

AS WE SEE IT: MAY 2022

Canary in the Woods

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Like the proverbial “canary in the mine” that alerted miners to dangerous conditions and warned them, loggers are the “canary in the woods” regarding the timber and forest products industry. Loggers and truckers are “dropping” like canaries. This should be a warning to the timber and forest products industry.

If a tree falls in the woods and no one is around to hear it, does it make a sound?

Well, a large tree recently fell in the woods, and it made a sound! Bobby and Lori Goodson of the acclaimed series “Swamp Loggers” recently announced that after more than 40 years they have decided to shut down their logging and trucking businesses due to the fact that it was no longer profitable under the current conditions.

<https://www.youtube.com/watch?v=bXWfiMdEP4o&t=178s>

Instead of “not making a sound” the Goodsons took the opportunity to publicly announce their decision via a YouTube video from their kitchen counter. Making this decision was obviously a very difficult personal choice, but like always, Bobby and Lori put the timber industry above their personal privacy and shared this publicly in an effort to bring the current overwhelmingly challenging business environment threat to the attention of those controlling the markets and policies. The Goodsons are the canaries warning the forest products industry that the logging and trucking sector is not sustainable under the current model.

The Forest Products Industry and the Public Policymakers can heed the warning that the Goodsons have shared or ignore it and live with the consequences.

Fuel costs have proven to be the “Straw that Broke the Camel’s Back”. Some mills have been professional and responsive in providing fuel adjustments, but most have not, and many have only provided a portion of the actual increase in production and transportation costs.

Those who feign that they don't fully know what the additional costs are, employ a tried and true negotiating strategy of requesting that you provide a breakdown so that they can better understand your costs. This is merely a delay tactic that usually results in a response that is:

A Day Late and a Dollar Short

In order to provide loggers and truckers with the resource to respond to this ongoing strategy, the Virginia Loggers Association worked with Dr. Joseph Conrad from the University of Georgia to provide an objective analysis of the incremental (per 10 cents per gallon) additional costs for production and transportation. Unfortunately, this information has not resulted in consistent or adequate fuel adjustments for loggers and truckers from many of the mills.

<https://www.amloggers.com/news/how-to-calculate-a-fuel-cost-adjustment-virginia-loggers-association>

Ironically, the mill inbound supplies and outbound transportation fuel surcharge is not debated by the mills. The vendor tells the mill what the fuel surcharge is going to be and the mills pay it, otherwise the vendors don't provide the service. The mills just incorporate that expense into the end product cost which has resulted in record profits for many mills.

The Timber Industry is the only industry that allows the "buyer" to dictate the price even when it results in the supplier losing money.

That has to change. Timber Unity in the Northwest demonstrated the effectiveness of the timber industry rallying together. If loggers and truckers would practice this unity regarding what they get paid (not in collusion or in violation of anti-trust practices) for their services and products, based on what it costs them, things could change.

Loggers and truckers are not indentured servants (although it may seem so with the amount of debt you carry). It is your business, your logging operation, your truck. Nobody can force you to work.

The timber industry model is the same as it has been for 100 years with loggers and truckers, whether in lumber camps or independent logging / trucking companies, being told what to do and if they don't they will be replaced by a logger or trucker who will. Those days are over, there aren't enough loggers and truckers to play against one another. If someone wants to work for less than it costs, let them, they won't be around long.

As the old saying goes "don't kill the Goose that lays the golden egg". This refers to killing something that brings one wealth. The loggers and truckers are the "Golden Goose" which has brought record wealth to many in the forest products industry. Those who are benefitting are risking killing the goose that lays the golden egg.

Since there is a proverbial theme to this As We See It column – the Goose that Lays the Golden Egg, the Straw that Broke the Camel's Back, the Tree Falling in the Woods, and the Canary in the Mine I want to close with a Biblical Proverb:

"A false balance is an abomination to the Lord, but a just weight is his delight"

Proverbs 11:1

Meaning one should use an honest scale and pay someone a fair amount, because a laborer is worthy of his wages.