

Logging Sector Challenges and Opportunities in Michigan

Insights from Stakeholder Surveys and Analysis

A Presentation for Forest Resource Economics Education (FREE) Webinars



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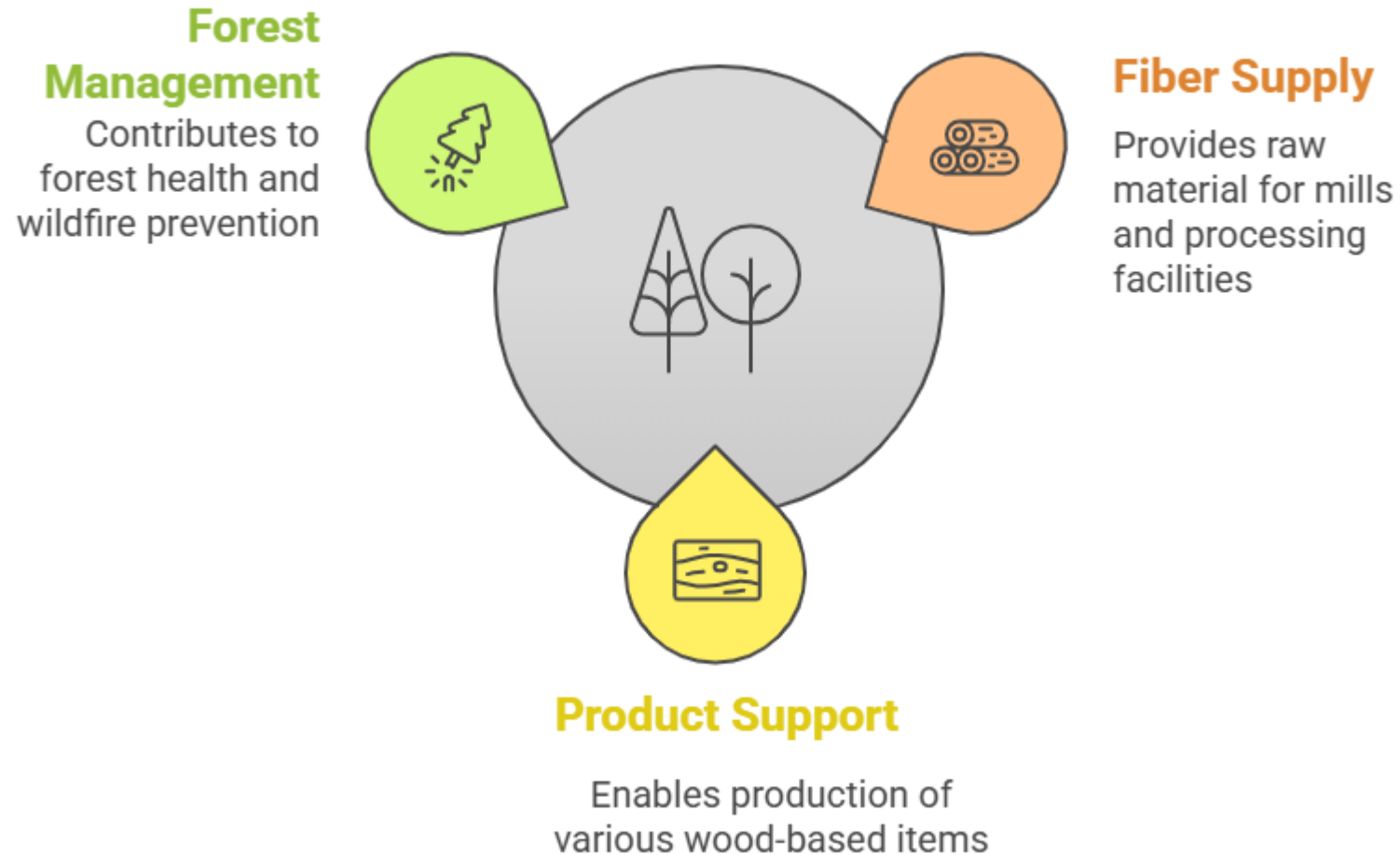
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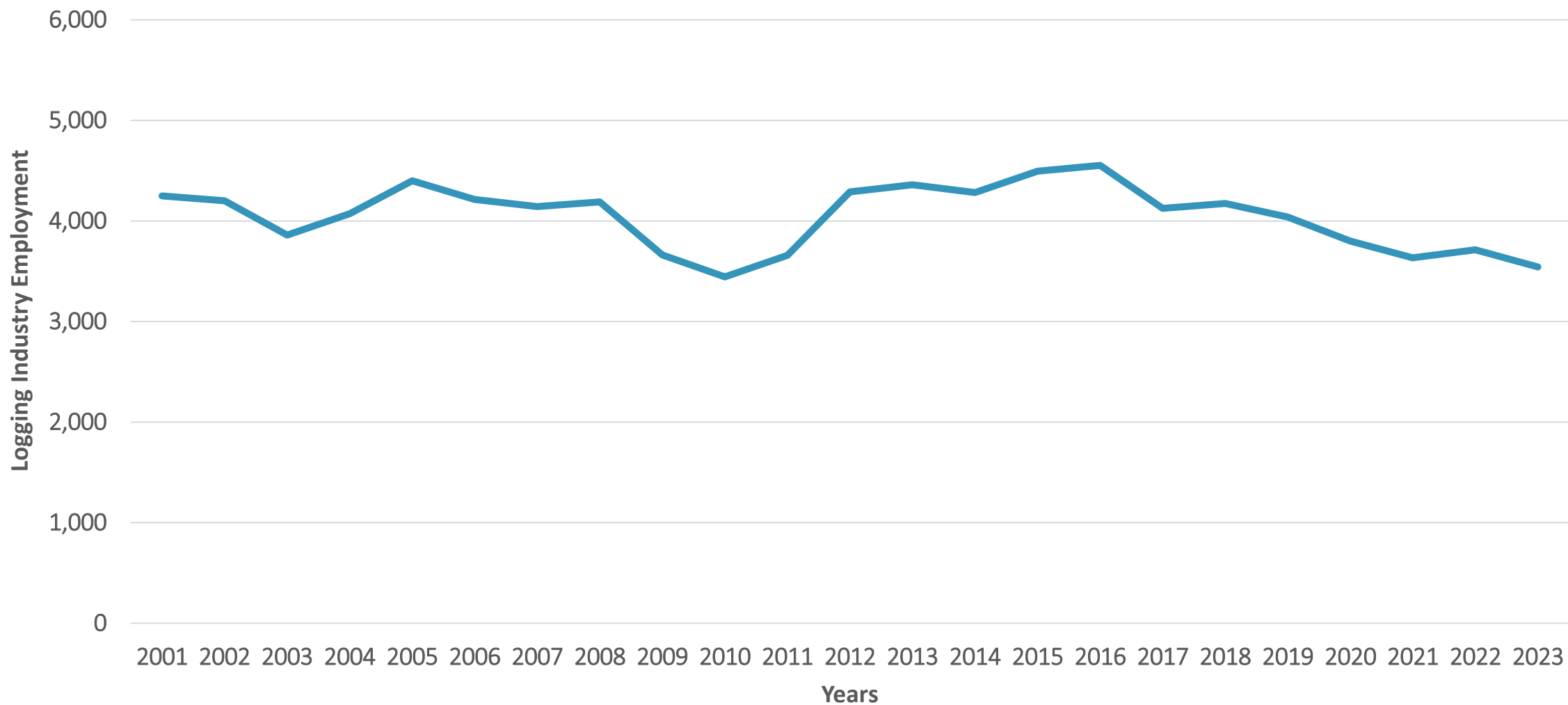
Logging forms the bedrock of Michigan's forest product industry



Logging sector economic contribution in Michigan, 2023



Employment trend shows that logging is facing challenges



Growth-to-removal ratio



MICHIGAN'S FOREST STILL GROWING
FASTER THAN HARVESTED (GROWTH-
TO-REMOVAL RATIO = 1.95)

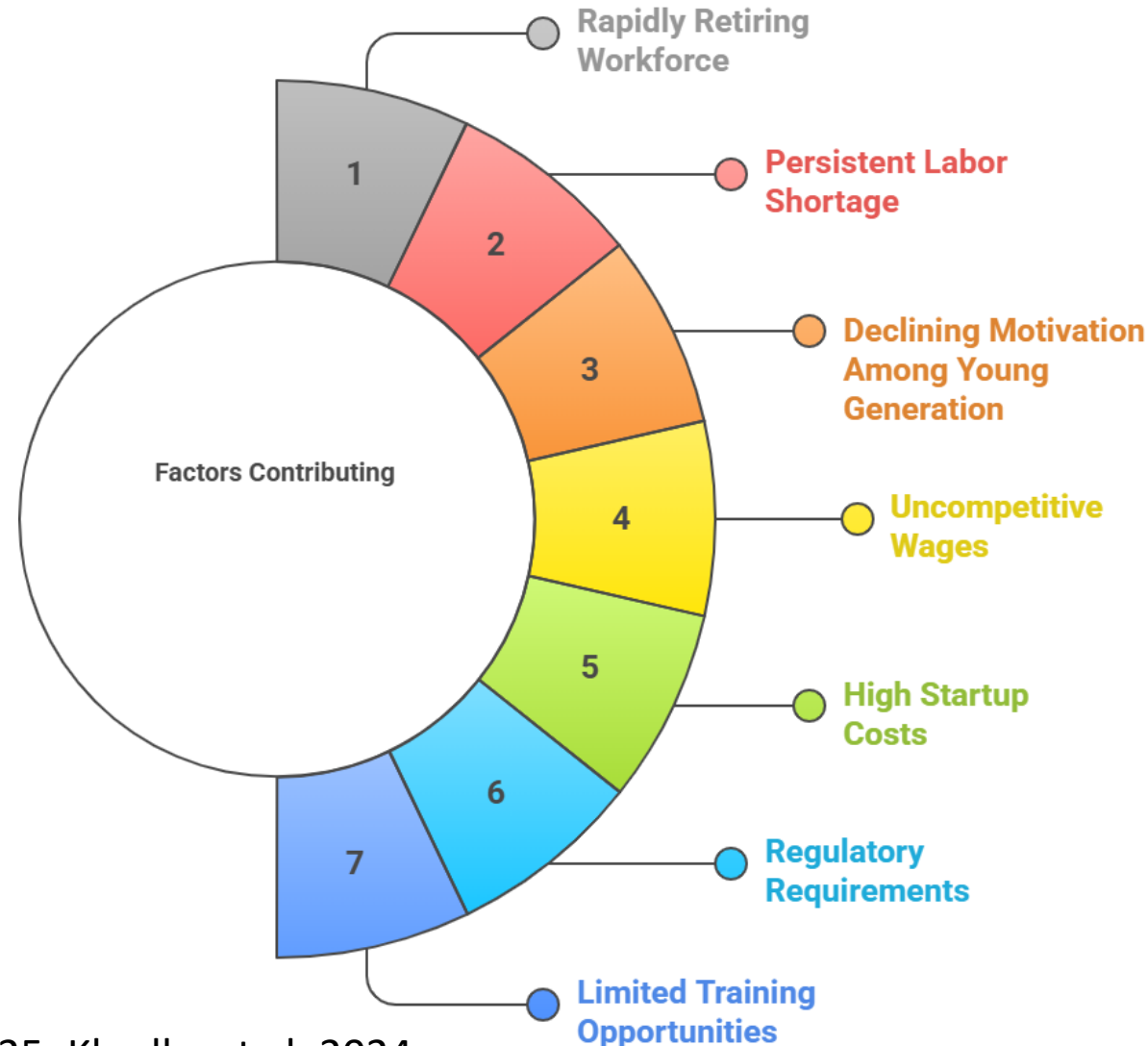


BUT RATIO HAS DECLINED FROM
HISTORICAL LEVELS (2.7 – 2.8, 1955-
2004)

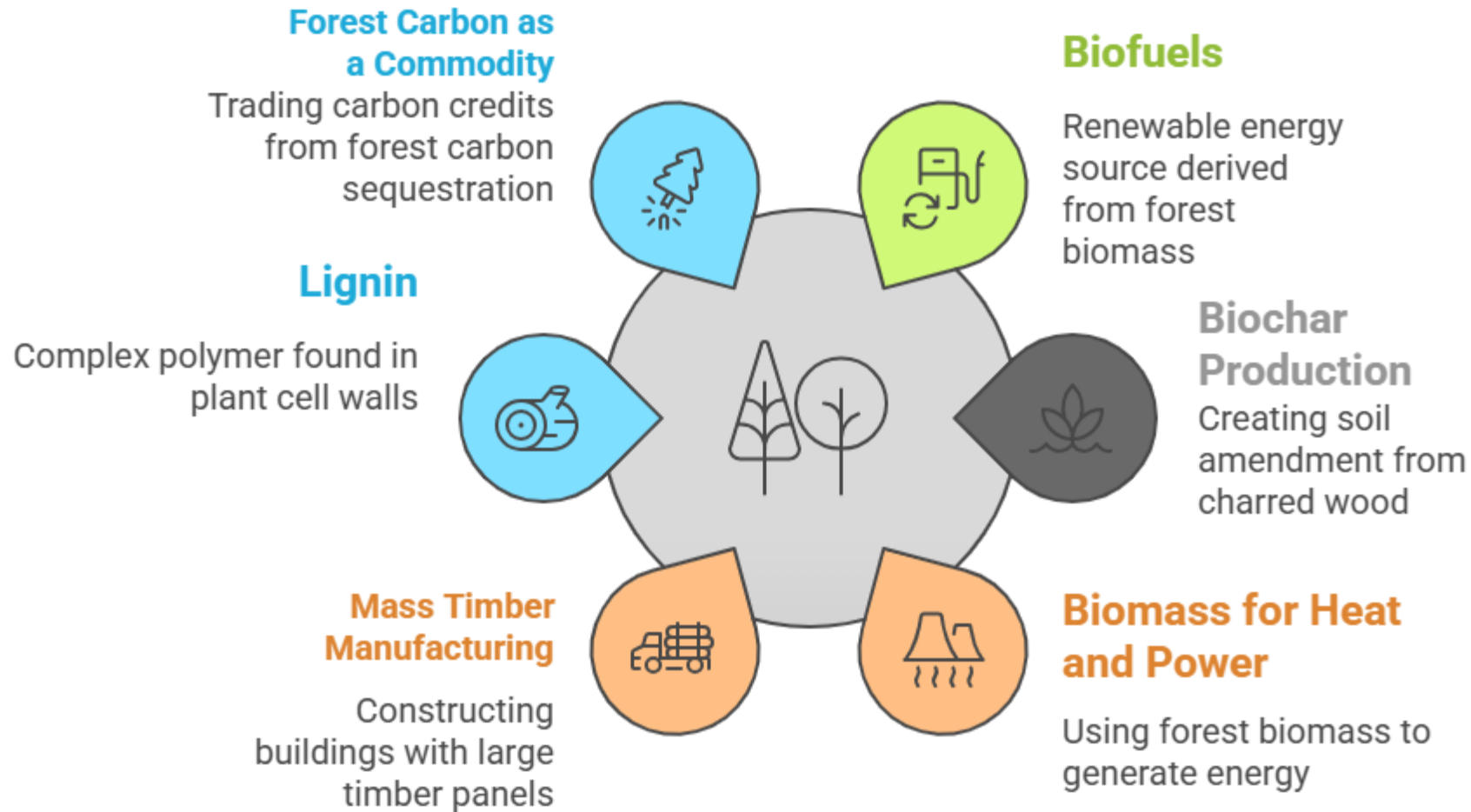


HARVESTING AND PROCESSING
CAPACITY MIGHT LAG FOREST
GROWTH.

Factors contributing to this decline



New Interest in Innovative Forest Product



Made with  Napkin

Research Gap

- Which challenges are most pressing?
- What solutions, opportunities, and topics stakeholders are most excited about?

Research Question



How does the forest products industry perceive the current challenges and emerging opportunities within Michigan's logging sector?

Which of the following best describes you?
Select only one option.

- ☐ Consulting Forester
- ☐ Logger
- ☐ Mill Manager or Owner
- ☐ Private Landowner (corporate)
- ☐ Private Landowner (family or individual)
- ☐ Non-profit or trade association
- ☐ Others

How long have you been
in your current
organization?

- ☐ Less than 1
- ☐ 1-5 year
- ☐ 6-10 years
- ☐ More than 10 years

Challenges in logging sector

Please rank these challenges in order of priority, from the most pressing to the least. Enter a number from 1 to 10, with 1 being the most pressing and 10 being the least.

- _____ Retiring workforce.
- _____ Difficulty finding qualified workers, especially for machine operation and log truck driving.
- _____ Younger generations not interested in the logging industry
- _____ Rising operational and equipment cost including fuel, insurance, and machinery maintenance.
- _____ Significant startup barriers for new businesses: high capital costs.
- _____ Significant startup barriers for new businesses: difficulty establishing industry connections and building employment base
- _____ Lack of effective training resources and certification programs for loggers.
- _____ Negative public perceptions of timber harvesting.
- _____ Unstable markets that affect profitability and stability
- _____ Lack of markets for raw fiber.

Please list other problems that feel pressing to you but are not included above.

Solutions to existing challenges

Which topic would be beneficial to you for a workshop or webinar?

Please rank the following topics from 1 to 7 with 1 being most interested and 7 being least.

- _____ Information on property tax, income tax, and inheritance tax
- _____ Capacity building on financial readiness. Examples: regulatory cost, establishment cost, handling inefficiencies
- _____ Differences between transiting established businesses versus building a new logging business
- _____ Operating advance machinery and other technical advancements
- _____ Workforce development programs to increase the availability of logging equipment operators and log truck drivers
- _____ Partnership with K-12 schools, vocational schools, universities, & extension programs to enhance logging as a career
- _____ Developing new markets (e.g., mass timber, bioenergy, biofuels, emerging topics)

List other topics you would like to see covered in webinars and workshops.

Age

- ☐ <24
- ☐ 25-34
- ☐ 35-44
- ☐ 45-54
- ☐ 55-64
- ☐ >65

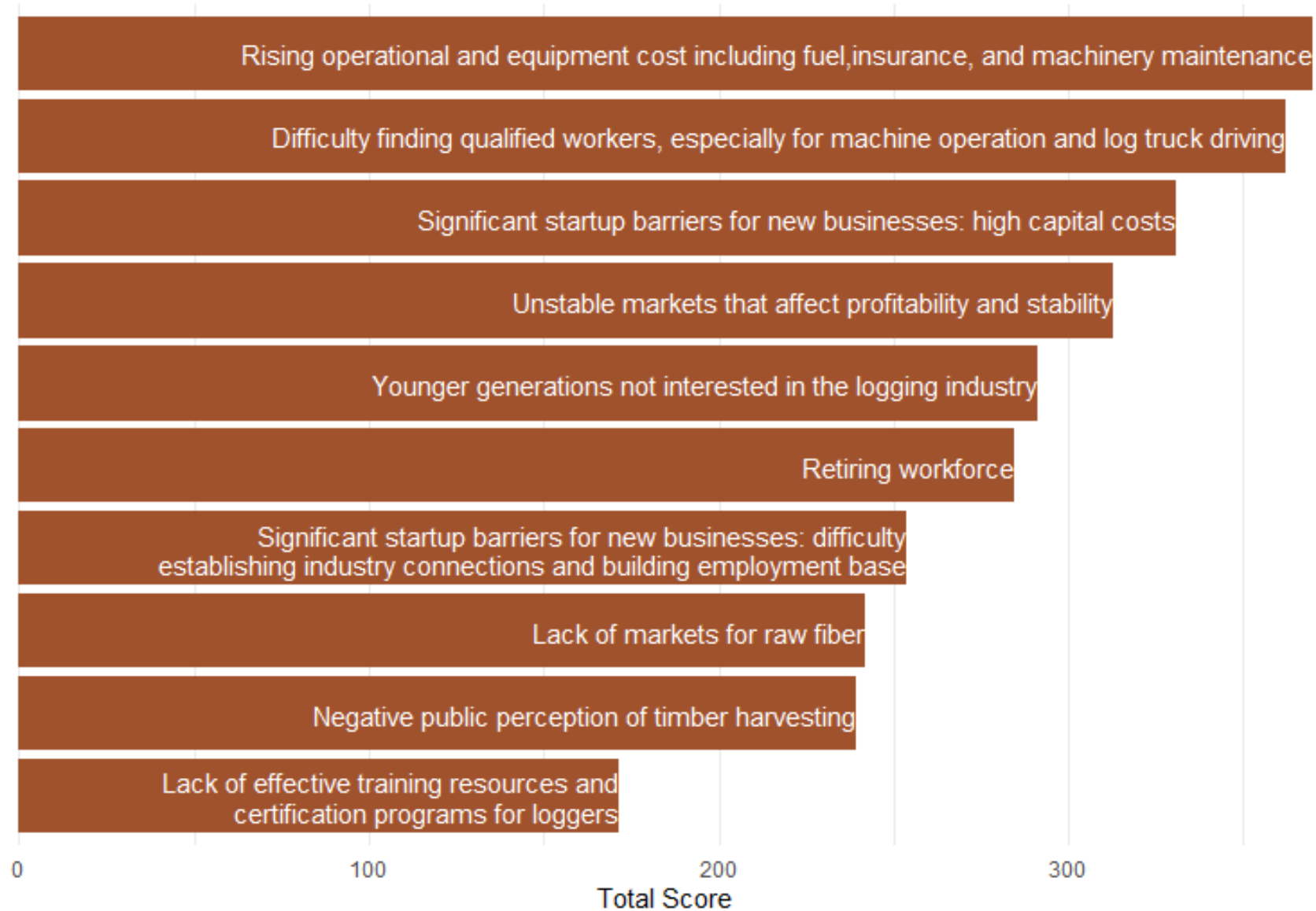
Gender

- ☐ Male
- ☐ Female
- ☐ Other

Education

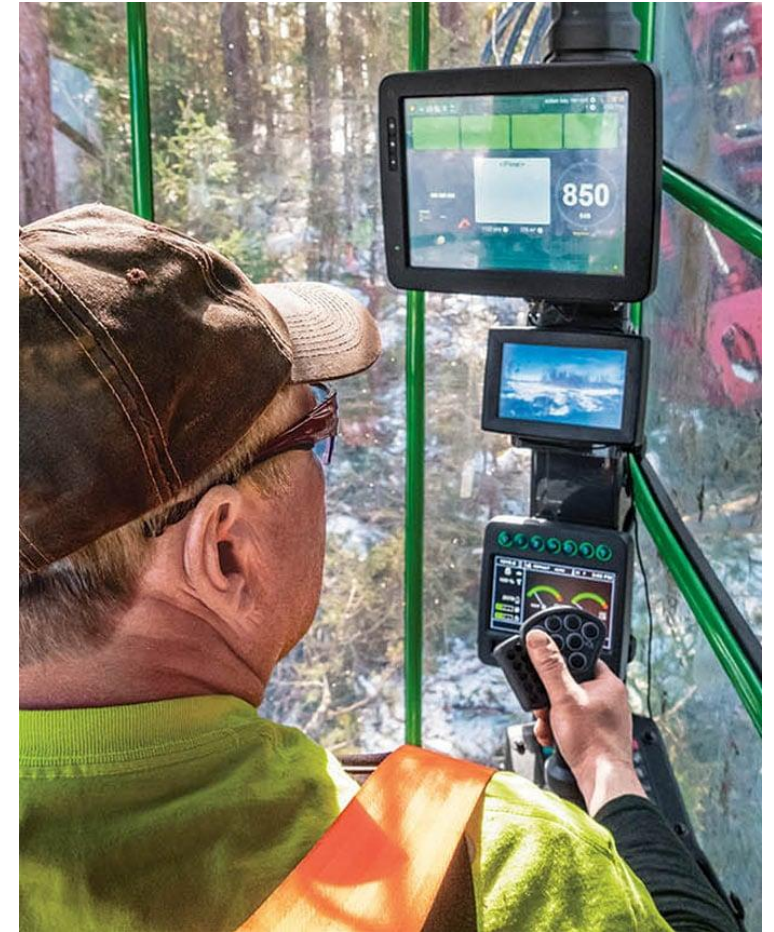
- ☐ High School Diploma or GED
- ☐ Associate Degree
- ☐ Undergraduate
- ☐ Graduate and above

Challenges



Rising operational and equipment cost including fuel, insurance, and machinery maintenance

- Consistent with results across the US south
- Rising labor expenses + fuel prices = increased cost
- Constrain the profitability of businesses
- Limit opportunities for reinvestment



Difficulty finding qualified workers, especially for machine operation and log truck driving

- High-risk nature of logging
- Truck drivers in logging are not the direct employees of logging companies
- Compounded risk: road accident + additional dangers faced by logging workers



Retiring workforce- ranked 6th

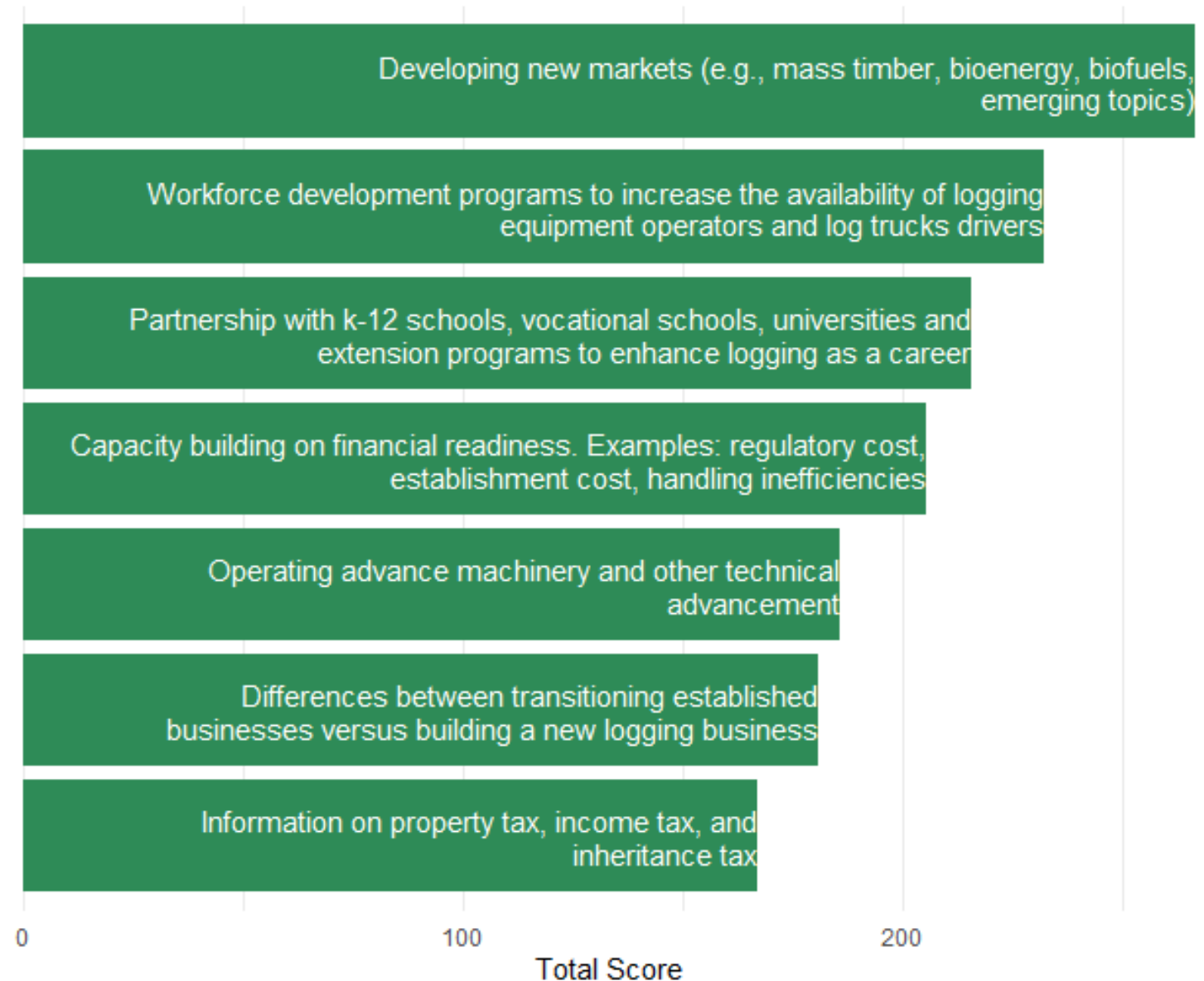
- Surprising but also, intuitive
- Current logging workforce is nearing retirement
- Business exits in next 7-10 years
- Economic point of view: if cost drop, new business would enter and fill the gap
- Profitability drives new business investment

Additional Challenges

- Shift in land management objectives
- Shift in view towards logging
- Land parcelization
- Lack of industry collaboration & research
- Regulatory and policy challenges
- Market constraints

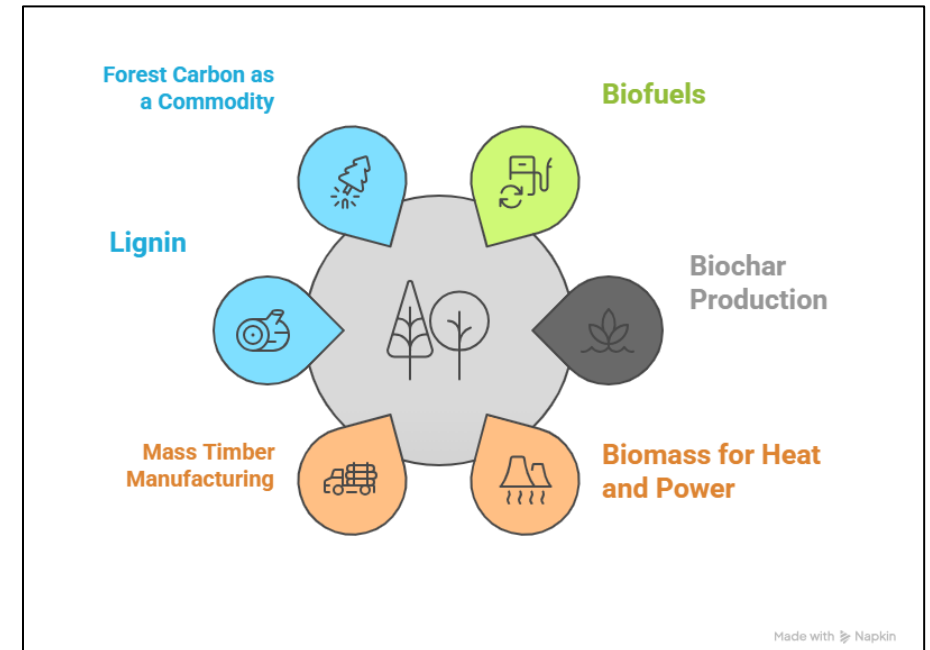


Solution/Interest



Developing new markets (e.g. mass timber, bioenergy, biofuels, emerging topics)

- Provides opportunities to sell previously limited value wood residue
- Generating interest towards innovative emerging fields
- Interest in other states
- Generates steady demand for forest residue
- However, low product prices still limit profitability for loggers



Additional Topics of Interest

- Communicating a better image of logging operations
- Noxious species
- Timber management vs. excessive deer population
- Forest health issues
- Opportunities to market raw wood



Implications

- Helps develop tailored and impactful extension and outreach programs
- Applicable to MSU Extension and NGOs, other lake states and southern states
- Capacity development programs in 2026 in cooperation with MI SAF, MAT

Rising operational and equipment cost including fuel, insurance, and machinery maintenance

Difficulty finding qualified workers, especially for machine operation and log truck driving

Significant startup barriers for new businesses: high capital costs



Developing new markets (e.g., mass timber, bioenergy, biofuels, emerging topics)

Workforce development programs to increase the availability of logging equipment operators and log trucks drivers

Partnership with k-12 schools, vocational schools, universities and extension programs to enhance logging as a career

Some of the topics

Market Trends and Value-Added Opportunities

- Goal: Help small logging businesses stay competitive.
- Current timber market trends
- Opportunities in biomass, carbon credits, or wood products
- Building partnerships with mills and landowners

Business Management for Family Logging Operations

Goal: Strengthen business and leadership skills for family successors.

Topics: Financial management, budgeting, and cost tracking

Leadership in family businesses (succession planning, managing relatives, communication)

Forest Resource Economics Education (FREE) Webinar

First Thursday of Alternate Month (3-4 PM)

Date	Speaker	Affiliation	Topic
Jan 8th	TBD		
March 5th	Jagdish Poudel	Forest Economist, Michigan Department of Natural Resources: Assistant Adjunct Professor, MSU Department of Forestry	Forest Products Industry and Timber Market
May 7th	Matt Watkeys	Forest Marketing and Outreach Specialist, Michigan Department of Natural Resources	Secondary Manufacturers
July 2nd	Raju Pokharel	Assistant Professor, Department of Forestry, Michigan State University	TBD
September 3rd	Shivan Gc	Assistant Professor, Department of Forestry, Michigan State University	Forest Taxes
November 5th	TBD		

Credit: Napkin AI for Pictures

Thank you for your attention.



I'm happy to answer any questions you may have.