Products and Markets

TTC Work Group Call, February 23, 2023 – Summary

Participants

- Tessa Axelson
- Mike Cooney
- Les Cronk
- Gordon Chew
- Steve Connelly
- Jeff Hermanns

Goals

1. Be able to produce competitive young growth product
2. Provide support for mills that can handle young growth

Challenges/Concerns

Grading requirements represent a significant barrier to small mills being able to sell materials to builders who are working on projects that require graded and stamped lumber (most residences and commercial buildings). The market for ungraded lumber is restricted to a limited number of uses such as small cabins / sheds, green houses, and ancillary products (siding, trim, etc.). The number of businesses that are being constrained by stringent grading requirements in what are still niche young growth products is relatively small, but the ability to grow is hampered by the grading requirement. Grading is very expensive and exemptions to the grading requirements are extremely limited. There are systemic issues that exacerbate the problem – e.g., a shortage of building inspectors, the role of fire marshals and insurers that need to be taken into account, etc.

The industry is significantly challenged by the rapid pendulum swing from old growth to young growth. Young growth is less valuable and still in short supply. Slash is more of an issue when young growth is harvested. The markets for young growth are still being clarified/evolving (and definitely will not include providing lumber for housing all over Alaska because it is unrealistic to expect that young growth products from Southeast Alaska will compete with inexpensive lumber from the lower 48 – even though the quality of Alaska products may be superior).

While there is an interest in fiber for heating purposes, the costs of transportation, the absence of reliable continuous supply, the high moisture content of the available wood, and the high up-front costs of boilers are barriers to scaling beyond small, local operations. Wood based generation of electricity is prohibitively difficult and expensive.

Suggestions

Please note that these suggestions **do not represent agreement or consensus among call participants**. They are a compilation of ideas that were discussed – from differing perspectives.

1. **Continue to push for a more reliable supply** of timber – across ownerships.
2. The USDA / Forest Service should **purchase locally produced wood product**s.
3. **Provide support / funding for mills to "tool up".** This does not necessarily mean purchasing new machinery. Many of the 35 or so small operations also need help with business planning, market research, cash flow management etc. Spruce Root, which provides training and support for small businesses, may be a useful resource in this regard.
4. **Consider community or regional advisory councils** focused on building young growth based economies – modeled perhaps on subsistence councils.
5. **Allow for both export and domestic sales** of young growth.
6. **Take advantage of the opportunities that do exist for small scale use of harvest by-products/slash** etc. to fuel boilers to provide heat for homes and within communities where it makes sense e.g., where neighborhoods might be able to connect to a centralized heating source.
7. **Track and support efforts that are underway in the Alaska legislature – partly in response to the extremely tight housing supply - to address the challenges with grading**. There are questions regarding how the current Uniform Building Code (UBC) may need to be revised/legislated and the discussion regarding how these conversations relate to the housing crisis in Alaska under the lumber grading section. In the long term the Uniform Building Code (UBC) needs to be updated. Note that Wisconsin has developed a provision that allows for self-graded lumber – which might serve as a useful example for Alaska.