Washington Wood Basket Study

Carbon and Forest Management Work Group

February 14, 2024

Evergreen Economics

www.evergreenecon.com

Evergreen Team

Ted Helvoigt, President of Evergreen Economics, will serve as project manager

Greg Latta, Research Associate Professor of Forest Economics at the University of Idaho, will lead the forest modeling

David Ford, CEO of L&C Carbon, will lead the analysis of carbon markets and sequestration potential

Indroneil Ganguly, Associate Professor of Forest Economics at University of Washington, will lead the forest product life cycle assessment

Scope of Work – Key Tasks

- ✓ Analyze current wood supply and potential future wood supply and demand in western Washington.
- ✓ Determine what is known about the needs of Washington's forest industry infrastructure, and what information gaps exist.
- ✓ Analyze the level of wood required to maintain existing timber industry infrastructure in Washington State.
- ✓ Attend work group meetings to understand forest management scenarios and discuss the methodology and assumptions for the regional wood supply analysis.
- ✓ Estimate likely impacts of each management scenario on Washington's regional wood supplies and rural economies.

Analytical Approach

This project requires more than a simple computation of future timber supply or demand.

Our approach applies economic theory in a behavioral model to estimate how changes in timber supply might affect demand for timber.

- ✓ Spatial partial equilibrium model of the forest sector
- ✓ Solved over a 100-year timeframe
- ✓ Balances supply and demand (market equilibrium)
- ✓ Allows log prices and land values to change over time in response to assumptions within a baseline or alternative scenario

"Baseline" Wood Supply Study

- ✓ Analyze the current wood supply and the potential, future wood supply and demand in western Washington.
- ✓ Considering the dynamics of the timber market, including export and import of timber into and out of Washington State.
- ✓ Determine what is known about the needs of western Washington's forest industry infrastructure and what information gaps exist.
- ✓ Analyze the level of wood required to maintain existing timber industry infrastructure in western Washington.

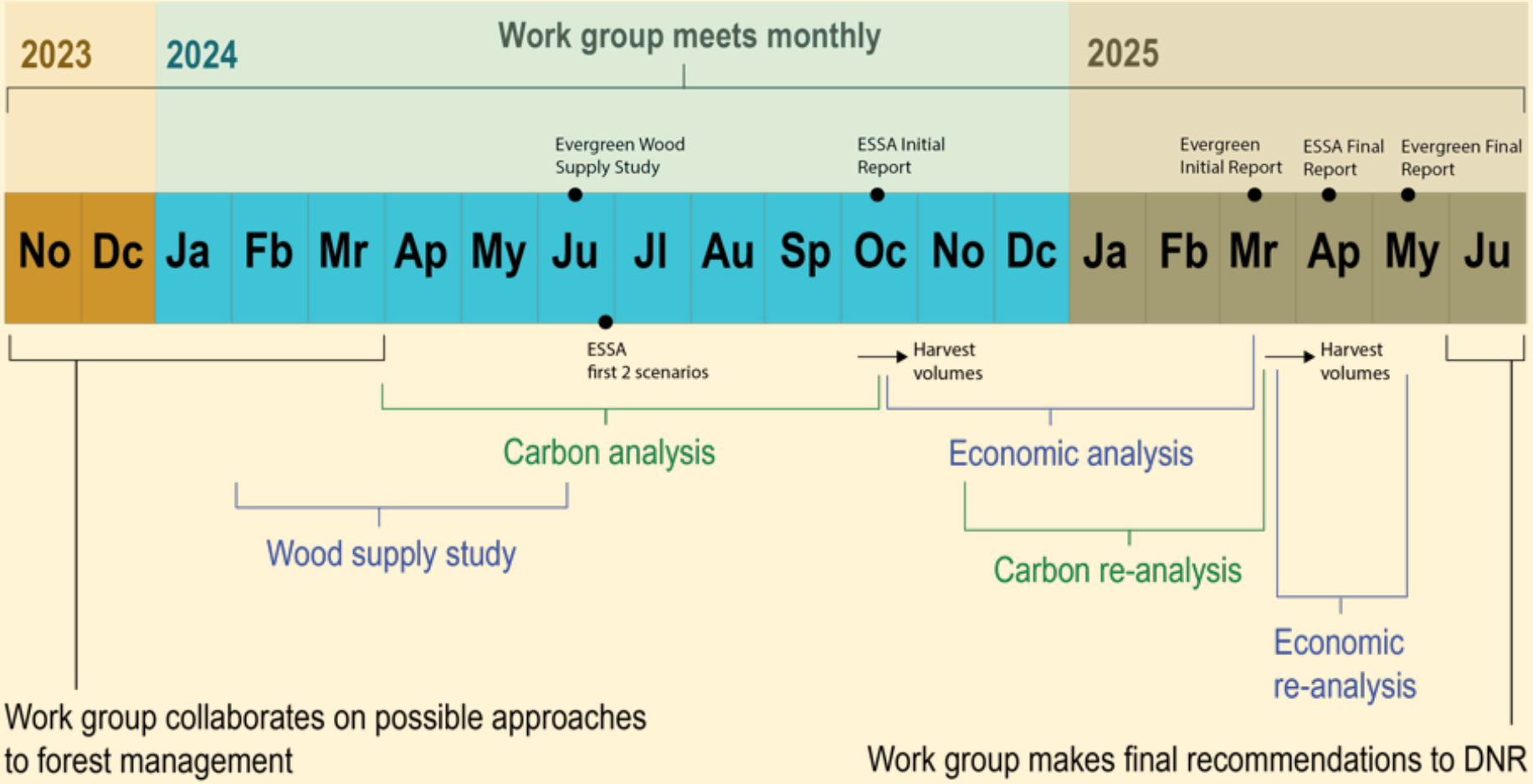
Scenario Analysis

How do changes in harvests on DNR-managed lands impact the behavioral of other timberland owners and mills?

For example, constrained log supplies could result in…

- ✓ **Localized effects** as Washington mills raise their willingness to pay for logs;
- ✓ **Regional effects** as other Washington, Oregon, and Idaho landowners increase near-term harvests in response to the higher local log prices;
- ✓ **National effects** as mills in other parts of the country expand production and mill capacity and manufactured forest product prices rise; and
- ✓ **Localized effects** as Washington mill capacity contracts due to a reduced ability to compete with producers in other regions.

Schedules – Carbon & Wood Supply



Key Dates/ESSA (initial):
Initial report and model results Oct. 14, 2025
Model re-analysis results March 11, 2025
Final Report April 23, 2025

Contact Information

Ted Helvoigt, Ph.D.
Evergreen Economics
541-954-8674
helvoigt@evergreenecon.com

Gregory Latta, Ph.D
L&C Carbon
541-619-9212
lattaforestry@gmail.com

David Ford
L&C Carbon
503-449-6957
davidford27@gmail.com