

Maine Forest Economy Growth Initiative

Recommendations to Strengthen and Diversify Maine's Forest Industry and Rural Economies

December 2016



MAINE DEVELOPMENT FOUNDATION



The forest products industry has a long and proud heritage in Maine, and remains a significant economic driver in the state's economy. In 2016, the total economic impact of the forest products industry is still estimated at \$8.5 billion, and 33,538 total jobs.

At the same time, rapid marketplace changes have led to the recent closure of six pulp and paper mills and two biomass electric facilities and related declines in forest manufacturing and harvesting. The result is that Maine has lost 50 percent of its softwood pulp market in the last two years. Between 2014 and 2016, the total economic impact of the forest products industry fell from \$9.8 billion to \$8.5 billion, and more than 5,000 jobs were lost. Rural Maine communities where mills have closed are experiencing high unemployment rates, loss of population, and significant basic infrastructure challenges.¹

Forest Products Industry²

	2011	2014	2016
Total Economic Impact	\$8.5 billion	\$9.8 billion	\$8.5 billion
Total Jobs	38,789	38,956	33,538

In this environment of rapid change, the Maine forest products industry is looking to strengthen and diversify to ensure the success of the forest economy in the future and strengthen economic opportunities in rural communities across the state. **The global forest products industry is changing, and if Maine adapts quickly and strategically, we can maintain our leading role in a global forest economy.**

¹ Source: Eastern Maine Development Corporation

² Source: University of Maine, "Economic Contributions of Maine's Forest Products Industry 2014 and 2016 (estimated)"

In the spring of 2016, members of the forest products industry, affected communities, and other stakeholders came together to develop shared strategies to strengthen and diversify Maine's forest industry and rural economies.

We envision a thriving and diverse forest products industry that provides good jobs in vibrant rural Maine communities.

Together, the priorities outlined in this report are intended to achieve the following goals:

- Goal 1. Sustain Maine's existing forest products businesses
- Goal 2. Attract capital investments and develop greater economic prosperity in the forest products sector across the State for both existing and new businesses
- Goal 3. Support the revitalization of Maine's rural communities as places where people want to live, work and visit

Over the next three years, we recommend the following priorities:

- A. Conduct a global market assessment to assess future demand for Maine wood products.
- B. Conduct a statewide wood supply analysis to attract new markets.
- C. Conduct a transportation analysis to determine where infrastructure improvements are necessary to increase profitability for the forest products value chain.
- D. Support and grow markets for low-value, underutilized wood and biomass utilizing Combined Heat and Power (CHP) biomass plants, micro-grids, and modern thermal systems.
- E. Invest in the research, development, and commercialization of emerging wood technologies such as forest bioproducts as an opportunity for the utilization of low value fiber.
- F. Support small landowners who want to grow and harvest more wood.
- G. Invest in logger and forest products workforce development.
- H. Redevelop and reuse or repurpose Maine's closed mill industrial sites.
- I. Diversify and strengthen Maine's rural economy.

Success will be measured by the following outcomes:

- 1. Employment: Sustain and create job opportunities in the forest products industry
- 2. Diversification: Invest in new value-added forest products
- 3. Exports: Increase value-added forest products exports
- 4. Income: Increase per capita personal income in Maine's rural communities