Kentucky Forestry Economic Impact Report 2012-2013 Executive Summary

The University of Kentucky Departments of Forestry and Agricultural Economics developed the Kentucky Forestry Economic Impact Report 2012-2013 to provide up-to-date economic statistics and information for Kentucky's forest and wood industries and associated forestland. This executive summary covers the highlights of the report; the complete report is available at www.ukforestry.org

2012 Economic Importance of Kentucky's Forest and Wood Industry

$9.9 billion total economic impact with $6.3 billion in direct revenue

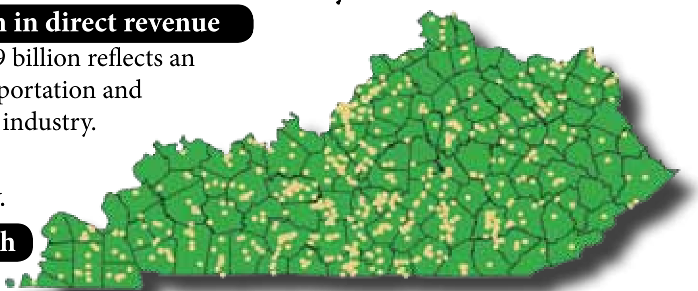
The $6.3 billion in direct impact is revenue while the $9.9 billion reflects an additional $3.6 billion in economic activity such as transportation and associated industries directly tied to the forest and wood industry.

51,928 total jobs with 24,262 directly employed

This represents 2.7% of all employment in Kentucky.

Leading producer of hardwood sawlogs in the South

593 million board feet of logs and 992 thousand tons of pulpwood was harvested in 2012.



Distribution of Wood Industries in Kentucky
Source: Kentucky Forest Products Industry Directory

Direct Impacts ($ millions) and Jobs		
Sub-sectors	**Revenue**	**Jobs**
Logging	$164	2,276
Wood Residue	$368	714
Primary Wood	$578	2,955
Pulp and Paper	$900	1,210
Secondary Wood	$1,540	10,199
Paper Converters	$2,807	6,910

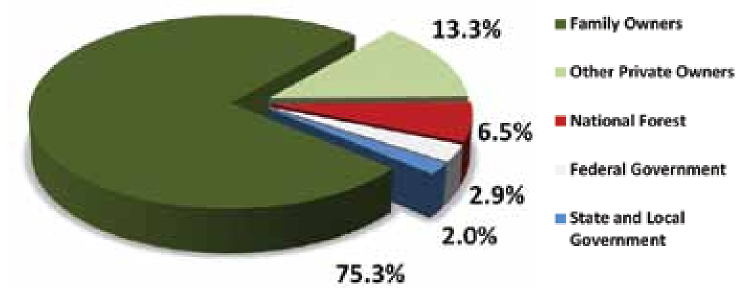
Forestry Sub-Sectors

The forestry sector encompasses a wide range of industries including logging and wood and finished product manufacturing. Primary manufacturing includes lumber, cross-ties, pallet material, barrel staves, veneer, and a multitude of other primary products. Finished or secondary manufacturing encompasses firms that make furniture, trim, flooring, and barrels and a host of other finished products. Paper production and paper conversion (ex. packaging, industrial and writing paper) are also significant revenue generating sub-sectors. The table provides direct revenue and jobs data for each sub-sector of forest and wood industries in Kentucky.

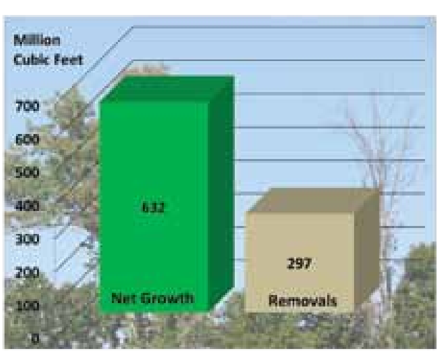
Forestland of Kentucky

- **12.5 million acres of forestland** in Kentucky representing 49% of the land cover in the state
- **473 thousand private forest owners** in Kentucky with 168 thousand owning more than 10 acres
- **89% of Kentucky's forestlands are privately owned** and they supply more than 90% of all wood harvested in Kentucky
- **Net timber volume growth exceeded the volume removed** through harvesting and land clearing by 2.13 to 1 in 2011

Ownership of Kentucky's Forestland



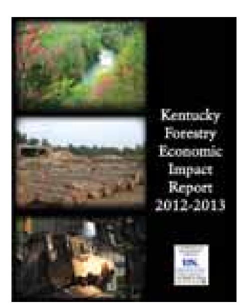
Source: U.S. Forest Service Forest Inventory & Analysis Data



Timber Volume Growth and Removals
Source: 2011 U.S. Forest Service Forest Inventory & Analysis Data

2013 Outlook

Several forestry sub-sectors are poised to improve in 2013 particularly primary and secondary wood manufacturers that will respond to the improving U.S. economy and housing starts. Logging will continue to be fragile and susceptible to fuel and parts costs. U.S. paper usage is projected to decline in 2013 and this may negatively affect paper converters. There are several threats to Kentucky's forests including the continued presence of insects and diseases, and reduction in higher quality timber. Also reductions in budgets to key organizations such as the Kentucky Division of Forestry will have consequences for forest productivity and Kentucky's ability to generate much needed information about the condition of the forest and statistics related to Kentucky's forest industries.



The complete report is available at www.ukforestry.org

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