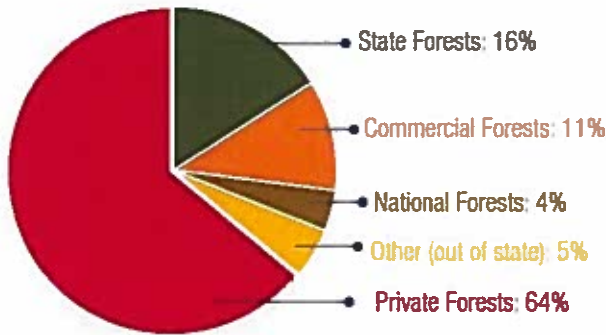


Michigan Forest Products Industry Snapshot



Michigan Forest Products

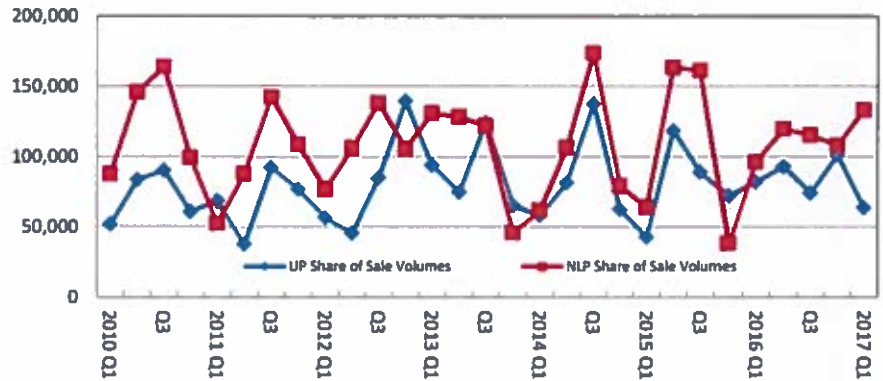
Annual Economic Impact	\$17.8 billion supporting 87,000 jobs
Michigan's Total Landmass	20.3M acres are forested (55%)
Total State-Owned Forest Lands	4.59M acres 3.23M acres open to forest management
Total Federally-Owned Forest Lands	2.7M acres in 3 federal forests



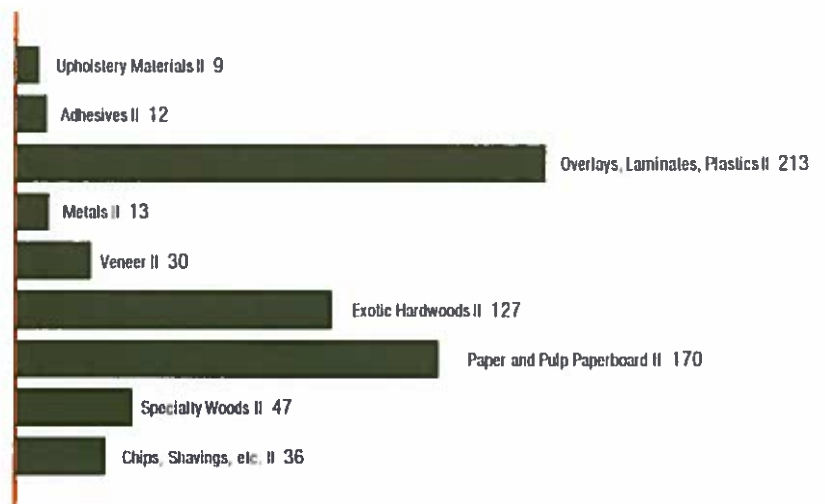
**NONINDUSTRIAL,
PRIVATE FORESTS:
LEADING SOURCE OF
TIMBER SUPPLY**

Total State Forest Pulpwood and Sawlog Sale Volumes (cords) by Michigan Peninsula, FY 2010-1st Qtr, FY 2017

UP bid species sales volumes dropped sharply in the 1st quarter of FY 2017, from 101,087 to 63,773 cords, but they rose in the NLP from 107,591 to 132,997 cords. It is rare for the UP to generate less than half the State Forest sale volume of the NLP. The NLP generally has had higher, but one extreme swing in its sale volumes. However, NLP volumes have been relatively stable for five quarters, following its lowest sale volume in the past six years in the FY 2015 4th quarter.



MICHIGAN INDUSTRY PRODUCTS: NUMBER OF COMPANIES PER MATERIAL CATEGORY



Michigan Forest Products Industry: Issue Brief



Forest Threats

Michigan has one of the largest dedicated forest systems in the U.S. at over 20 million acres. Threats to our forest system include a lack of forest management, invasive species and commercial development. These factors and many more may decrease Michigan's forest health.

- Invasive species, such as the Emerald Ash Borer, Oak Wilt and Beech Bark Disease add stresses to tree diversity and hardwood forests.
- A lack of forest management can increase the frequency of fire, disease, dying trees and habitat loss.
- Over-regulation by not defending current 4(d) rule listing for the Northern Long-Eared Bat
- Adaptive forest management techniques and policies are key to reacting to the challenges and stresses that face Michigan forests.

Competitive Tax Policy

Michigan's forest job creators need a tax system so that they can compete effectively in a global economy. While Michigan's tax system has improved, continued economic incentives, personal property tax relief and regulatory reforms will improve economic growth, job opportunity, capital investment and the competitiveness of Michigan based operations.

Talent

MFPC is invested in attracting, retaining and training skilled trades employees and praises the Governor's efforts to do so as well. We partner with community colleges and Michigan Works! to help promote and provide opportunities for Michigan's citizens to enter the forest industry. At the same time, Michigan must guard against cost increases in workers' compensation costs and fairly enforce workplace safety regulation.

Environment

Michigan's environmental rules and regulations should not exceed federal standards. Furthermore, environmental standards should be based on sound science. We support efforts to develop rules and funding that remove barriers to cleanups, including funding for the Clean Michigan initiative. Michigan should continue the work of the Office of Regulatory Reinvention (ORR) to revise outdated rules and regulations.

Qualified Forest Program (QFP) & Commercial Forest Act (CFA)

These programs - unique to Michigan - keep private forests intact, enhance timber supply and provide numerous public benefits. Commercial Forest Act (CFA) lands are open to hunting and fishing as forest recreation adds nearly \$3 billion to the state's economy each year. We support expanding these programs and the DNR's use of the Good Neighbor Authority.

Forest Roads & BMPs

Forestry activities and forest roads are exempt from regulation under the Clean Water Act. Further regulation of forest roads by the EPA is not necessary. These activities are most effectively regulated by states through Best Management Practices (BMPs) for water quality. MFPC partners with the DNR to fund an independent audit of statewide forest BMPs, and calls on the DEQ to work with the forest professionals to assure the effectiveness and consistency of stream crossing guidelines.

Grow Fiber & Wood Supply Chain:

Sustainable active management remains a priority, particularly as Michigan's forest continue to grow at more than twice the (2.7) rate they are harvested.

- A stable fiber supply is the life blood for a vibrant forest products economy in Michigan, and helps to grow the forest products sector over \$20 billion per year - primarily achieved through new investment in manufacturing and exports.
- Recycling is one of the industry's greatest success stories. The industry blew past its goal of 60% recovery in the first decade of the 21st century.

Michigan's active forest management program on over 4 million acres is the backbone of a fiber supply pipeline that has been enhanced by a strong state commercial forest act (CFA), Qualified Forest (QF), and Tree Farm programs.

Michigan's forests are dual certified under the Sustainable Forestry Initiative[®] (SFI[®]) and Forest Stewardship Council[®] (FSC[®]).

A top priority for the forest products industry is to encourage investment, research and development into new bio-material and bio-chemical product markets from Michigan's sustainable wood fiber.

Energy

In 2016, Michigan enacted a new comprehensive energy law with the goal to eliminate energy waste, improve reliability, and create new electric generation. MFPC encourages legislators to provide oversight on the Public Services Commission's implementation of the new law and look to encourage competitive energy markets to drive down costs. Another top priority is ensuring that the biomass energy produced and used in our facilities is considered carbon neutral.

Transportation Policy

The forest industry, county road commissions and MDOT must work together to effectively balance fiber supply needs with frost weight restrictions. MFPC supports additional funding for roads, and to maintain current weight limits. We encourage efforts to reduce burdensome regulation and improvements in freight rail service.