

## **Federal COVID-19 Relief Package for Logging and Trucking Companies Deserves Our Support!**

Virginia logging and forest trucking contractors have joined a national effort seeking federal relief for their industry at a time when COVID-19 and its economic impacts are threatening the survival of the companies depending on the entire U.S. forest economy.

Here in Virginia, many loggers reported seeing problems with markets in early to mid - 2019. Weekly and daily quotas were placed on loggers' production and some finished up their deliveries to plants by Wednesday morning. Virginia's economy was introduced to COVID-19 in January and February. Mills began backing up on raw material and finished products even more as export markets started to slow down and loggers were impacted even further. A short and warm winter added insult to injury for most loggers as they hoped for the best but prepared for the worst. Yet, with typical tenacity, our state's family logging and forest trucking businesses persevered as they were deemed essential and felt that a growing demand for wood fiber during the pandemic could lift them back to health.

This optimism quickly turned to despair as the twin shocks of the full impact of the COVID-19 pandemic spread in Virginia and across the United States. The loss of markets at Verso and the imposition of production quotas elsewhere left big market vacuum. Everything just got worse as COVID-19 uncertainties loomed and caused more havoc and uncertainty in the market - place.

How bad is it? A recent survey of the membership of the Virginia Loggers Association, the state's trade association for loggers and forest truckers, found that an estimated 90% percent of respondents have been negatively impacted by the pandemic.

Impacts include revenue losses, layoffs, loss of clients, reduced productivity, and inability to plan for the future. All respondents reported a loss of markets, production quotas and pricing pressures. Some respondents reported experiencing most of these ill effects. Companies responding to the survey represented a cross section of Virginia loggers. Additional data provided by public sources on forest harvesting showed that harvest notifications were down by 26% from March 10 through May 10, 2020 when compared to the same time for the previous four years.

Based on the latest economic IMPLAN (2018) for commercial logging from the Weldon Cooper Center for Public Service, the most recent gauge of the size of the sector (an imputed number) is \$357,173,980 per annum. A 26% reduction in timber harvesting means a nearly \$93 million direct economic loss for Virginia's economy and hundreds of jobs eliminated. Clearly, a lot is on the line.

Virginia's story is very consistent with other timber producing states across the country where mills have reduced their consumption of wood during the COVID-19 pandemic as a result of reduced or lost markets. Combined with high operating costs and low returns on investments, this collapse in wood demand threatens the survival of logging and log hauling businesses and means that capacity throughout the United States could be deeply reduced by this crisis.

In order to sustain the supply chain, the 34 member associations of the national American Loggers Council (ALC), which includes the VLA, have coalesced around a proposal that would provide direct federal assistance to both professional timber harvesting businesses and log trucking businesses.

Under this proposal, funding would be made available for contractors that harvested/delivered wood to various mills across the country in 2019 in the form of low interest loans and possibly forgivable loans to assist them with their ability to continue business operations for the next twelve months while their markets attempt to recover, much like the assistance already given to producers of agricultural and seafood commodities.

The VLA led early efforts to seek this proposed relief package and has urged Virginia's Congressional delegation for their support. If successful, it would be the first direct aid to the logging and forest trucking industry of the pandemic and perhaps one of the only times in U.S. history that Congress has helped loggers and truckers directly.

Virginia loggers and forest truckers have seen what has been done to help their sisters and brothers in the farming and fishing industries, even before the impact on those industries had been realized, and now they hope that their representatives in Washington D.C. will do the same for them. Loggers and truckers are only essential to our economy if they are in business to do the job.

*By Ron Jenkins, Executive Director, Virginia Loggers Association*