Northwest and therefore cannot provide an accurate picture of the job situation for the nation. Similarly, the agencies are not conducting ecological monitoring, except in the context of evaluating post-fire effects. Communities are extremely interested in monitoring, as the stewardship contracting pilot projects discovered, but the agencies are paralyzed by the challenges of conducting scientifically credible monitoring and utilizing multi-party groups for evaluation.

I will conclude by telling you about the important work of the National Community Forestry Center. The Center was started by the National Network of Practitioners four years ago in a groundbreaking effort to improve the well-being of communities and forests by helping rural people access, produce, and use information. The program was funded through a national competitive, peer-reviewed grant program administered by USDA Cooperative State Research, Education and Extension Service. The Center has played a key role in helping communities to monitor the National Fire Plan and to assess barriers to implementation. So far, more than 28 communities have partnered with the Center, resulting in over 60 publications and numerous workshops, newsletters, and Internet resources. Some of the facts I have raised in this testimony were derived from research that was carried out by the Center and its partners.

Community Needs: Communities value the Center because it builds capacity in communities and lets residents become the experts, instead of funding outside experts to come into the community and then take their knowledge away when the funding ends. Funding for the National Community Forestry Center will end in December 2004 and more support is needed to extend this innovative and successful effort.

SUMMARY AND CONCLUSIONS

1. The National Fire Plan had beneficial effects on forestry sector jobs and rural economies because of three key authorities and programs that Congress built into the plan. Unfortunately, two of these authorities were only temporarily authorized through Appropriations in 2001, 2002 and 2003, and the third received no funding in 2004. The temporary authorities that stimulated rural jobs in fuels reduction and restoration should be made permanent, and investment in marketing and utilization should be funded through an effective mechanism such as the Economic Action Program.
2. The claim that environmental laws are responsible for a decline in forest-related jobs has not been substantiated, and forest-dependent communities do not cite environmental laws as their number one problem. Congress should focus attention on the more pressing need to fund the agencies to implement fuel treatments and to provide consistently adequate funding for wildfire suppression.
3. Forest-dependent communities are struggling with poverty and high unemployment. Many communities have recognized that they can rebuild their capacity, become more self-reliant, and form local businesses that will put people to work in the forest industry. Yet, these small enterprises face tremendous barriers and need help from Congress to find permanent solutions.
4. Community forestry workers from western states have joined together with a range of other partners to outline a Community-Based Forest and Public Lands Restoration Act that address the problems facing forest-dependent communities. A broad coalition is forming and House members are urged to engage in the discussion about how to generate the investment needed for healthy forests and healthy communities.
5. Communities are extremely interested in monitoring the effects of federal forest policy, but the land management agencies are paralyzed by the challenges of conducting scientifically credible monitoring and utilizing multi-party groups for evaluation. The National Community Forestry Center has taken steps to monitor the National Fire Plan and to assess barriers to implementation. Funding will end in December 2004 and more support is needed to extend this critical resource for forest-dependent communities.

Mr. PEARCE. Ms. McCarthy, thank you for your testimony.
I recognize now Mr. Mims.

STATEMENT OF GERRY MIMS, GENERAL MECHANIC, SMURFIT-STONE CONTAINER CORPORATION'S PULP AND PAPER MILL, HODGE, LOUISIANA

Mr. MIMS. Good afternoon, Mr. Chairman, members of the Committee.

My name is Gerry Mims. I am employed as a general mechanic at Smurfit-Stone Container Corporation's Pulp and Paper Mill located in Hodge, Louisiana. I am a member of Local 5-1505 of Paper, Allied-Industrial, Chemical and Energy Workers International Union, a 14-year member of the Jackson Parish School Board, a landowner, and have been a leader in our region's Pulp and Paperworkers' Resource Council. I have worked closely with our mill's Wood Procurement Organization to understand the impact Federal policy is having on our industry.

First, I want to point out that our company and our mill at Hodge is a non-landowning company. We do not have a fee-based ownership from which to draw our supply of raw material but instead, we rely heavily on forest products grown on public and family forest lands. In Hodge, our procurement organization maintains the largest Cooperative Management Program in the State of Louisiana, with over 1,815 landowners. We provide forest management, plans, advice, wildlife information, and millions of trees for regeneration efforts. Our wood procurement operations are third-party certified in both ISO 4001 and the Sustainable Forestry Initiative Program of the American Forest and Paper Association.

The Kisatchie National Forest is located in nine parishes that are within the normal operating area of our mill fiber supply, approximately 40 to 80 miles from our facility. In the 1980's, we enjoyed a regular supply of pulpwood and sawmill residue chips from the forests and sawmills that received logs from these public lands. As a result of revisions to the forest plan to meet the Endangered Species Act, court directed edits for the red-cockaded woodpecker, the harvest levels dropped to 10 percent of their previous levels. In some years, there have been no harvests at all.

The result has been a number of sawmill closings, and our mill has had to go further out to replace the pulpwood at higher cost. The jobs at sawmills were not the only ones lost. The logging community and those that service those families suffered as well.

While Congress provided some assistance to the affected school districts that depended on the 25 percent revenue share, the net result has been reduced funding, both for the affected parishes and the further diluted State funding from other parishes.

The fallout from the loss of markets and logging capacity in the area sends a strong signal to the family forest owners about the risk of investing in future forest and the liability to them related to the ESA. What species will appear on the scene that will limit their right to harvest their investment? The ESA needs sensible reforms that protect jobs, communities, private property rights and species.

A new issue of regulation currently impacting landowners and loggers in southeastern Louisiana and presenting a serious threat to practicing forestry in forested wetlands throughout the South is application of Section 10 of the 1890 Harbors and Rivers Act by the New Orleans District of the Corps of Engineers.

The Corps is stopping logging by issuing cease and desist orders to landowners and loggers for not having a Section 10 Harbors and Rivers Act permit before conducting their forestry operations. In the 100 years that forestry has been practiced in these forested wetlands, there has never been a need or request for a Section 10 permit. The Corps has begun issuing these cease and desist orders within the last year without cause or reason for their actions.

Congress created the Harbors and Rivers Act in the 1890's to prevent navigable waters from being impeded by structures placed in or near these waters. The New Orleans Corps of Engineers stated that cutting trees and placing them before harvesting equipment to prevent rutting the soil is placing a structure in navigable waters that falls under their jurisdiction, requiring a permit. Past and present forest activities have no impact on navigable waters in the area, and the action by the Corps has no justification other than to demonstrate they have the power to affect the lives and livelihood of hardworking citizens.

On one particular tract on which the Corps has issued a cease and desist order, the Environmental Protection Agency issued a letter that a Clean Water Act permit was not required because it followed normal silvicultural practices. Not only is the Corps' threat of jail and heavy fines disconcerting to the landowners and operators—the Corps activity has a destabilizing impact on timber markets, prices, and the future of managing forested wetlands.

A cost estimate resulting from the Corps' latest actions approaches \$225,000 resulting from lost timber values to equipment down time to comply with the Corps' directives. If this issue is not resolved soon, the loss of timber supply and the higher costs of replacing the lost material will be felt throughout the timber industry.

We ask that Congress take action to limit this expansion of Corps regulation.

The Total Maximum Daily Load issue impacts over 3,000 stream segments in Louisiana alone. Most landowners and even the industry have little ability to analyze and comment on the real impact this issue could have on their lives. The potential for future regulation when the 5-year review comes forward is even greater, especially if the standard applied is not applicable to Louisiana.

The EPA requires a TMDL to be prepared for any pollutant that impairs a stream, bayou, river, or lake. The EPA or State Offices of Environmental Protection have the authority to regulate any activity along, adjacent, or near these impaired water bodies in an effort to meet the TMDL. Frequently, the standard for the TMDL is based on data collected from streams outside the affected area.

An example of this is the year-around 5 mg/liter standard for dissolved oxygen in streams. In Louisiana and in other Southern States, the summer heat and low water flow limits the dissolved oxygen to only 3 mg/liter, making streams out of compliance with no possibility of correcting the situation. TMDLs should be structured through use of attainability studies on a local level and implemented in a reasonable manner.

Forcing national standards on local situations increases the likelihood that forest industries will have to close because they will not be able to meet the TMDL requirement.

Thank you for the opportunity to present my remarks.
 [The prepared statement of Mr. Mims follows:]

**Statement of Gerry Mims, General Mechanic,
 Smurfit-Stone Container Corporation's Pulp & Paper Mill**

My name is Gerry Mims. I am employed as a General Mechanic at Smurfit-Stone Container Corporation's Pulp and Paper Mill located in Hodge, Louisiana. I am a member of Local 5-1505 of Paper, Allied-Industrial, Chemical and Energy Workers International Union (PACE), a fourteen-year member of Jackson Parish School Board, a landowner and have been a leader in our region's Pulp and Paperworkers' Resource Council (PPRC). I've worked closely with our Mill's Wood Procurement Organization to understand the impact Federal Policy is having on our industry.

First, I want to point out that our company and our mill at Hodge is a non-landowning company. We do not have a fee-based ownership from which to draw our supply of raw material, but instead, we rely heavily on forest products grown on public and family forestlands. In Hodge, our procurement organization maintains the largest Cooperative Management Program in the State of Louisiana, with over 1,815 landowners. We provide forest management, plans, advice, wildlife information and millions of trees for regeneration efforts. Our Wood Procurement Operations are third-party certified in both ISO 4001 and the Sustainable Forestry Initiative (R) Program (SFI) of American Forest and Paper Association (AF&PA).

The Kisatchie National Forest is located in nine parishes that are within the normal operating area of our mill fiber supply, approximately 40 to 80 miles from our facility. In the 1980's, we enjoyed a regular supply of pulpwood and sawmill residue chips from the forest and sawmills that received logs from these public lands. As a result of revisions to the Forest Plan to meet Endangered Species Act (ESA) court-directed edicts for the red-cockaded woodpecker, the harvest levels dropped to 10% of their previous levels. In some years, there have been no harvests at all. The result has been a number of sawmill closings, and our mill has had to go further out to replace the pulpwood at higher cost. The jobs at sawmills were not the only ones lost. The logging community and those that service those families suffered as well. While Congress provided some assistance to the affected school districts that depended on the 25% revenue share, the net result has been reduced funding, both for the affected parishes and the further diluted state funding from the other parishes.

The fallout from the loss of markets and logging capacity in the area sends a strong signal to the family forest owners about the risk of investing in future forests and the liability to them related to the ESA. What species will appear on the scene that will limit their right to harvest their investment? The ESA needs sensible reforms that protect jobs, communities, private property rights and species.

A new issue of regulation currently impacting landowners and loggers in southeastern Louisiana and presenting a serious threat to practicing forestry in forested wetlands throughout the South, is application of Section 10 of the 1890 Harbors and Rivers Act by the New Orleans District of the Corps of Engineers.

The Corps is stopping logging by issuing Cease and Desist Orders to landowners and loggers for not having a Section 10, Harbors and Rivers Act permit before conducting their forestry operations. In the 100 years that forestry has been practiced in these Forested wetlands, there has never been a need or request for a Section 10 permit. The Corps has begun issuing these Cease and Desist Orders within the last year without cause or reason for their actions.

Congress created the Harbors and Rivers Act in the 1890s to prevent navigable waters from being impeded by structures placed in or near these waters. The New Orleans Corp of Engineers states that cutting trees and placing them before harvesting equipment to prevent rutting the soil is placing a structure in navigable waters that falls under their jurisdiction, requiring a permit. Past and present forest activities have no impact on navigable waters in the area, and the action by the Corps has no justification other than to demonstrate they have the power to affect the lives and livelihood of hardworking citizens.

On one particular tract on which the Corps has issued a Cease and Desist Order, the Environmental Protection Agency (EPA) issued a letter that a Clean Water Act permit was not required because it followed normal silvicultural practices. Not only is the Corp's threat of jail and heavy fines disconcerting to the landowners and operators, the Corps activity has a destabilizing impact on timber markets, prices, and the future of managing forested wetlands.

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directives. If this issue is not resolved soon, the loss of timber supply and the higher costs of replacing this lost material will be felt throughout the forest industry.

We ask that Congress take action to limit this expansion of Corps regulation.

The Total Maximum Daily Load (TMDL) issue impacts over 3,000 stream segments in Louisiana alone. Most landowners, and even the industry, have little ability to analyze and comment on the real impact this issue could have on their lives. The potential for future regulation when the five year review comes forward is even greater, especially if the standard applied is not applicable to Louisiana.

The EPA requires a TMDL to be prepared for any pollutant that impairs a stream, bayou, river or lake. The EPA or state Offices of Environmental Protection have the authority to regulate any activity along, adjacent or near these impaired water bodies in an effort to meet the TMDL. Frequently, the standard for the TMDL is based on data collected from streams outside the affected area.

An example of this is the year-round five mg/liter standard for dissolved oxygen in streams. In Louisiana and other southern states, the summer heat and low water flow limits the dissolved oxygen to only three mg/liter, making streams out of compliance with no possibility of correcting the situation. TMDL's should be structured through use attainability studies on a local level and implemented in a reasonable manner.

Forcing national standards on local situations increases the likelihood that forest industries will have to close because they won't be able to meet the TMDL requirement.

Thank you for the opportunity to present my remarks.

Mr. PEARCE. Thank you, Mr. Mims.
Ms. Doyon?

**STATEMENT OF CASSANDRA DOYON, OWNER, ROCKY MOUNTAIN
TIMBER PRODUCTS AND DOYON LOGGING,
DEL NORTE, COLORADO**

Ms. DOYON. Mr. Chairman and members of the Subcommittee, thank you for the opportunity to speak with you today.

My name is Cassandra Doyon. I am co-owner of Rocky Mountain Timber Products and Doyon Logging in Del Norte, Colorado. My husband Richard and I ventured into sawmilling in 2003 as a means to continue working in the woods.

Rocky Mountain Timber Products was born out of five mill closures in Colorado, New Mexico, and Wyoming. For 20 years, our logging company supplied raw material to a number of production mills. Since no one was left to buy our forest products, we decided to open a mill of our own in June of 2003, that employs a total of 19 people.

Del Norte is located in the San Luis Valley, a rural area where good jobs are scarce, and the jobs we provide are significant. We are always looking for innovative ways to better use byproducts and add value to our business. We waste nothing. Everything that comes into our mill leaves as a product. We see ourselves as what we hope is an emerging restoration industry. We provide a service to the forest, land managers, and consumers while improving forests for all values—forest, health, wildlife, and watershed.

The wood products industry in much of the Western United States lacks the ability to carry out large-scale restoration projects. We have lost most of the infrastructure to process small-diameter and underutilized trees. Small companies might not accomplish large landscape objectives quickly, but we can build the lost capacity if we are given a chance.

Colorado and other States with forest health issues need businesses like ours to serve as a management tool and to provide jobs,

a tax base, and products. Let me illustrate some of the reasons that led to this lack of infrastructure.

First is the need for U.S. Forest Service projects. The most accessible wood and the forests in need of restoration are right in our back yard, and the land is Federal. We need the Forest Service to be consistent. The agency talks about lots of projects to meet National Fire Plan objectives, but not many have materialized. This has a great impact on communities and businesses like ours.

A second is poor-quality material. Restoration is not only about removing sick trees, it involves managing for diversity and size and age classes while maintaining the integrity of ecosystems. We need this diversity and integrity for our business, too.

A third is international competition. Other countries are simply out-competing us. They can bring in finished products cheaper than we can produce rougher products.

Fourth is regulations. We welcome regulations that make doing business safer. In fact, worker safety and health is a top priority in our business. Workman's compensation and insurance costs continue to climb each year, yet our profit margins continue to shrink. We need flexibility and training to better implement OSHA rules.

Fifth is training. We and the U.S. Forest Service could use training opportunities that show us each how to do a better job with the new contracts that are coming out. We need help on how to prepare a successful bid package; they need training on how to factor in the risks, constraints, and costs for small businesses like ours.

On rebuilding infrastructure, I would like to make a few suggestions that would help support the establishment of forest product businesses like ours.

First, consistent program of work—the Forest Service must be a consistent and predictable supplier of material. Our business planning depends on being able to predict where our supply of wood will come from each year, and we need accurate, reliable information. We are not asking for industrial forestry—we want restoration work.

Second, utilize stewardship contracting. These authorities could help meet some of our predictability needs for planning and investment. Restoration projects for several thousand acres over 5 years would allow us to work with the markets and meet a number of land management objectives.

Issues remaining over the agencies' ability to commit to longer-term contracts. They need help figuring out how to make these projects available without putting all the financial risk on the operator.

Third, the Healthy Forests Initiative—the Healthy Forests Restoration Act calls for two provisions in addition to getting work done that are very important to communities—local collaboration through the development of community wildfire protection plans and multi-party monitoring. We want to make sure that communities have the capacity and resources to both develop these plans and assess the accomplishments and effects of fuels reduction programs.

Fourth, flexibility—operators and Forest Service staff need to work together on those projects closely to achieve these objectives and make the projects financially feasible. Seasonal closures and

operating restrictions often leave only several months a year to get equipment moved in and work done. But there are many opportunities to be more flexible about those closures.

Fifth, treat the landscape. The Forest Service and partners should look at the needs of their landscape—fire risk, habitat, watershed, et cetera. Priority should be placed on managing those areas that are at greatest risk and that have the highest ecological values. Priorities should not be artificially constrained by what is in the wildland urban interface. Forests should combine objectives for restoration, fuels reduction, and timber sales.

Sixth, rural community assistance. The Forest Service has provided technical and financial assistance to small companies through its rural community assistance program. We would like to see this program strengthened in order to help companies in rural communities identify new technologies and marketing strategies. Without the financial and technical support of our Four Corners Sustainable Forests Partners, the U.S. Forest Service, and the Colorado State Forest Service, our mill would not be in place today.

I would urge Congress to implement mechanisms to increase investment in and support for small business development and to increase congressional oversight of trade practices to protect local industry from global markets.

In closing, I would just like to say that a little common sense would help in terms of improving our national forests and preserving forest-based businesses like ours. The demand, technology, and raw materials are available. We see ourselves as partners with the U.S. Forest Service, the public, and the land.

Thank you again for this opportunity.

[The prepared statement of Ms. Doyon follows:]

**Statement of Cassandra Doyon, Owner,
Rocky Mountain Timber Products & Doyon Logging**

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to speak with you today. My name is Cassandra Doyon. I am co-owner of Rocky Mountain Timber Products and Doyon Logging in Del Norte, Colorado. My husband Richard and I ventured into saw milling in 2003 as a means to continue working in the woods. Rocky Mountain Timber Products was born out of five mill closures in three states over the last five years. For twenty years, our logging company supplied raw material to a number of production mills: U.S. Forest Industries, South Fork, Colorado; Rio Grande, Espanola, New Mexico; Louisiana Pacific mills in Olathe and Walden, Colorado, and Saratoga, Wyoming. In 2001, we purchased a log loader with the help of the Four Corners Sustainable Forests Partnership in order to supply material to Saratoga, Wyo., by rail. This mill stopped buying material in late 2002.

Since no one was left to buy our forest products, we decided to open a mill of our own. In June of 2003, after two years of research into equipment, markets, costs, and other planning, we purchased a 1970 Circle Saw Mill in Utah and brought it to Colorado. We employ ten people at the mill and seven people remain on our logging crew in addition to Richard and myself. Del Norte is located in the San Luis Valley, and has a population of approximately 1700. The San Luis Valley is a rural area where good jobs are scarce, and the jobs we provide are significant. We also contract with several trucking outfits. At this point, we are primarily producing dimensional lumber and beams. We have just added a Planer. This allows us to produce tongue and groove products as well as house logs. We are always looking for innovative ways to better use of byproducts and add value to our business.

We waste nothing, as everything that comes into our mill leaves as a product. The bark, shavings, and sawdust all end up as mulch or animal bedding either on farms in the San Luis Valley or with Renewable Fiber, a newly formed animal bedding company, near Denver. The creation of this small operation has required over \$600,000 in start-up capitol. We have received a small amount of assistance from

the Four Corners Partnership and the U.S. Forest Service Economic Action Programs via the Rio Grande National Forest. The rest has required a great deal of personal financial risk on our part and our bankers unwavering trust.

We have projected that our mill will need about 3 to 4 million board feet of logs per year to break even. Our raw material is primarily sourced from thinning and restoration work on private land in New Mexico, 120 miles away. We handle most local species: spruce, white fir, ponderosa pine, and aspen. Most of the wood we handle is small diameter and timber of low quality. Fortunately, the private land we work on does have a few larger trees that need to be removed for restoration too. These higher value trees help us cover the costs of our restoration work and make the business economically viable. We must have a variety of size classes to make the mill work. A few larger trees can make it worthwhile to restore a forest and take away the small trees that are the big problem. This does not mean we are looking only for large trees or to high-grade forests. We see ourselves as part of what we hope will be an emerging "restoration industry" providing a service to the forest, land managers, and consumers. Our business is designed to help improve forests for all values—forest health, wildlife, watershed, and others while also producing products that people want. According to a study conducted by Dr. Denny Lynch at Colorado State University in 2001, 95% of the wood product used by Coloradans comes from out of state. This should not be the case.

Before the production mills closed we had no need to personally buy federal timber sales. Companies like U.S. Forest Industries would purchase timber sales and then contract with logging companies like ours to bring the wood to the mill. This was good for us because the mill bore the risk involved with markets and the costs involved with bonding. Now we are both the logger and the mill. We now have entered the very complex world of bidding on federal projects.

For our mill to be successful, we will have to perform restoration activities on and timber contracts from surrounding National Forests. Yet, we have not been the successful high bidder to date for national forest timber sales.

The Rio Grande National Forest planned to sell salvage sales of trees killed in the Million fire in June 2002. However, 20 months after the fire, the Rio Grande National Forest still does not have a Decision Notice for that project, let alone sell any of the dead trees that are quickly deteriorating. There is a similar situation on the San Juan National Forest, also in our working circle. The Missionary Ridge fire burned 75,000 acres. Their EIS proposed to manage only a few thousand acres in well-roaded areas. Last week, a federal judge issued an injunction on this project. The wood will not be viable after this summer. The aspen alone in that rehabilitation effort (approximately six million board feet) would have run a small mill for an entire year. We hope that the National Forests in our area will be able to offer more consistent access to projects that can provide raw materials. We also hope they will start to offer stewardship contracting opportunities. We appreciate the "best value contracting" provisions in stewardship contracting, which allow the agencies to consider factors other than low bid. Being a local business with a good record of quality performance would give us a better chance at winning a project. As it stands, timber sales are awarded to the high bid and service contracts are awarded to the lowest bid.

Summary of Issues

The wood products industry in the western United States lacks the ability to carry out large-scale restoration projects. The infrastructure to process small-diameter and underutilized trees generally does not exist, or is economically infeasible given low product values. In many regions, the lack of a consistent material supply from public lands hinders contractors' ability to invest in the necessary equipment.

Several years ago when Richard and I began to realize that what little infrastructure was left in our region would be gone soon, we felt hopeless. Our employees are like family and our love of forests and forestry is generational. There are literally thousands of acres just in our county that are in need of restoration and many have already been impacted by insects, disease, and fire. We have taken a huge personal risk in order to continue playing a role in restoring our forests and hopefully continuing our livelihood. The deeper we get into this new business the more apparent it becomes as to why many don't make it. I would venture that a small restoration oriented mill in the West is probably one of the most disadvantaged businesses there is. Let me offer just a few examples that illustrate this:

- Need for U.S. Forest Service Projects: Most of our counties are 75 percent or greater federal land. While we can get some private land work, the largest need for restoration is not on private land. The most accessible wood and the forests in need of restoration are right in our back yard and the land is federal. For small business like ours, hauling distances make a critical financial difference.

Even a small program of timber sales and thinning projects would make our businesses more viable. But, they must be consistent. There is no predictability in what to expect from any of the National Forests. The agency talks about lots of projects to meet National Fire Plan objectives but not many have materialized. We want to restore our national forests. They are our backyard and we want them to be there for generations to come.

- An agency burdened: The Forest Service seems very weighed down by a jumble of confusing and often conflicting policies and rules. While we do not blame them entirely, the result is that not a whole lot gets done in terms of tangible projects.
- Poor Quality material: Most of the trees we get to make our products are low quality. Much of our forests are suffering from insects, disease and overcrowding. This results in the types of fires we have seen over the last few years. So, in typical restoration projects, we have to cut and handle a lot of low-quality trees. We also try to cut a few good ones in order to do well in our local markets and make the economics work. There is still a lot of uncertainty and risk for small enterprises like ours trying to make any profit while conducting restoration work.
- International Competition: Canada, Mexico, Chile and other countries are simply out-competing us. They can bring in finished products cheaper than we can produce rougher products. Freight costs are about the only advantage we have.
- Regulations: We welcome regulations that make doing business safer. In fact, workers safety and health is a top priority in our business. But again the playing field seems unlevel for our type of business. Our business is considered risky so workman's compensation and insurance costs continue to climb each year, yet our profit margins continue to shrink. Meeting these costs is particularly difficult for a small enterprise like ours. We need flexibility and training to better implement OSHA rules. Big fines would shut us down for good. We need training programs and help in complying with the many rules that apply for our type of operation.
- Training: We and the U.S. Forest Service could use training opportunities that show us each how to do a better job with the new hybrid contracts that are coming out. We need help on how to prepare a successful bid package for a stewardship contract. There are so many factors and risks involved with federal contracts. They need training on how to factor in the constraints and costs for small businesses like our workman's comp costs, Davis-Bacon wage requirements, etc. I am attending a workshop for bidders in Durango, Colo., later this week sponsored by the Four Corners Partnership and Colorado State Forest Service. Hopefully, this will be a start.

Federal Policy Initiatives

As you can see there are many factors that affect a business like ours, but I am going to focus my comments on those policies and issues under the purview of this committee.

It is difficult to keep track of the many federal policies and regulations that ultimately result in very little management on public lands. For an outside observer, federal agencies seem continually running from one new initiative to the next, trying to adapt, but essentially being ineffective. In Region 2 of the Forest Service, the budget has increased over the last few years each year but actual projects on the ground have continued to decline. Just in the last few years we have seen the Roadless Area Initiative, reintroduction of Lynx, an emphasis on Management Indicator Species, new National Forest Planning rules, the National Fire Plan, Stewardship Contracting and now the Healthy Forests Initiative. Each of these things is absolutely important and could have positive implications for the betterment of our forests. But, they seem to only add to the confusion and internal conflict of Forest Service staff. The Agency seems to get whipped around, and in the end, they get very little done. The Forest Service does not suffer, but the communities and businesses like ours certainly do. The fires continue to burn at unnatural levels, forest health declines, and we are unable to keep our businesses viable.

As I mentioned, we have lost virtually the entire forest and wood products infrastructure in our area. We need to rebuild an infrastructure—a skilled workforce and business enterprises—if the critical work of restoring healthy forest ecosystems is to be accomplished. We also need to create innovative, value-added enterprises to use the byproducts of this restoration work, if we are to establish a viable and appropriate economy. From what we have seen, the greatest opportunity to start building this infrastructure is with small entrepreneurial companies like ours looking for a market niche. Small companies might not accomplish large-landscape objectives quickly, but we can build capacity, begin doing the important work, and

start building trust and lessons... if we are given a chance. Colorado and other states with forest health issues need businesses like ours to serve as a management tool and to provide jobs, a tax base, and products. We are small but we are also a real part of our community. If we go out of business our area has not only lost good jobs, but also the land manager has lost an important tool.

I would like to make a few suggestions that would help support the establishment of forest product businesses, like ours:

1. Consistent program of work— We do not expect a guaranteed supply. However, the Forest Service must be a consistent, predictable supplier of material. Our business planning depends on being able to predict where our supply of wood will come from each year, and we need accurate reliable information from the Rio Grande and San Juan National Forests. Each Forest should be able to make a mix of projects that include multiple objectives for restoration available each year. For example, a forest could provide a thousand acres a year of pine restoration work that are more like traditional timber sales, two service contracts for various restoration activities that have little to do with product removal, and treatments to create one hundred acres of aspen restoration. If a Forest would combine their objectives for restoration, fuels reduction and timber sales, this would be possible. We are not asking for industrial forestry, we want restoration work. The traditional approach to management used by the Forest Service won't work today.
2. Utilize Stewardship Contracting—Stewardship Contracts open new opportunities for meeting forest plan objectives for the National Forests. Now that the stewardship contracting authorities have been expanded from the pilot program, this should be possible. This would help meet some of our predictability needs for planning and investment. If we have several thousand acres to manage over five years, it would allow us to work with the markets, meet a number of land management objectives for the agency, and allow us to reduce the enormous risks we have, and the Agency would get quality work. Issues remain over the agencies ability to commit to longer-term contracts due to annual appropriation limits and other complications. They need help figuring out how to make these projects available without putting all the financial risk on the operator.
3. Healthy Forests Initiative—To truly have a healthy forest initiative, the Administration and Congress need to fund restoration work, and to help small local business stay in business. Ecologically our forests are out of balance, we need to put that balance back, and we need an infrastructure of people who can do it. We are excited about the possibility that this legislation will help reduce the risk of fires and insect epidemics on the Rio Grande and San Juan National Forest, and we are hopeful that these National Forests will be able to implement projects quickly that we can bid on. The Healthy Forest Restoration Act (H.R. 1904) calls for two provisions that are very important to communities, and therefore to local small businesses like ours: local collaboration through the development of community wildfire protection plans, and multiparty monitoring. Multiparty monitoring processes measure not only ecological but also social and economic effects and include different stakeholders. We want to make sure that communities have the capacity and resources to both develop their community wildfire protection plans through collaborative processes, and assess the accomplishments and effects of the implementation of this hazardous fuels reduction program. There is a need for federal officials and local stakeholders, including potential contractors and workers to receive training on how to do collaboration at the local level. Collaboration is not something that can be done or designed by the federal agencies alone. Considerable experience has been gained on how to develop collaborative efforts through existing authorities for stewardship contracting pilots, the Collaborative Forests Stewardship Program in New Mexico, and the Secure Rural Schools and Community Self-Determination Act. In the elaboration of community wildfire protection plans, sufficient levels of funding should be allocated to ensure that up-front collaboration and multiparty monitoring are a reality in rural America.
4. Flexibility—Today's timber sales and service contracts are an opportunity to improve forest health, reduce fire risks, improve habitat, rehabilitate roads, etc. They aren't yesterday's efforts to get out the cut. Operators and Forest Service staff need to work together on those projects closely to achieve these objectives and make the projects financially feasible. Seasonal closures and operating restrictions often leave only several months a year to get equipment moved in and work done. But there are many opportunities to be more flexible about those closures, especially if say the closure is for winter recreation and we have no snow.

5. Treat the Landscape—The Forest Service and partners should look at the needs of their landscape: fire risk, habitat, watershed, etc. Priority should be placed on managing those areas that are at greatest risk and that have highest ecological values. Priorities should not be artificially constrained by what is in the wildland urban interface. The National Fire Plan seemed to bring more equipment, staff, prescribed burning, and hydro axing but very little in terms of actual thinning and restoration projects. The Healthy Forest Initiative seems to provide opportunity for a local collaborative process to identify and prioritize restoration projects for implementation.
6. Rural community assistance—Small, innovative enterprises like ours, trying to develop a niche in doing forest restoration could use some help. The Forest Service has provided technical and financial assistance to small companies through its rural community assistance program. We would like to see this program strengthened in order to help companies in rural communities to identify new technologies and marketing strategies to become successful. We have personally benefitted from these programs via both the Rio Grande and the Four Corners Sustainable Forests Partnership. The grants we received from Four Corners made our mill operation possible. We have also received a lot of technical assistance through utilization and marketing experts jointly funded by those U.S. Forest Service Programs and Colorado State Forest Service.

I would urge Congress to implement mechanisms to increase investment in and support for small business development, and to increase congressional oversight of trade practices to protect local industry from global markets.

Thank you again for this opportunity.

Mr. PEARCE. Thank you, Ms. Doyon.
Mr. Lovett?

STATEMENT OF DALE LOVETT, SPECIAL PROJECTS COORDINATOR AT LARGE, PULP AND PAPERWORKERS' RESOURCE COUNCIL, WICKLIFFE, KENTUCKY

Mr. LOVETT. Good afternoon, Mr. Chairman.

My name is Dale Lovett. I am a Special Projects Coordinator for the Pulp and Paperworkers' Resource Council. I am a 20-year employee at the MeadWestvaco Corporation's mill in Wickliffe, Kentucky, and I am a proud member of the Paper, Allied-Industrial, Chemical and Energy Workers International Union.

I want to begin by thanking the Chairman for extending the invitation to share our concerns about our industry today. The PPRC takes great pride in having established a credible reputation for helping work through many environmental issues, and we are privileged to have our voice heard by our Nation's leaders.

As I began to gather my thoughts about what to say today, I could not help but remember what the early members of the PPRC were told during their first visit to Washington. They were told by a Congressman, and I quote: "If you people had half a brain, you would go home and find yourselves a new line of work, because in the next 10 years, we are going to shut down all heavy industry in this country." Well, I guess the good Congressman did not realize that papermakers do not have half a brain—we have whole brains, and we are still here. We are still coming back.

Over the last decade, our industry has made tremendous investments in our mills to stay competitive, and we still pay 20 percent more in salaries than manufacturing in other leading nations we compete with. That is something when you take into account the rising cost of litigation we face, our escalating health care costs, excessive environmental regulation, overtaxation when compared to

competing nations, and the trade barriers and other protective policies practiced by foreign governments.

Despite all that, for the most part, we still out-compete our competitors. With great pride, I can tell you the American worker is still the most productive worker in the world. It is just that the cost of doing business in America is higher than it is everywhere else.

But we are seeing the effects of our domestic pressures in the global economy now. We have lost around 3 million manufacturing jobs in the last 3 years with the closure of paper mills and other manufacturing sector operations across the U.S. And over the last decade, we have gone up against many obstacles that have threatened our existence. I have some brief examples of how attempts to change public policy and regulation have posed considerable risk to the competitiveness of my industry.

In the early nineties, our industry entered into a working relationship with the EPA to develop new regs concerning both the air and water emissions from bleached pulp and paper mills. But when the 1993 proposal was released by the EPA, we were faced with the possibility of having to adopt methods that would cost the industry \$11.5 billion, shutter 33 mills and eliminate 86,000 jobs. I am glad to have been a small part of the solution that resulted in the EPA resulting recommendations that achieved the original goal but only cost \$2.8 billion.

In the mid-nineties, an anti-forestry referendum was put on the ballot in the State of Maine that would have essentially ended the practice of forestry there if passed. This ballot measure proved costly. While public opinion ultimately decided that forestry is necessary and beneficial, the numerous campaigns we waged to defeat these measures diverted precious capital that could have otherwise been spent on plant upgrades or other efforts to make our mills more competitive. After the election, a newspaper reported one of the referendum supporters as saying, "It is really not that important the ballot initiative did not pass. If we can make investors wary of coming to Maine for the sake of timber, we have won our battle."

In 1999, once again, the EPA set its sights on escalating another regulation with its revision to the Clean Water Act's TMDL regulation. The major flaw in this reg was its intention to designate forestry as a point source for runoff into our streams and rivers. They wanted to make "forestry" the same as a sewer pipe.

If implemented as originally intended, this reg would have required Federal permits prior to any type of silviculture activity on private property, thus increase our costs, causing administrative delays, and subjecting sound, sustainable forestry to potential legal challenges.

PPRC members and many of our friends from all across the Nation attended public hearings concerning this matter, and the outcry forced the Administration to withdraw one of the forestry provisions due to lack of public support and from broad bipartisan opposition on Capitol Hill.

The PPRC and PACE, my union, have worked together with this industry on these efforts, and we are very much united concerning

these issues. Win or lose, on each and every issue we take on, we have to stay in the arena during the years ahead.

There is no single piece of legislation that can address all of our problems, but there are some things we can do that will make a difference.

I think the most important thing we can do is to recognize that making environmental improvements as dictated by our Government adds to the bottom line. And the cost of manufacturing in the United States is rising sharply in large measure because of costs related to regulation.

I believe that we have to change the way we look at industrial processes and change the way we look at writing regulations that reduce all emissions. To build flexibility into meeting regulatory mandates would be a good beginning. Allowing those who understand the operations of a facility to develop ways to meet our environmental goals without mandating the fix could pay dividends beyond imagination.

Americans have a knack at being innovative, we really do. It is the single thing that has made us what we are today. Please help us keep America strong by helping us maintain our competitiveness in the global economy.

Thank you, sir.

[The prepared statement of Mr. Lovett follows:]

**Statement of Dale Lovett, Special Projects Coordinator at Large,
Pulp & Paperworkers' Resource Council**

Good afternoon, Mr. Chairman. My name is Dale Lovett. I'm a Special Projects Coordinator for the Pulp & Paperworkers' Resource Council (PPRC) and a twenty-year employee at the MeadWestvaco Corporations' Papers Group mill in Wickliffe, KY, and a proud member of the Paper, Allied-Industrial, Chemical and Energy Workers International Union.

I want to begin by thanking the Chairman for extending the invitation to share our concerns about Americas Forest Product Industry. The PPRC takes great pride in having established a credible reputation for helping work through many environmental issues, and we're privileged to have our voice heard by our nation's leaders.

As I began to gather my thoughts about what to say today, I couldn't help but remember what the early members of the PPRC were told during their first visit to Washington. They were told by a Congressman, and I quote, "If you people had half a brain you would go home and find yourself a new line of work, because in the next ten years we're going to shut down all heavy industry in this country." Well, I guess the good Congressman didn't realize papermakers don't have half a brain, we have whole brains. And we're still here.

Over the last decade our industry has made tremendous investments in our mills to stay competitive, and we still pay 20 percent more in salaries than manufacturing in other leading nations we compete with. That's something when you take this into account the rising cost of litigation we face, escalating health care costs, excessive environmental regulation, over-taxation when compared to competing nations, and the trade barriers and other protective policies practiced by foreign governments. Despite all of that, for the most part, we still out-compete our competitors. With great pride, I can tell you the American worker is still the most productive worker in the world and, coupled with our wealth of natural resources in America, we're still holding on. But we're not sure how much longer we can hold on, without some relief.

We're now seeing the effects of our domestic pressures in the global economy. We've lost three million manufacturing jobs in the last three years with the closure of paper mills and other manufacturing sector operations across the U.S. We need to recognize that in the world marketplace we're going to have to size up our ability to compete...looking at the added costs we pay.

Over the last decade we've went up against many obstacles that have threatened our existence. I have some brief examples of how attempts to change public policy and regulation have posed considerable risk to the competitiveness of my industry.

- In the early 90's our industry entered into a working relationship with the EPA to develop new regulations concerning both the air and water emissions from bleached pulp & paper mills. But when the 1993 proposal was released by the EPA, we were faced with the possibility of having to adopt methods that would cost the industry 11.5 billion dollars, shutter 33 mills, and eliminate 86,000 jobs. I'm glad to have been a small part of the solution that resulted in the EPA adopting recommendations that achieved the original goal but only cost \$2.8 billion.
- In the mid-nineties, an anti-forestry referendum was put on the ballot in the state of Maine that would have essentially ended the practice of forestry there, if passed. This ballot measure, proved costly. While public opinion ultimately decided that forestry is necessary and beneficial, the numerous campaigns we waged to defeat these measures diverted precious capital that could otherwise have been spent on plant upgrades or other efforts to make our mills more competitive. After the election, a newspaper reported one of the referendum supporters as saying, "It's really not that important the ballot initiative didn't pass. If we can make investors wary of coming to Maine for the sake of timber, we've won our battle."
- In 1999, once again the EPA set its sights on escalating another regulation with its revision to The Clean Water Act's TMDL regulation. The major flaw in this reg. was its intention to designate forestry activity as a "point source" for run off into our streams and rivers. They wanted to make "forestry" the same as a sewer pipe. If implemented as originally intended the regulation would have required federal permits prior to any type of silviculture activity on private property. Thus increasing costs, causing administrative delays and subjecting sound sustainable forestry to potential legal challenges. PPRC members and many of our friends from all across the nation attended public hearings concerning the matter and the outcry forced the Administration to withdraw the regulation due to the lack of public support and from broad bipartisan opposition on Capitol Hill.
- More recently we've been dealing with the EPA's New Source Review permit program for industrial air emissions. Under NSR, many simple process changes or routine maintenance that could reduce emissions and improve efficiency has been avoided because they might trigger violations. Think about it, anytime you have a regulation that's over 4,000 pages long and is open to interpretive guidance, nothing is certain. If we have to wait for a permit to be issued from the federal government before implementing a change, we were looking at an 18 month window just to get the ok. I am glad to report that we support the latest efforts to reform NSR and have worked tirelessly the past few years to help build the momentum needed to initiate the necessary changes.

The PPRC and PACE, my union, have worked together with this industry on these efforts and we are very much united concerning these issues. Win or lose on each and every issue we take on, we have to stay in the arena during the years ahead.

There is no single piece of legislation that can address all of our problems. But there are some things we can do that will make a difference.

The most important thing we can do is to recognize that making environmental improvements as dictated by our government, add to the bottom line. And the cost of manufacturing in the United States is rising sharply, in large measure because of costs related to regulations.

I believe we have to change the way we look at industrial processes and change the way we look at writing regulations that reduce all emissions. To build flexibility into meeting regulatory mandates would be a good beginning. Allowing those who understand the operations of a facility to develop ways to meet our environmental goals without mandating the fix, could pay dividends beyond imagination. Americans have a knack at being innovative. It's the single thing that has made us what we are today. Please help us keep America strong, by helping us maintain our competitiveness in the global economy.

Thank You.

Mr. PEARCE. I thank each of you for your presentation and your compelling thoughts. Each one of you had something that really struck me—the fact that the good intentions of the environmental community do not always have good outcomes—the alcoholism, the child abuse, and the other problems that you have mentioned, Mr. Squires; and Ms. Barber, reminding us that all the dots do have

names, and all have outcomes in their personal lives; Ms. McCarthy, for bringing some balance to make sure that our discussions do not become too animated in the need to create jobs, that we do need to reach the balance in this equation; and Ms. Doyon, for your thoughtful suggestions and the reminder, which I find particularly insightful, that we burn our forests and then we refuse to cut them down and use them for useful products, that even then, we would prefer as a regulatory society to watch them rot in the forest; and Mr. Lovett, for that half-brain and tenacity you bring to the equation, thank you very much.

Mr. Inslee has come in and has declined the opening statement.

I will start off the questions, and then we will recognize members of the Committee.

Ms. McCarthy, I just need to make an entry into the testimony to give some balance. You quoted a GAO statistic that is somewhat different from those I find that was abnormally low in the number of appeals that are filed. The records I show are that 59 percent of the eligible forest-thinning projects in the U.S. are appealed—they were appealed in 2001 and 2002. Additionally, 52 percent of eligible forest-thinning projects proposed near communities in the wild and urban interface were appealed in Fiscal Years 2001 and 2002. Environmental appeals were found to be overwhelmingly without merit, with 161 of 180 challenges being thrown out in the same Fiscal Year 2001 and 2002 period. The appeals delayed thinning projects by at least 120 days cumulatively in 2001 and 2002.

Clearly, I think the GAO would agree that the appeals have a major impact on this whole discussion of fuels reduction and the jobs that we have created.

I think at this point, I will recognize other members on the Committee for questions and come back to the Chairman for questions at the end of the time.

Mr. Pombo?

Mr. POMBO. Thank you very much.

It is interesting to hear this testimony. In the years that I have been involved with this and watched what has happened in California with our timber industry and our timber mills, one of the things that I have heard for the last 15 years is that when we lose jobs in the timber industry, we will just retrain and bring in other industries.

I have always found that a little bit preposterous to hear people make that suggestion, because most of the timber-dependent communities that they like to talk about are extremely remote, with a few thousand people who live there, and the people who do live there for the most part, if they have a higher education, it is in the forest industry, something that would help them with their business and with their chosen profession, and the thought of bringing a high-tech company into a community with a few hundred people in it, none of whom are educated as computer engineers or computer scientists, really points out how little thought they have given to what the problems truly are.

Unfortunately, a lot of your stories we have heard before; they are not unique. They are from people from other parts of the

country, from other forests, who have gone through the same challenges and the same problems that you have.

Our effort as a Congress, as a committee, has been to strengthen and restore the jobs in our timber-dependent communities and to bring those resources onto market.

I want to ask Ms. Doyon a question on competition. You said that your business was the result of five other timber mills closing. Are there no other timber mills in your area that are currently operating?

Ms. DOYON. Not in Rio Grande County, but in adjoining counties, there are two other small mills.

Mr. POMBO. Comparable in size to yours?

Ms. DOYON. We just got started in June of 2003, so we are still in the process of putting everything together, and they have been established already, so I do not know what their capacity is.

Mr. POMBO. How big of a tree are you set up to take now?

Ms. DOYON. Do you mean diameter?

Mr. POMBO. Yes.

Ms. DOYON. We can take any size diameter. We have a shaver so we can make shavings, so we can go from small to whatever large diameter we bring in.

Mr. POMBO. If you have two or three small operations in your immediate area, you really do not have a lot of competition there; there are not a lot of choices that the timber companies have as to where the logs go.

Ms. DOYON. Right. There are no more big mills in our area to take the timber to; there are just a few small ones, and that is it. There is no place for the wood to go.

Mr. POMBO. One of the problems that we have run into with the Healthy Forests Initiative is that in certain areas, there are no timber mills left, and there are areas where the Forest Service or BLM is telling us they want to go in and do fuels treatment and thinning, yet there are no timber mills anywhere near there.

When we had our hearing in Southern California at Lake Arrowhead before the fires started, we were told that the nearest timber mill to there was approximately a 9-hour drive away; that the last timber mill in that area had closed several years before, because they could not get any timber projects through at all, and the mill closed. So they did not have anyplace to send, and the local utility was being forced to clear the path underneath their power lines, and the trees that they were taking out were going into the dumps; they were going into the local landfill, because they had nowhere to take these trees.

That is one of the concerns that I personally have as we move forward with the Healthy Forests Initiative, that we have a strong and healthy industry that is there and capable of taking whatever fuels or trees are removed from the forests. And I think it is something that this Committee seriously has to look at in the future in terms of how do we move forward with the Healthy Forests Initiative if we have destroyed the infrastructure and the possibility of having some economic activity come out of these fuels that we are removing.

But I appreciate the testimony of the witnesses. It is unfortunately something that most of us have heard and seen in our own

districts, but I appreciate all of you making the effort to be here and participating in this hearing.

Thank you.

Mr. PEARCE. Thank you, Mr. Chairman.

Mr. Inslee?

Mr. INSLEE. Thank you, and thanks to the Committee for convening this important meeting. I have a couple of points and a question.

First, I saw that the heading of this is regarding forests and jobs in the forests, and I think our inquiry is really too limited, because as far as at least the panelists—and I know this is not the fault of the panelists at all—but as far as I can tell, we have totally ignored a very, very large component of the creation of jobs in our national forests. We have totally ignored the value of forests creating enormous whole recreational industries which are growing significantly in my State, in the State of Washington. These jobs are dependent on national forests, and yet apparently, our Committee's mindset is that the only jobs that count are those regarding harvest itself rather than all the thousands of jobs that have been created in my State associated with recreational opportunities in our national forests.

I think our Committee would do well by expanding our inquiry across the whole field of jobs that can be and should be created as a result of our forests, one of which—and perhaps this is not too obvious, but I will mention it—we have thousands and thousands and thousands of jobs created by our forests as the wellspring of clean water. If you have clean water, you have jobs associated with that because you have a meaningful economy. You have people willing to build houses in your area because you have clean water.

We have not looked at those jobs at all in our inquiry here today. So I would like to see our Committee at some point look at the whole universe of jobs that are created by our forests.

Second, I think our Committee still needs to help those—and I did not get to hear your testimony, Ms. Doyon, and I apologize; I was attending another meeting—but those who have jobs created through some of these forest restoration programs we have. And I just want you to know that the real impediment to increasing the number of jobs created through forest restoration, of thinning projects principally, the real choking off of those jobs, is the lack of appropriations by the U.S. Congress to do this work.

We could be doing at least 50 times more work in thinning these forests if the U.S. Congress would appropriate the money to do it. And I want to give you the sad fact—the U.S. Government spent every, single dime appropriated by Congress doing these thinning projects in the last 2 years that they had. So there is no artificial restriction on the law of doing these thinning projects, which would create great jobs for you, which are good jobs—we hope, in any event—but Congress simply has not appropriated the money to do it.

I mention this to you because we have had a lot of discussion about the regulatory aspect of this, but the real impediment to the growth of thinning jobs is the lack of this Congress appropriating money to do it. And the reason they have not done it is not because the work does not need to be done—I think there is bipartisan

consensus that we have very significant additional thinning that we have to do—the real impediment is that some folks in the U.S. Congress believe it is more important to give Enron tax breaks than to do the thinning in the forests that we need to do.

And people need to know that, that that is a value decision that folks have made in Congress that are stopping—not stopping—that are retarding the growth of these thinning projects. And Congress needs to increase the appropriation for these thinning projects so we can increase jobs in the woods under that rubric.

A question if I can, and this is kind of an open question. Can someone help me understand the economics in the association of trade policy and prospective gluts in the market from foreign fiber that I have heard tell of and how that affects our local job conditions?

Mr. Lovett, would you perhaps like to tackle that and tell me what the situation is out there?

Mr. LOVETT. I will do my best, sir. I will have to remind you that I am a maintenance employee in the mill and not a trade expert.

Mr. INSLEE. Well, those are the guys who know how things work, so you are the right one to ask.

Mr. LOVETT. In the spectrum of international trade, what we are finding is that competing nations have all kinds of crafty ideas and ways to protect their markets. They are very protective of their markets for our finished goods. They really like our raw materials; they would be glad to take the raw materials and create the jobs that turn those into a finished product—and they are even happy to sell them back here.

In our industry, we are not real labor-intensive, and we know that the labor cost in China is almost nonexistent. It is almost free labor. And we know that while they may have an environmental regulation, nobody adheres to it. There is no EPA looking over their shoulder. And you know we make our products here under the highest environmental standards in the world. Let that be known. We make them under the highest environmental standards in the world, and we can put out the tons per man-hour out of our mills to compete with those folks, but their costs are lower there, and there are so many things—the cost of energy. You have the tax structure in the United States. We have the cost of regulation. We have public policy that limits our fiber supply. That is part of the problem here.

We know what our problems are. These mill closures are not having to do with some type of phenomenon that we do not understand. We have just got to be willing to work together here and address them. Give us a level playing field where our industry can be competitive, and we will do it. We have renewable resources. We do a good job taking care of the environment. We have more forests in this country than we had 100 years ago. The Nation's population has probably tripled—I do not know; I am not up on the Census. We are the best stewards of the land in the world, but we darned sure do not seem to be getting any credit for it these days. And foreign competition is tough. It is very, very tough. All of your capital investment is going to Southeast Asia, China, Indonesia, Malaysia, South America in this industry, because nobody wants to invest here. Who wants to go through the regulatory process, the

permitting process? If we go to get a permit to make an upgrade in our mill that will actually benefit the environment, we have to wait 18 months before we can get the permit from the Federal Government before we can do something good.

It is just really—and I am a union member, sir. I have been in the union all my life, and I am proud of that. But we are seeing our jobs disappear for things that we cannot control. They closed a mill in Maine about a year and a half, 2 years ago, and they were talking to the local union president, and he said, “We lost so much money that if the workforce had just worked for free, we still would have lost money.”

We just have some fundamental changes that have to be made in this country, and we have got to address them. We have to decide does manufacturing have a future here in America, or are we just going to give it away; are we going to let it go because it is not that important anymore.

And you talked about tourism. I live in the lakes area where we have a lot of tourism, and those are important jobs, sir. But I am not willing to give up my living wage job that I can send my kids to college without asking the Government for some help, I can buy their books, and I can pay for it out of my own pocket. I do not want a part-time, minimum-wage job with no health care and no pension as my future

Mr. INSLEE. Thank you.

Ms. DOYON. There is something else I could add to that. In the timber industry, they put the tariff on the Canadian imports, which was great, but the Canadians get their timber free—they do not have to pay for theirs, where we have to pay to buy our timber. When they put the tariff on, all they did was double their production. So what that did was flood the markets. It was great that they put the tariff on, but they just doubled production, and it flooded the markets, and then we cannot sell our product because the markets are flooded, and we do not have any market for that

Mr. INSLEE. Thank you.

Mr. PEARCE. Thank you, Mr. Inslee, and thank you, Mr. Lovett, for again keeping in perspective the kinds of jobs that we are talking about, the relative pay of the recreational jobs that were mentioned versus the pulp and paper industry that we are affecting.

I have one kind of open question. Mr. Mims, I realized when I was going through my list of comments that I overlooked your comment about the cooperative management of the 1,815 pieces of property. I think that was very compelling, and that is one thing I look to industry to do.

As I look in my district—sometimes we think that Government can create jobs, and Government can create the solution to this—we have one mill in my district that the Forest Service decided that they are going to get it up and spinning, much like your mill. My question is if any of you have seen similar projects. They started with I think an initial grant of \$800,000. It is now over \$1 million given to one operator. They don't have a plant yet working. And we realize now that the Forest Service gave the grant to build a sawmill in an area where there is no power available.

It just really frustrates me to know that there good, hardworking people like you who are willing to take the risk yourselves, and the

government is sitting out here, squandering our money the way that they are.

Do you all see similar instances in any of your areas?

Mr. SQUIRES. Mr. Chairman, I have not seen an instance like you related, but I will tell you this, that if the Federal Government and the Forest Service will come through with long-term contracts, there are entrepreneurs ready to move into national forest lands, and we need to do that before the infrastructure completely disappears. There are mills and people ready to go to work, but you cannot do it on an 18-month or a 4-year contract.

We do not know the goods and services that we are going to recognize off national forest lands until we have better long-term access to it. Those mills and those harvesting techniques should be held accountable to national standards, but they have to be long-term, whether it be biomass generation facilities or anything else.

We would never have guessed in 1961 what we would have gained off NASA. We can never guess the goods and services that we will get off national forest lands unless we have access to them.

Congressman Inslee mentioned clean water. Clean water does not come when we have fire-ravaged territory and the salmon river runs gray with silt. We need to look at this on the long-term effects. With long-term contracts, those entrepreneurs will come forward, and they will put sawmills where there is power, they will build cogeneration where we need it, and it will take care of itself. That is what built this Nation, if we can just get back to the basic standards that we once came from.

And one thing—if my forefathers who stood on those bridges north of here and fought that great war in 1776 had known what we were going to do to Federal lands, they sure as hell would have written something in the Constitution about it.

Thank you.

Mr. PEARCE. Thank you again for those compelling points.

Mr. Duncan?

Mr. DUNCAN. Thank you, Mr. Chairman.

I want to thank Mr. Lovett for the statement he made a few minutes ago, because I think he summed up the situation probably better than I could.

I have noted before that it seems that most of these environmental extremists come from very wealthy or at least very upper-income families, and perhaps they do not realize how much they are hurting the poor and lower-income and working people of this country by driving up prices and destroying jobs. But I have sat here for years and heard how they always say do not worry about closing these mills or these different businesses, because we are going to retrain the people for the tourist industry.

Well, you cannot base the whole economy of this Nation on the tourism industry, and as Mr. Lovett mentioned, that is basically a minimum wage or lower wage industry anyway.

I would like to read for the record part of what is in the briefing paper that we were given for this hearing. It says: "Just as most forests are located in rural areas, most jobs directly related to the forest products industry are also located in rural areas. The loss of even a few jobs in a sparsely populated area can devastate a

community.” And all of us know about communities that have been devastated.

“Further, the forest products industry is one of the largest employers of high school-educated workers”—perhaps some of these upper-income environmentalists do not care about these high school workers particularly—“a sector of the workforce vulnerable to an inconsistent source of timber. This has led to an increase in poverty and unemployment levels in affected communities, stressing county governments that already struggle to make ends meet.”

“Among the various segments most impacted since the mid-nineties, more than 50,000 pulp and paper mill jobs have been lost while an additional 71,000 jobs have been lost in the lumber and wood products industry. From 1990 to 2003, over 900 mills, pulp and paper plants and other forest product plants were closed. In 1989, trees harvested on National Forest system land supported roughly 130,000 jobs. Last year, national forest timber supported only 30,000 jobs.”

And I am told that those statistics do not include the logging jobs. These are forest product jobs. And when it talks about 900 mills closing, I remember last year—most people here have seen or heard of the movie or the book “Seabiscuit.” I read in one newspaper that the county that Seabiscuit lived in for most of his life in Northern California had 36 paper mills until just recent years, and now they have none because of all the environmental rules and regulations and red tape.

Now they are trying desperately to come up with a tourist industry based around Seabiscuit. But again I will say that you cannot turn the whole country into a tourist attraction. I wish you could. But we have to have some manufacturing jobs and other types of jobs that are decent jobs for people. And all of us are getting concerned about these millions of jobs that we have lost over the last 10 or 12 years to other countries, and we are going to have to start doing something about this.

I remember a few years ago, I was told that in the mid-eighties, Congress passed a law that the environmentalists wanted that we would not cut more than 80 percent of the new growth in the national forests. They tell me we have about 23 billion board feet of new growth in the national forests each year. Now we are cutting less than 3 billion board feet in the national forests, less than one-seventh. And as Mr. Lovett mentioned, there are more trees now than ever before.

I remember reading Bill Bryson’s book, “A Walk in the Forest,” about hiking the Appalachian Trail. There is a section in there where he notes that New England was only 30 percent in forest land in 1850, and now it is 70 percent in forest land.

A couple of years ago, there was an article in the Knoxville News Sentinel, where I am from, that said that Tennessee was 36 percent in forest land in 1950, and now it is almost half forest land.

Yet if we went to any school in this country and asked the kids are there more trees today than there were 50 or 100 years ago, and they would all say there are fewer trees now because there has been such a brainwashing for so many years by some of these environmental extremist groups, and as I said earlier, it is really hurting the poor and the lower-income and working people of this

country, and it is getting to a point where we have got to do something about it.

I appreciate the witnesses coming here to tell their stories today, and I hope that we can provide them with some help, but this hearing is an important thing because at least we start the conversation.

I yield back the balance of my time.

Thank you, Mr. Chairman.

Mr. PEARCE. Thank you, Mr. Duncan.

Mr. Hayworth?

Mr. HAYWORTH. Thank you, Mr. Chairman.

Again I would like to thank all the witnesses.

Ms. McCarthy, I have a few questions for you. Is your organization involved either directly or indirectly with the Forest Conservation Council of New Mexico? That organization filed lawsuits which have caused really disastrous delays to the timber salvage projects in the Apache-Sitgreaves National Forest after our Rodeo-Chediski fire.

Is your organization involved either directly or indirectly?

Ms. MCCARTHY. Neither. We are not involved at all. The Forest Trust is an organization that will defy categorization as either an environmental group or a forest industry group. We are smack in the middle because we are foresters, and we practice responsible forestry. We are the middle ground.

Mr. HAYWORTH. So, no involvement at all of your members, categorically—

Ms. MCCARTHY. Categorically.

Mr. HAYWORTH. —no involvement whatsoever?

Ms. MCCARTHY. That is absolutely the truth. We do not file lawsuits. We do not work with that organization—

Mr. HAYWORTH. My question is not did you file lawsuits. Is there any connection either directly or indirectly with the Forest Conservation Council of New Mexico?

Ms. MCCARTHY. Well, I have talked to Brian Byrd on the phone one time in my life, and that was probably enough.

Mr. HAYWORTH. OK. I thank you for that.

Your testimony was interesting, because you spoke of new economic venues. For example, you talked about the employment of local fire fighters in certain areas. But what was missing was any type of quantitative documentation.

How many jobs have been created according to that University of Oregon study that you cited?

Ms. MCCARTHY. That study does not—it was a challenge to interpret it. That way that study is written, it makes comparisons of jobs through the National Fire Plan versus the Jobs in the Woods Program in the Pacific Northwest—

Mr. HAYWORTH. So perhaps it was more interpretive and—not your characterization, but mine—perhaps more in the realm of academic wishful thinking.

You also state that the Forest Trust mission is to improve the livelihoods of rural people. Perhaps you did not play a direct or indirect role in what transpired in Arizona, but it has been my experience, and I think my colleague who now represents the area that I represented when this fire was going on, that delays in hazardous

fuel reduction projects due to organizations, whatever we document them—some call them the environmental fringe; I think perhaps the more accurate description is the new prohibitionists, for they seek to prohibit any type of meaningful economic interchange—does more than just disrupt the livelihoods of rural people—we see lives destroyed. We see wildlife destroyed.

In fact, the irony of what we saw with the Rodeo-Chediski fire, ladies and gentlemen, was that the increase in particulates, the air pollution, and the pyrocumulus clouds eclipsed anything seen in the worst rush hour in Phoenix, Arizona, now the fifth-largest metropolitan area in the country.

And what happened to the water tables? And what happened to the very species so many of these regulations purport to protect? It was just obscene. And still we have organizations, perhaps not affiliated with anyone at this table, but from home States outside of Arizona that have sought to delay the very projects that could employ people and could try to help us get a handle on what has been disastrous policy.

Again, Ms. McCarthy, I appreciate your testimony here today. I just wonder theoretically, because as you say, the Forest Trust—and I accept your testimony—tries to serve I would guess as a bridge, a mediator. Would you agree that whether hazardous fuel reduction projects are accomplished by the Government or non-profits or even private companies, the same result can be accomplished to benefit the forests and surrounding communities?

Ms. MCCARTHY. I would agree with that, and I guess what strikes me is that it does not make sense to me to base our Federal forest policy on reaction to the action of some extremists. I think our policy needs to be more visionary than that, and I think we are headed in that direction, and we can go further.

Mr. HAYWORTH. Well, I thank you for that clarification. I would just point out—and again, I am glad to see my friend from New Mexico is here—with a good Arizona background, we should point out for purposes of full disclosure, family history—that what troubles me in this discussion is that there seems to be such animosity toward a private solution.

I am sorry my friend from Washington State is not here anymore to talk about the dollars appropriated and the lack thereof. It would seem to me, ladies and gentlemen of the Committee, and those who join us here today, that if we could employ people, which we can and which we have done—as Mark Twain said, history does not repeat itself, but it rhymes—if we were able to strike the balance that so many have spoken of here today, that we can employ people and, rather than costing the taxpayers, we could have the balance required to create jobs, to have a meaningful industry, one predicated not on the new prohibitionists and overregulation and micromanagement and paralysis by analysis and lawsuits that have hurt people, but instead, we could actually get people back to work and save the taxpayer money in the process—as my friend, the old broadcaster Mel Allen used to say, “How about that?”

I thank you very much for the time, Mr. Chairman.

Thank you, witnesses.

Mr. PEARCE. Thank you, Mr. Chairman.

Mr. Udall, do you have questions?

Mr. TOM UDALL. Thank you very much, Mr. Chairman, and my good friend Mr. Hayworth, thank you.

I do not know whether you know the family history, but my grandmother was born in what is New Mexico territory, so I felt like I was going back to my roots when I went back to New Mexico. You may not have known that.

Mr. HAYWORTH. Well, if my friend would just yield further, I understand—

Mr. TOM UDALL. Well, let me get my question in. Let us get to the substance of it, since we have these important witnesses here.

Let me first say on Ms. McCarthy's organization, Forest Trust, they have done some very good work in New Mexico, and I think they try to look at the forest issue in a broad-gauge way and do bring people together, and I think it is important that that be recognized.

I would like to ask her about some of these studies that she mentioned earlier, and specifically the bill introduced by Senator Bingaman that passed over in the Senate, and to contrast that bill with this Healthy Forests Initiative.

It seems to me that we are not really taking care of local communities and the unemployment problems and forest-dependent communities if we are not doing those things that she mentioned earlier—having contractors hire local workers, having youth conservation workers doing fuel reduction, those kinds of things.

Could you talk a little bit about those parts of the National Fire Plan that we did not really emphasize in Healthy Forests, and is it your belief that we should have done that?

Ms. MCCARTHY. Thank you for the question.

I have to go back a little bit to the Western Governors' Association and the 10-Year Comprehensive Strategy that was signed off on by the Secretaries of Agriculture and Interior after about the first year of the Fire Plan.

It came out with four goals that were supported at the Federal, State, local, and tribal levels. Those goals were: fire suppression, hazardous fuel reduction, restoration, and community assistance.

One of the reports that I am working on now is an analysis of where the money has gone through the National Fire Plan, and if you look at it, 70 percent of the money has gone to fire suppression, 20 percent has gone to hazardous fuel reduction, and restoration and community assistance have gotten the remaining 10 percent. There are a lot of reasons for all that, but the bottom line is that if we are not investing in community assistance and restoration, we are not going to accomplish the four goals.

I think the Healthy Forests Restoration Act was essentially about the second of those goals, that is, the hazardous fuel reduction piece. So the Community-Based Forestry Act that I referenced earlier is about accomplishing the third and fourth goals, that is restoration and community assistance.

Mr. TOM UDALL. The part of this that I think is frustrating for all of us is that we are spending 70 percent on suppression, and every year we put money into fuel reduction, doing the prevention, trying to get out front of these catastrophic fires, and we say, well, we are going to do the fuel reduction, and then we pull all the money away to fight the fires.

Could you comment a little bit on that kind of mentality that is going on here?

Ms. MCCARTHY. It is a big problem, and it needs to be solved. There is a coalition of about 80 groups, including all sides of the circle, so to speak, that are working on that problem. There are also some Federal task forces that are looking at that. It is a key part of the solution. We have to find a different way to fund fire suppression and build in incentives to keep those costs down, because otherwise we are going to keep having to divert the funds that need to go to reduce hazardous fuels. It is a lose-lose situation as it stands today.

Mr. TOM UDALL. And it seems to me that when we hold up this promise that we are going to do fuel reduction, we are going to try to deal with forest fires in a preventive way, but then, we do not put the kind of money in there to do it, and yet hold up that we have put money in and then pull it out every year to do suppression, we are not really giving the straight story to the public about what is going on. I know my communities that are surrounded by forests keep wondering why we are not starting projects, why we are not doing things at the local level, and there are projects that have started, but many times they get stopped or they are halted because moneys are pulled away for suppression.

So I think we need to work this whole authorization budgetary side to make sure that we are really sending a message to the Forest Service that we want the prevention done, we want the fuel reduction done in a timely way, especially with local resources and local people and local workers.

Thank you very much, Mr. Chairman.

Mr. PEARCE. Thank you, Mr. Udall.

Just a comment on that, that in our district, there is a prescribed burn that has passed through all the channels of regulation that is funded. One person in the whole system at the field level, a biologist, has blocked the project. Everybody upstream has approved the project. I think the characterization that it is a funding issue sometimes avoids the truth.

Mr. Renzi, you have questions.

Mr. RENZI. Thank you, Mr. Chairman.

I live in Flagstaff Arizona, home of Northern Arizona University and have done a lot of work with Wally Covington there at the Ecological Research Institute. You cited that study.

I think it is fair, Ms. McCarthy, that in the numbers when you talk about the 2 percent only being appealed, for full disclosure, we caveat the fact that those were total forest and landscape-related cases nationwide, that many of those cases are nonappealable, that they include not only campground cleanup but recreationsite debris removal. I have firsthand knowledge of what I am sharing with you, so that in the future, when you do cite it, you will hopefully caveat it.

You mentioned that we should not engage in efforts to change NEPA, and I do not agree with you. The Rodeo-Chediski fire, 460,000 acres, that Congressman Hayworth spoke of, a good portion of it was on the White River Apache Reservation, as you know. We were not able to do a full-blown NEPA in that area, thank God, and they were able to go in an salvage that wood in a post-crisis

situation, and their forest is now, by academic standards, scientific standards, not political standards, in better shape than we have up in our national forest on the ABRS, on the Sitgreaves.

So here we are, able to streamline NEPA because it is on sovereign land, and yet the Native Americans are doing a better job managing their forests now than we are. So I just wanted to mix that in gently into the mix.

I also want to ask that when we talk about—Mr. Squires mentioned the “journey of a generation, not an election cycle,” that is so well-said, sir. I am going to steal it from you and use it in my reelection, if you do not mind.

Mr. SQUIRES. Please do.

Mr. RENZI. I think it goes to the nexus of the argument, which is that we have got to have a consistent supply of forest product over generations in order to get this done in a collaborative effort.

Today I had the opportunity to sit with Herb Hopper, who is working with the Four Corners Sustainable Alliance Association—I know you mentioned it in your testimony, Ms. Doyon—and he pointed out to me that we really need to help bring back the small businesses, not just these large landscape-type stewardship programs which we are headed toward with the Healthy Forests Initiative. But you all are putting together nonprofit organizations to help obtain grant money, and you are trying to survive off grant money for your startup, embryo kind of funneling or conduit. The embryo conduit for you all is these grant moneys.

I want to ask if what you are having to rely on for sustainable funding is grant money, where can we go—there is a model out there that these nonprofit organizations should come together in a collaborative-type effort and that the Federal, State, and local governments should put up some sort of financial guarantee, let us say some sort of a bond instrument, the new creative idea—I am sure you experts have heard about it—where the bond then serves as the collateral for you all, your small businesses, to be able to start-up, large businesses to be able to come and be sure that you are going to get the kind of return on your investment that you are going to need for the capital outlay and the risk that you take in order to get back into the mill business.

I just wanted to hear some thoughts on it from anyone here, the experts we have.

Cassandra, do you want to take a shot at that, or Laura? My time is running out.

Ms. DOYON. Mainly just consistency of the program. If we had the consistency in the program, and we knew the timber contracts were going to be out there that we could rely on to get a job, to get the money back in, it would be a lot of help.

Mr. RENZI. So you are saying consistency as far as the—

Ms. DOYON. In the Forest Service contracts.

Mr. RENZI. Going back to the product.

Ms. DOYON. Right, right.

Mr. RENZI. The consistency of having the product available to you; that would be enough to sustain you. Let me go this way with my questioning. If you were to look back—how many years has your company been around?

Ms. DOYON. Twenty.

Mr. RENZI. Twenty, OK. In the startup portion of it, what could we have done to help you in that take-off, that first 3-, 5-year phase? As a small business owner, I know that that is the most vulnerable portion. What could we have done to help you get started—because I am looking for how we are going to grow the small business industry in the forest.

Ms. DOYON. A lot of times, we jump in there not knowing anything. There is too much information and not enough—

Mr. RENZI. The paperwork.

Ms. DOYON. Too much paperwork, too much jumble.

Mr. RENZI. Right. Well, that's the Government.

Ms. McCarthy, real quick, did you want to add?

Ms. MCCARTHY. I think—I have heard several people say this—it is really about investment, and while there may be a point in time at which private enterprise can fully pay for the costs of thinning and restoration, I think we are in a transition phase that requires investment, and bonding is one mechanism that we might use.

Mr. RENZI. All right.

Thank you all very much.

Thank you, Mr. Chairman.

Mr. PEARCE. Thank you, Mr. Renzi.

There are dozens of questions that I would like to ask, but each one of us has pressing appointments. I am going to save the personal questions for last.

Ms. Doyon, I am going to ask you a very personal question, and you do not have to answer it. I ask it because my wife and I bought a business 14 years ago, and we had four employees, and literally, we were not sure we were going to make it through the first 6 months. And when we got through 6 months, the gut-wrenching fact that we had risked our house and home, that we had signed those as collateral, continued to be a heavy burden through the full 14 years of ownership. We sold our company in October. We had 50 employees. But every day was a pretty hard grind.

My question to you is: Without some of the changes that you have recommended, what are your chances of success in your business?

Ms. DOYON. Slim and none.

Mr. PEARCE. Slim and none.

I really think that you all, the union workers, the people who are working in the companies, you people who have a slim and none chance of survival—you are the reason I came here.

If we do not begin to protect the entrepreneurial spirit and the hardworking spirit of the hearts and souls of the people who work in this country, we do not have a future.

You made the point very well, Mr. Lovett, that the overseas corporations do not have one-tenth the costs we do. I looked at a slide last year—we are paying right now about \$7 for natural gas. In the Soviet Union, for the same gas quantity, they are paying 50 cents. Our productivity is so high that we can pay 20 percent more for labor, pay those higher energy costs, and still just eke out a living here. But we are driving this element of our society out through things that are senseless.

And I will tell you it is absolutely senseless to watch the wildfires rage across Southern New Mexico knowing that there will not be a healthy stream anywhere near one of those. And when we do not cut the trees, and we leave them sitting there—there are counties in my district that got 2 inches of rain last year. We have a billion too many trees in New Mexico by Forest Service estimates. Each one soaks up just a particle of water, maybe a gallon, maybe 100 gallons, but if it is one gallon a day, that is a billion gallons a day that should be percolating into our watersheds and into our streams and into our aquifers—and we are refusing to cut one board foot out of our forests when they are dying.

You presented very well that the quality of timber that you get is not good enough; the timber is weakened by disease and pests. Every single one of you could tell us stories.

I really appreciate it. You have come a long way to testify, every, single one of you. I appreciate that, and I appreciate the balance. We cannot just go clearcutting. None of us is saying that. But we absolutely have to do things smarter, or we are going to lose the heritage not only of our forests but the fine people who work there and make their jobs in the forests.

I appreciate you coming in to testify.

Committee members can submit additional questions if you have those. For me, this has been a very compelling hearing. The record will be open for 10 days for additional responses. All of you who did not quite get your full testimony in, be assured that it will be introduced into the record and will be there in full, even if you were not able to read it.

If there is no further business before the Subcommittee—

Mr. TOM UDALL. Mr. Pearce, could I just make one statement on the GAO, to make that part of the record?

Mr. PEARCE. Yes.

Mr. TOM UDALL. I was just reading this GAO report here, and according to the report, of all 818 fuels reduction decisions—which is 194 of them—less than 25 percent were appealed, and only about 3 percent were litigated. That is what the GAO said, and I just want that to be part of the record.

Thank you very much, Mr. Chairman. Thank you for doing this hearing, and I appreciate the witnesses coming.

Thank you.

Mr. PEARCE. Thank you, Mr. Udall. I would clarify that the appealable questions are what we were talking about. Many of the statistics you mentioned were not appealable, and it is very important for those distinctions to be made that over 50 percent of those were appealed.

With no further business from any of the Subcommittee members, I again thank the members and the witnesses.

We stand adjourned.

[Whereupon, at 3:38 p.m., the Subcommittee was adjourned.]

[The following information was submitted for the record:]

- Colgin, Thomas, Great Lakes Special Projects Director, Pulp and Paperworkers' Resource Council, Statement submitted for the record

- Gibson, Kent B., Snowflake, Arizona, Statement submitted for the record
- Reandean, Larry, Georgia-Pacific Mill, Wauna, Oregon, Statement submitted for the record

[The statement of Mr. Colgin follows:]

FEBRUARY 4, 2004

Honorable Committee Members

My name is Tom Colgin and I live in Michigan's Upper Peninsula. I have worked in the pulp and paper industry for the past 26 years. When I first became employed in this industry I would be lying if I said it was environmentally friendly. Over the years our mill has stepped to the front and complied with all regulations and made this complex one of the cleanest and the most up to date in the state of Michigan. We were named Michigan's Clean Corporate Citizen of the year. Something we are all proud of.

But because of the federal regulations that affect this industry we continue to struggle with timber supply, appeals, litigations, and environmental protectionists that threaten the very being of this mill.

The Environmental Extremist have used the appeals process to all but shut down our nations forests. Which has added to the cost of the whole process and puts the forest service back into the process of doing the whole timber sale all over again. Which adds to the time before the harvest takes place and in all likely hood lessens the value of said timber. And the only thing it costs the person is a postage stamp. And they use it every chance they get. You have to wonder why or how a person from Arizona can appeal a timber sale in Upper Michigan. But the process is used time and again to stop or slow the process down.

Everyone has pointed fingers and blamed this group or this administration for our forest health issues. But no one has stepped to the forefront and did anything to fix them. The healthy forest initiative passed and no sooner was it signed and the ink wasn't dry an environmental group stepped in and litigated it. We have forests all over the U.S., Federal, State and private that are burnt over and bug infested that cannot be managed because of appeals or litigations. How can we continue to stand by and let this happen.

In the meantime our jobs continue to be lost to other countries. With no environmental regulations. These are good paying jobs that hard working Americans thought was their future, and plant after plant closes, moves off shore or just goes away. Our manufacturing in this country becomes less and less. We have gotten free trade agreements which have helped everybody or country except our own. What we need is fair trade agreements as we can compete with anybody in the world if we're on a level playing field. But we're not as our political leaders continue to cut deal after deal and pass legislation that make it harder to do business here and easier and more profitable to do it off shore in some other country.

We need laws that will protect our jobs here in the United States. Other wise the manufacturing sector of this country will be a thing of the past as industry after industry here become a thing of the past.

Our ESA is another ploy of the extremist groups to tie the hands of industry. As a side note, in the early 90's I attended a meeting in Escanaba, Michigan on the Canadian Lynx. In attendance at the meeting was U.S. Fish and Wildlife, Biologists from Mich. Wis. And Minn. Department of Natural Resources plus there Canadian counter parts. During the hearing all the parties present stated that it didn't make sense to list the Lynx. When I returned to the mill I told our then mill manager that I had just seen Michigan's Spotted Owl. He thought I was joking. Why list an animal that isn't present? In one of our western states they were monitoring for the Lynx and none could be found. So they doctored the tests. Until someone admitted to what they had done, nobody knows the difference. What impact would those tests have had hadn't someone stepped to the plate and taken responsibility for them. We'll never know but it's scary to think of the potential. Canada worried that if the Lynx is listed in the U.S. they will have to follow suit. And they offered to give the U.S. all they want. As they have more than enough to go around. There concern was what impact would listing have on the winter snowmobile industry which all of these states depend on. As Lynx habitat begs for non compacted snow. What effect will this have on the logging industry? Fish and Wildlife didn't care, nor did they ask. It's all about another animal, plant, etc. on the endangered species list. And the funds that are set aside to fund these programs. When a plant or animal

are more important than a human being, something is wrong with the process. This act needs to be reformed as its being used by environmental groups to shut industry after industry down. It's their trump card to bring progress to a stand still.

What we need is a common sense approach that protects our land, air and water quality. Plus laws that protect our Jobs. Let's go back to when these laws were enacted and find out what the intent of the law was. And factor in the human element, as it is a very important part of our society. And the industries in the United States can compete with anybody in the world.

Thank you for your time.

RESPECTFULLY,
THOMAS COLGIN

Statement submitted for the record by Tom Colgin, Great Lakes Special Projects Director, Pulp and Paperworkers' Resource Council, One Superior Way, Ontonagon, Michigan

These comments are on behalf of Tom Colgin who is a labor leader and employee at Smurfit-Stone Container Corp. Ontonagon, MI 49953. We utilize the Ottawa National Forest for up to 25% of wood fiber supply. Appeals and litigation are slowing the Ottawa Timber Program to a stall. We participate in the public processes on the Ottawa and see first hand why Notice, Comment, and Appeal Procedures for Projects and Activities need to be improved.

Healthy Forests Initiative:

We support the President's Healthy Forest Initiative, thereby allowing the Forest Service to develop procedures that better meet the needs of the public and the agency. We recognize that the changes that are being proposed must be consistent with the Appeals Reform Act and others, constraining the options available for improving these procedures.

The Ottawa National Forest timber program is currently supplying 40% of what they have historically put up for sale. This is causing extreme pressure on other lands and causing fiber and log shortages within the region. Aspen as an example is in decline because of old age and disease on the Ottawa. Sale preparation is hampered by appeals and litigation. Aspen that is falling over from rot and fungus should fit the categories with in the Healthy Forest Initiative for streamlining the sale preparation before it is too late to salvage these stands.

Clearcut	4,860	2,687	1,582	901	766	443	919	1,910
Method of Harvest	Forest Plan Level	10-Yr. Avg. (1987-1996)	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	Fiscal Year 2001	15-Yr. Avg. (1987-2001)
Shelterwood seed cut	1,210	383	445	199	164	96	248	332
Shelterwood removal cut	260	40	147	943	171	46	113	130
								232
Other removal	80	237	24	0	61	736	60	
Selection Improvement								
	3,800	7,068	5,940	5,804	4,897	4,387	3,975	6,379
Thinning	2,900	3,173	2,715	2,040	1,028	961	824	2,620
TOTALS	13,110	13,588	10,853	9,887	7,087	6,669	6,139	11,603
Ottawa National Forest Harvested Acres 1997 - 2001.								

Endangered Species Act:

Canada Lynx:

Background: On July 8, 1998 the U.S. Fish and Wildlife Service published a proposed rule to list the lynx under the Endangered Species Act of 1973, as amended

(Federal Register Volume 63, No. 130). The final rule listing the contiguous United States Distinct Population Segment was published on March 24, 2000 (Federal Register Volume 65, No. 58).

The Lynx Conservation Assessment and Strategy (LCAS) was developed to provide a consistent and effective approach to conserve Canada lynx on federal lands in the contiguous United States. The USDA Forest Service, USDI Bureau of Land Management, and USDI Fish and Wildlife Service initiated the Lynx Conservation Strategy Action Plan in the spring of 1998. The overall goals were to develop recommended lynx conservation measures, provide a basis for reviewing the adequacy of Forest Service and BLM land and resource management plans with regard to lynx conservation, and facilitate Section 7 conferencing and consultation at the programmatic and project levels.

There have been no documented occurrences of lynx on the Ottawa in at least two decades. However, the Ottawa continues to conduct site-specific winter track surveys for mammals, including lynx, prior to management activities in the areas containing habitat for Lynx. In addition, the Ottawa has been an active participant in the national effort to detect lynx using the National Lynx Detection Protocol or "hair snare". The Ottawa completed "hair snare" detection surveys in 1999, 2000, and 2001 with no positive detections to date.

Habitat: Historically, Lynx occurred primarily in the boreal forest, sub-boreal and western mountain forests of North America, and mixed coniferous/deciduous forests of southern Canada, the Lake States and New England. Lynx habitat or territory can be characterized as having areas of mature forests with downed logs and wind-falls to provide cover for denning sites, and escape and protection from severe weather. Early successional forest stages provide habitat for the lynx's primary prey, the snowshoe hare. Lynx and snowshoe hare populations increase and decline dramatically in approximately 10-year cycles. When the snowshoe hare population crashes in the boreal forest regions of Canada, lynx tend to disperse southward, oftentimes reaching the northern tier of states in the United States. Verified records of lynx (animals trapped and verified by MDNR) have all occurred during cyclic lows of the hare cycle. The winter of 1972-73 was the last year with a large number of documented occurrences in the Great Lakes Region (Ruggiero et al. 2000). During that winter, several specimens were collected in Minnesota and Wisconsin; however, none were recorded in MI. (Ruggiero et al. 2000)

As part of this, the Ottawa has identified and mapped potential lynx habitat and 12 Lynx Analysis Units (LAU's) within its administrative boundaries. The LAU is a project analysis unit upon which direct, indirect, and cumulative effects analyses are performed. LAU boundaries remain constant to facilitate planning and allow effective monitoring of habitat changes over time.

Analysis of lynx habitat centers on some key habitat components that constitute potential habitat. These factors are foraging habitat (prey habitat), denning habitat, acreage and connectivity of suitable habitats, and human disturbance. Because there is no direct evidence of lynx in the Upper Peninsula, productivity, mortality, competition and regional landscape factors are not relevant at this time.

Lynx habitat management has the potential to shut off large areas of the Ottawa National Forest for Logging and Snowmobiling in spite of the fact that none exist on the Ottawa. The Importance of the relationship between the snowshoe hare and the lynx needs to be understood. The problem really is a lack of forest openings that can grow grass and herbaceous plants for the hare. When we do not harvest (clear-cut or thin) the forest, the grass and lower plants are shaded out. With no habitat for the hare there is no lynx habitat.

The ESA needs to be over hauled and Forest Plans need to be implemented so that these types of assaults on rural economies are eliminated.

Wetlands Regulations:

We at Smurfit Stone Container are committed to protecting water quality through the use of Best Management Practices. We have a stated policy and an environmental management system (SFI-ISO) that is third party certified ensuring this goal is met. In regard to harvest of timber on our neighboring National Forest we find that we are severely limited in ability to harvest federal sales. They have policies which restrict our ability to utilize them as a stumpage supply year around. In effect their stated policy on most cutting areas says: "Restrict operations to winter only (December 15 to March 15, depending on frozen conditions) on areas with heavier and less well drained soils (i.e., ELTP's 96B, 96C, 97B, 97C, 105B, 168B, 168C, 168D, 210B) to prevent potential rutting and minimize road construction/reconstruction needs. Hauling would be restricted to use of frozen roads during the same period."

This puts a very limited amount of time over the year where USFS timber is available. Again this puts pressure on other lands and makes the USFS less desirable to do business with.

Higher Energy Costs:

We are recommending that Congress allow more exploration for oil and natural gas. As natural gas prices continue to spiral upward, forest products manufacturers desperately need this energy and the flexibility to substitute lower-cost alternative fuels—such as coal, biomass and shredded tires to run their boilers. The one-two punch of increased fuel prices combined with an economic downturn is wreaking havoc on the competitiveness of American pulp and paper producers. Forest Industry can't afford to be locked into a single high-cost fuel source when they are literally fighting for survival in a global market characterized by unregulated competitors and razor-thin profit margins.

We believe there is an immediate need for policy reforms that will accelerate projects to increase energy efficiency and conservation. Research and development of new technologies should be encouraged and fully funded. Streamlined permitting processes should allow for maximum flexibility for facilities to meet energy needs in the most efficient, cost-effective and environmentally sound manner possible.

We all know that reliable and cost-effective energy is vital to our economy. Achieving a successful energy strategy requires us to confront difficult policy decisions and find resolution. More domestic available energy supplies are wanted and vitally needed.

We would like to thank the legislature for passing the Healthy Forest Restoration Act. We petition the USFS to allow timber harvest to increase harvest to a sustainable level. A forest must be managed for it to be truly sustainable, referring to the animals, water, plants, and aesthetics. When it is left alone and nature take's its course, you lose many desirable plant and animal species such as the Snowshoe Hare and its predators. After all that we have been through with the Ottawa over the years. To name a few things our company has been involved in, roads, BMP's, forest planning, HFRA, ESA, habitat, over mature diseased timber, fighting off appeals, energy, and other objectives. If we cannot achieve these sound environmental objectives and have a timber program on the Ottawa, our mill may no longer be competitive and have to close. That would be detrimental to the people, land, and animals around the Ottawa National Forest. We ask you to please allow the Forest Service to manage the Ottawa National Forest for the good of the forest, its animals and plants, and the United States citizens that work around that forest.

[The statement of Mr. Gibson follows:]

Statement of Kent B. Gibson, Snowflake, Arizona

My name is Kent Gibson from Snowflake, Arizona. I thank the House Resources Committee for this important hearing and for the opportunity to express my concerns. I have worked 30 years in the forest products industry, and I am currently employed by a large paper mill as an instrument and controls technician. For 27 years I have been a member of the United Paperworkers International Union and the PACE international union. Our membership working with our companies provide this country with high quality paper products. Today I represent over 300,000 of my brothers and sisters who depend on wood fiber and timber to produce our products. I am currently serving on the national steering committee of the Pulp and Paperworkers' Resource Council, a grassroots labor organization representing the interests of the nation's pulp, paper, and solid wood products industry. We are dedicated to conserving the environment while taking into account the economic stability of the workforce and surrounding community.

The testimony I give today needs to be viewed within the framework of my section of the forest products industry, which is the pulp and paper industry of this country. I also ask that you remember that my counter parts in logging, lumber mills, plywood and particle board mills, and many other industries such as livestock producers who depend on our national forest lands are experiencing problems equal to or greater than those I speak of today.

In 1992, a group of five employees from Stone Forest Industries traveled to Washington D.C. to meet with members of congress and discuss the serious problems facing the forest products industry. The hard fact is that within 5 years I was the only member of that group who had a job in the forest products industry. My friends who worked at sawmills in Flagstaff, Eagar, Arizona, and South Fork, Colorado,

along with towns like Fredonia, Heber, and Winslow were all losing their mills a vitally important part of their social and economic viability.

It is estimated that the two small lumber mills remaining in Arizona may produce about 2 % of the 500 million board feet of timber harvested in Forest Service Region 3 during 1989. As alarming as this trend is to our state, the problem is not isolated to the forest products industries of Arizona. In the last 10 years at least 135 pulp and paper mills have been closed in the United States. Since 1997 more than 30,000 people have lost their jobs in the pulp and paper industry. This represents 30,000 families who have lost their primary source of income, hundreds of counties, cities, and towns which have lost much of their tax base. This occurred despite the fact that the basic forest reserves of this country had not declined but continued to increase.

The mill that I work in chose to reconfigure our operation to 100% recycle fiber. This decision in part was due to the difficulty in obtaining a reliable supply of wood for fiber. Paper mills have always used small diameter timber, thinnings, and chipped wood to produce our products; in 1989 the Snowflake mill used an estimated 60,000 cords of pulp wood and 290,000 units of wood chips, (a unit is just over a ton) an economic impact of \$23,443,000.00 to our communities, state and business. In the 1990's it became increasingly more difficult to secure contracts for the wood needed to supply our operations. Arizona forests needed thinning but our mill was hauling chips from as far away as east Texas and Montana to supply our operation. 39,500 cords of wood and 182,400 units of chips were used in the final year of timber-based operation, 1997, with an economic impact of \$24,139,000.00. The national impact of the loss of forest products revenue in just the pulp and paper mills is significant!

In the past decade alone much of the forest products industry in this state is gone. And without industry there is no infrastructure to support the work that must be done to return the forests to sound health. We must realize that industry is a vital tool in the recovery of our forests. Some say that we can place the cost of forest health recovery on the taxpayers and require someone other than Industry to help restore the forests. I ask why pay someone else to do the work when industry has a need for the resources and will produce the products used by every one of us.

The areas that were most affected by the Rodeo-Chediski forest fire were not properly managed due to heavy restrictions. There is an absolute cause and effect relationship that exists between poor forest health and catastrophic wildfires. Had these forests been properly managed we would not have seen the hundreds of thousands of acres destroyed in our state and the millions of acres across this nation just last year. There are many tools needed to return our forests to a healthy condition, but we cannot forget three important tools which are thinning, controlled burning, and logging.

The members of the Pulp and Paperworkers' Resource Council strongly support The Presidents Initiative to prevent wildfires, return the forests to health and create stronger communities. There should be no place for catastrophic wildfire in our forest management philosophy. It is imperative that a healthy forest management plan be implemented, and funded in order to protect our forest resources throughout the United States. Forest communities across this nation cannot survive with the current policies in place, which do not allow for resource management.

[The statement of Mr. Reandeau follows:]

**Statement of Larry Reandeau, Georgia-Pacific Mill—Wauna, Oregon,
Western Regional Director—Pulp & Paperworkers' Resource Council,
Vice President—PACE Local 8-1097**

My name is Larry Reandeau and I work for the Georgia-Pacific paper mill in Wauna, Oregon. I am submitting testimony to the House Resource Committee today because I am very concerned about the loss of jobs in the paper industry. In order to help the committee understand some of the problems we face as an industry, I want to tell you about some of the issues Georgia-Pacific faces every single day just to keep the Wauna mill running. When the mill was built in 1965 in rural Oregon, all the natural resources were in place for the business to be profitable. The mill site is on the Columbia River so there was a plentiful water supply, transportation accessibility and inexpensive energy (the dams). There was also a plentiful fiber supply—pulp logs and residuals from sawmills—all located in close proximity to the mill site. It was an ideal situation.

In 2004, the situation is less than ideal. The water supply is still there but very strictly regulated, transportation costs are steadily climbing, energy costs are

astronomical and fiber is expensive—if it is available. The battles the mill faces every single day to stay in business are endless.

The Wauna mill is an excellent mill with top-of-the-line equipment. This past year, Georgia-Pacific built one of the world's most modern tissue machine at our mill site with

an investment of \$250 million. This machine is designed to make paper using less fiber than was previously needed. Now that investment is in jeopardy because the Oregon DEQ's water permit for the Wauna mill is being challenged. At stake—1135 family-wage jobs and \$1 billion asset for Georgia-Pacific.

Presently, the Wauna mill's operating permit is being challenged in court. The petitioners claim that DEQ violated state and federal law due to some of the conditions contained in our permit. We feel the DEQ and the EPA properly interpreted the regulatory requirements in preparing Wauna's NPDES permit.

The issues raised by the petitioners were addressed during a public comment period held last spring before our new operating permit was issued. The DEQ evaluated the comments and determined that the Wauna mill permit met all applicable state and federal requirements. However, despite going through all the proper legal requirements to get this operating permit, the petitioners have filed suit against the DEQ and our operating permit is now in jeopardy.

For years, our mill has been a leader in implementing new environmental requirements. Two of the environmental leadership highlights include converting our chemical recovery furnace to a low-odor operation in 1986, plus being one of the first mills in the United States to eliminate chlorine gas and hypochlorite from the pulp bleach process. These technologies are deemed by the EPA to be state-of-the-art and have only recently been implemented by many pulp mills in order to comply with the EPA Cluster Rules. Because of these voluntary changes, the Wauna Mill was meeting most of the effluent limitations in our new NPDES permit 10 years before it was issued. Even though we have a proven to be a good steward of the environment, our operating permits continue to be challenged at great cost to our mill site.

In 1996 the Wauna Mill was the first pulp mill in the nation to be issued a Title V air permit, which is an extensive document covering all control and monitoring aspects of air emissions from the mill. Our first air permit expired and we recently received a renewed air permit with even more permit conditions. Will this permit be challenged? It seems a likely scenario. Two other mills in close proximity to our mill are dealing with similar issues. The Title V operating permit for the Georgia-Pacific mill in Camas, WA is being challenged by a person living 225 miles away in Sequim, WA. The Boise-Cascade facility in St. Helens, OR is presently defending their water discharge permit.

Our mill has always strived to be in continual compliance with its environmental obligations. We have had to change processes and install new control equipment as new laws are passed and regulations imposed. Since 1985, the Wauna Mill has spent over \$60 million dollars on new equipment for environmental compliance. By 2005, that amount will rise to over \$70 million. On-going environmental costs are also a significant part of the Wauna mill expenses. In 2004, the mill will pay about \$250,000 in regulatory fees alone to the DEQ.

There are other issues to consider in order for the Wauna mill to stay profitable and stay in business besides operating permits. We need fiber to make paper! Purchasing that fiber supply means projecting future costs for the yearly operating budget. This last year we projected what we thought was an "over-the-top" figure for the cost of fiber supply. Our "over-the-top" figure was short by \$10/ton—a \$6.2 million shortage in our budget on one line item!

We have bought chips from Montana, logs from Alaska and imported pulp from Brazil for fiber supply. It is necessary to buy secondary fiber to add to the mix, which costs more than virgin ton. We used to buy residuals from sawmills in the area for fiber supply. We also bought the bark to generate our steam. Now most of the sawmills are closed. President Clinton's Forest Plan changed everything—even though we were guaranteed a fiber supply in the plan! The small timber companies and sawmills still surviving struggle to stay in business. Approved timber sales are tied up in court after approval so machinery sits idle, crews are laid off or lose their jobs, and many of the companies can't survive the wait and go bankrupt or out of business. I have always lived in the Pacific Northwest and it seems impossible that fiber could ever be in short supply. We grow trees better than any place in the world, but even getting salvage logs or thinnings out of the forest for fiber supply is virtually impossible these days.

Energy is another compelling issue facing the Wauna mill. When the mill was first built, we had the benefit of some of the most inexpensive electrical power in the nation. This changed, however, especially when salmon was listed as endangered under the ESA. Even though dams in the Northwest are still capable of

supplying all of us with affordable power, they are being forced to spill the water from the reservoirs to save the fish. If that was not enough, the environmental community is constantly challenging the actual existence of the dams. Ultimately, power costs have risen dramatically which only adds to our problems at the mill. One of the results of the rising power costs was the shutdown of the #3 paper machine at Wauna. Seventy-five employees lost their positions on this machine. They were moved to other jobs in the mill, displacing 75 other employees with less seniority. I was one of the employees working on #3 PM. After being a papermaker for 35 years and running the paper machine as a machine tender, I am now driving a forklift truck. The #3 paper machine was totally rebuilt and modernized in 1989 at an investment of many millions. It was not an out-of-date piece of machinery when the mill was forced to shut it down. It should have non efficiently and profitably for many more years. It used a lot of power in the pulp process, however, and became expendable when power became less affordable.

Some of the issues affecting the mill have also affected the surrounding community. The closest town is Clatskanie, Oregon. The school tax base in Clatskanie used to be supplemented by timber taxes. That source of tax exists no more. In the Clatskanie school district, three schools have closed due to budget problems—two grade schools and one middle school. Our middle school children now attend school in the same building as the high school students. The number of days in a school year has been reduced to save money. Many employees working at the Wauna mill choose to live out of state where the schools are better and the value of the real estate appreciates. Only one sawmill still operates in the area. Local loggers, timber fallers and log scalers drive hundreds of miles to find work and some trucking companies have left town or filed for Chapter 11. Some of the local businesses have had to close their doors including a sawmill, two gas stations and two restaurants.

The stories of the Georgia-Pacific mill at Wauna, OR and the town of Clatskanie are not unique. Paper mills across the nation face the same issues every day that we do here at Wauna. Local communities have been affected the same way Clatskanie has been affected. Thousands of jobs have been lost and hundreds of facilities have closed—you only have to look at the PPRC map of mill closures to see the veracity of this statement.

In order for the industry to make plans for the future, confidently invest in capital improvements, and protect jobs, I feel the major issues the industry faces are securing a reliable and less expensive fiber supply, protecting our operating permits once our mills have met all the standards, and stabilizing energy costs. Therefore, I would like to offer the following suggestions:

- Ensure that regulations upon which permits are issued are sound and based on good verifiable scientific evidence.
- Clearly define what an “at risk” forest means so that a judge does not define it for us and fuel loads can be reduced to protect habitat for endangered species.
- Allow the Forest Service to form long-term partnerships within the industry in order that the biomass can be removed for energy and the thinnings for fiber supply. This will give our mills a long-term, sustainable, reliable source of fiber.
- Instead of “forest salvage” sales, why not “rebuilding habitat” sales—mandate that all habitat for endangered species destroyed by forest fire be immediately rebuilt and replanted in order to protect endangered species under the ESA and prevent erosion that further damages the forest and the wildlife habitat.
- Require that any decision made under the ESA is fully supported by scientific data obtained according to protocol—e.g., the Senate bill just introduced by Senator Gordon Smith (S. 2009)
- Provide tax incentives and easier permitting for alternative power supplies such as cogeneration, wind generation, etc.

The membership of PACE Local 8-1097 at the Georgia-Pacific Wauna mill, the Pulp and Paperworkers’ Resource Council and I very much appreciate the opportunity to submit testimony before the House Resources Committee. Thank you for taking the time to hold the hearing, listen to and read our testimonies and, most especially, for working so hard to solve some of the problems our industry faces every day.

