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Forest Service Announces Relief for Timber Sale Purchasers

DENVER, August 4, 2011 – Acting Regional Forester Jerome Thomas announced a Forest Service decision today to offer relief to the forest products industry by granting the option to mutually cancel timber sale contracts that are no longer economically viable. This decision applies to purchasers located within the Rocky Mountain Region where the unique circumstances of millions of acres of dead trees coupled with an ailing industry require extraordinary measures.

“Dead trees and trees at risk of beetle infestation across millions of acres in the Rocky Mountain Region pose risks to public safety, watersheds, critical infrastructure and create severe wildfire hazards. Timber sales contracts are critical tools for treating hazard fuels and reducing these risks,” commented Thomas. “Ensuring a viable forest products industry is in the best interest of the Forest Service and the public.”

While there are a number of reasons the forest product industry is struggling, one significant cause is that some purchasers hold high-priced U.S. Forest Service timber sale contracts sold in the early to mid-2000s that are no longer economically viable and have become a financial liability. (These timber sale contracts are “high-priced” because they were sold before the recent drastic decline in the timber market.) For a variety of reasons, many of these sales were ineligible for various relief measures accorded to the timber industry during the drastic market decline in the late 2000s. Other sales did receive relief measures, but market conditions remain so severely depressed that many of them continue to be uneconomical and are destined for default.

“The loss of mills and independent loggers in this region because of financial struggles, or otherwise, will negatively impact the Forest Service’s ability to be responsive to the hazards posed by the bark beetle epidemic,” Thomas said. “It is critical that we do all that we can to support this struggling industry while continuing to provide for public and employee safety and protecting critical infrastructure like roads, watersheds and powerlines.”

The mutual cancellation decision was signed on 2 August 2011, and applies to existing contracts that predate the 2008 Farm Bill, which provided for relief from Forest Service timber contracts.

Eligibility for the timber sale mutual cancellation option will be evaluated on a case-by-case basis.

Timber sale purchasers that exercise the option to cancel a contract will not be prohibited from bidding on future timber sale contracts.