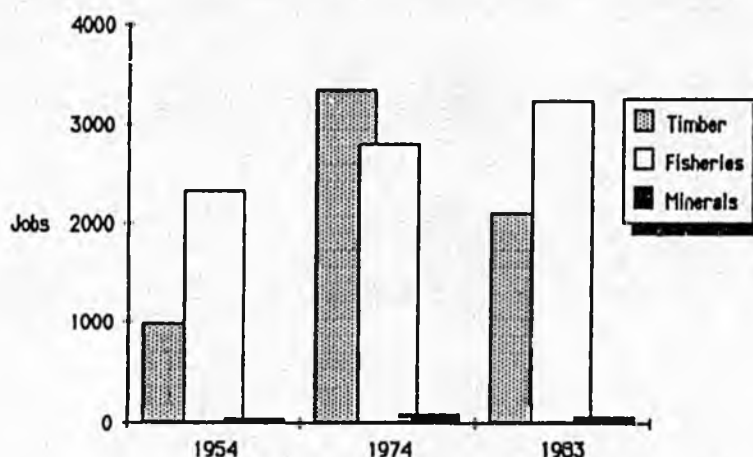


ALASKA LUMBER COMMISSION
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Figure 5.2

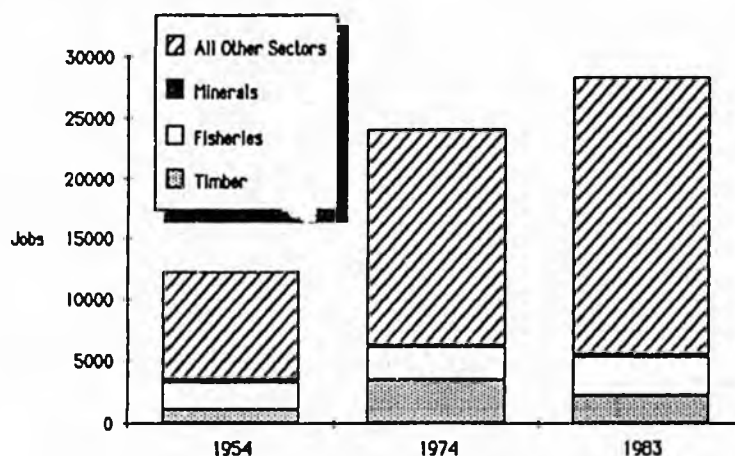
Employment in Natural Resources Industries in Southeast Alaska, 1954, 1974, 1983



Source: Rogers, George W. 1985. *The Southeast Alaska Regional Economy and Communities: Evolution and Structure*. University of Alaska, Anchorage, Alaska. 72 p.

Figure 5.3

Comparisons of Employment in Natural Resource Industries to All Other Industries in Southeast Alaska, 1954, 1974, 1983



Source: Rogers, George W. 1985. *The Southeast Alaska Regional Economy and Communities: Evolution and Structure*. University of Alaska, Anchorage, Alaska. 72 p.

POST-ANILCA PERIOD

At about the same time as Congress was reaffirming a commitment to a stable timber industry in Southeast Alaska through funding provisions in ANILCA, other factors were at work that altered the industry's profile within the Southeast Alaska economy.

An important factor in causing this change has been the strength of the U.S. dollar in the international marketplace. While Alaska has historically had higher production costs than its major competitors,

the strength of the U.S. dollar worldwide has given foreign competitors an even greater advantage.

Another factor influencing the economics of timber harvesting on the Tongass has been the land conveyances made to the State of Alaska and Native corporations under provision of the Statehood Act and the Alaska Native Claims Settlement Act. These land conveyances have, in effect, instituted new competition for limited markets where none formerly existed and affected the species composition and volume class of timber stands left in the National Forest. Timber harvest from private lands in South-

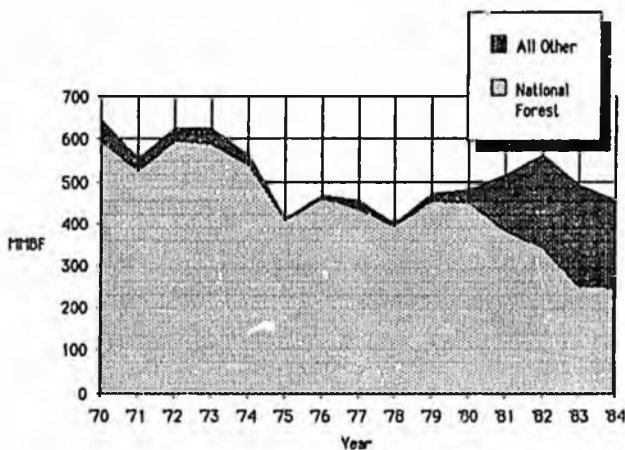
east Alaska has grown from virtually nothing in 19' 8 to nearly half of the total harvest in 1984.

The strength of the U.S. dollar, the rapid increase in log supplies from private and foreign sources, and the severe downturn in the world economy over the last few years has dampened demand for Alaska's processed wood products. Some of these changes are reflected in timber harvest patterns from Southeast Alaska (fig. 5.4) and in the value and volume of forest products exported from the State since 1970 (fig. 5.5).

While the timber industry remains an important part of the Southeast Alaska's economy, its position has slipped. Forest Service efforts to provide a stable timber supply from the Tongass National Forest have not counteracted other, more pervasive sources of industry instability—those associated with worldwide timber market fluctuations. Today more than 90 percent of the timber harvested in Southeast Alaska is exported, either as round logs, cants, lumber, woodchip., or pulp. Japan is the principal market, normally accounting for up to 95 percent of Southeast Alaska's wood product exports. This dependence on world markets means that stability within the industry, and for the region as a whole, is no longer a function of the resource base alone, but of economic forces reaching well beyond the boundaries of the State and the Nation.

Figure 5.4

Southeast Alaska Timber Harvest^a by Land Ownership, 1970-84

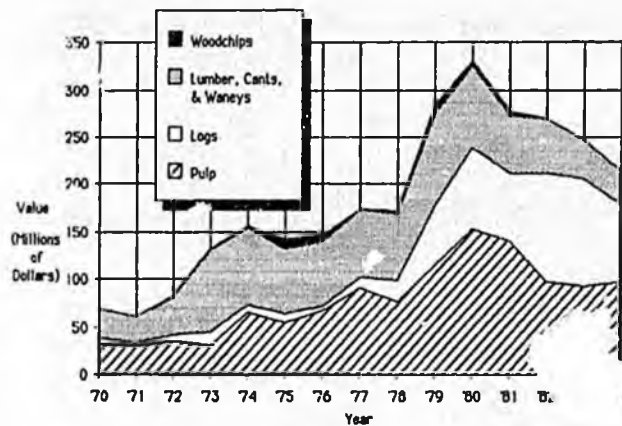


^aIncludes utility volume; i.e., the volume that is not used for dimensional wood products. Utility volume is normally used for pulp and woodchips.

Source: USDA Forest Service, Alaska Region.

Figure 5.5

Relative Value of Forest Products Exported from Alaska to All Foreign Destinations, 1970-84



Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division.

THE ECONOMICS OF LONG-TERM TIMBER HARVEST

One measure of the economics of timber harvest is the calculated present net value (PNV)³ associated with a particular harvest schedule. Harvesting costs and timber values vary by volume class.⁴ The higher volume classes are generally more valuable and less costly to log. Consequently, the proportion of high- and low-volume classes affects the present net value of a particular harvest schedule.

³The management of timber resources yields a flow of net returns (benefits minus costs) over time. Since these future net returns are delayed, *discounting* must be used. Discounting simply recognizes the "time value of money;" in that *dollars* (not the resource) are worth more at present than in the future. The sum of discounted net returns is Present Net Value (PNV), and as used in this report, represents the present value of the net returns to the timber resource over a 50-year period. For example, a positive PNV indicates that discounted benefits exceed costs when summed over the entire period. Conversely, a negative PNV indicates that discounted costs exceed benefits over the entire period.

⁴A volume class is the average volume in thousand board feet of timber per acre in a stand; e.g., 21-30 mbf per acre.

For this report, two harvest schedules have been simulated to examine the impact of alternative timber management objectives on the long-term costs and benefits of timber harvesting on the Tongass. Both harvest schedules are consistent with the current Forest Plan. One schedule is based on an objective to maximize timber production, while the other one maximizes dollar returns (net of costs) to the timber resource. The schedules are compared on the basis of cumulative costs and benefits in each decade and the associated present net value after 50 years. In addition, dollar returns under the two schedules are contrasted for "strong" and "weak" market conditions. A "strong" market scenario is used to reflect the favorable timber market conditions of the late 1970's at the time the Forest Plan was developed, while a "weak market" scenario is used to reflect the weak timber markets experienced since 1981.

Key Assumptions Common to All Harvest Schedules

Several important assumptions are incorporated into each of the timber harvest schedules simulated for this analysis. These include the multiple resource goals and objectives of the Forest Plan, land base changes due to State and Native land selections from the Tongass since 1980, and the impact of actual harvests to date.

In addition, the following Forest Plan multiple resource goals and objectives are met in each schedule:⁵

1) *Fish and Wildlife Protection:* Approximately 273,000 acres of commercial forest land (CFL) are excluded from the harvest calculations to provide flexibility in implementing fish and wildlife habitat management measures.

2) *Precommercial Thinning:* Thinning of 6,300 acres per year is provided to accelerate the growth of second-growth stands and allow more of the existing timber to be harvested in the near term. Precommercial thinning has two effects: it increases the yield per acre, and it shortens the rotation length by up to 20 years. The combination of these effects means that fewer total acres are needed to maintain an annual timber supply of 450 mmbf.

3) *Advanced Logging Technology:* The Forest Plan and ANILCA assume that investments in advanced logging technology will contribute to the 4.5-bbf-per-decade supply goal. The harvest from these areas in any one decade is limited to 260 mmbf.

4) *Long-term Sustained Yield:* The timber harvest schedule must achieve long-term sustained yield from the available commercial forest land. This long-term goal is designed to achieve the greatest uniform yield

of timber from managed lands, consistent with multiple-use management objectives.

5) *Visual Quality:* Extended harvest rotations are scheduled for approximately 244,000 acres of the Tongass to lessen impacts on areas of high visual sensitivity. Harvest of existing timber is extended from a three- to four-harvest-entry sequence over 100-120 years to a four- to seven-harvest-entry sequence over 120-200 years.

6) *4.5-bbf-per-Decade Timber Supply*—The schedule must make available at least 4.5 bbf of timber per decade. This goal conforms with the allowable timber sale quantity calculated in the Forest Plan and the timber supply goal in Section 705(a) of ANILCA.

None of the calculated returns include dollar benefits or costs for nontimber resources such as wildlife, fisheries, and recreation, nor more general societal benefits such as those associated with transportation systems and other infrastructure developments. The analysis focuses solely on the returns associated with timber under the two management objectives and alternative market conditions.

Costs are broken into two components: Government costs and industry costs. Government costs include those for such activities as timber sale planning, sale preparation, precommercial thinning, and reforestation. Industry costs include timber operator costs for logging and hauling, road construction, and manufacture of wood products. Historical data and recent trends in cost reductions are used to estimate actual costs.

Logging costs vary by volume class since more timber typically can be harvested per unit of time as the volume per acre increases. Rooding costs vary by type of road, such as mainline (arterial/collector) or spur (local).

Prices are based on end product selling values for wood products currently manufactured from Tongass National Forest timber. These products include spruce and hemlock cants, squares, dissolving pulp, and woodchips. The "high market" price is based on 1979 values when market conditions were very strong for Alaska timber products, while the "weak market" price is based on 1985 values. No future price trends are incorporated into the analysis for end product values. A 4 percent real rate of interest, as required by National Forest Management Act regulations, is used for discounting to present value terms.

⁵The schedules are most meaningful over the first decade. Beyond the first decade the schedules are most appropriately viewed as potential harvest opportunities since there are many differing volume class mixes possible that will meet the management objectives and assumptions described above.

Comparison of Returns Under Alternative Harvest Objectives and Market Conditions

Figure 5.6 compares the cumulative costs and returns of timber harvest under the two schedules for both "weak" and "strong" market conditions. The first schedule was developed using the cost assumption used in developing the Forest Plan. This cost information was updated to reflect current timber sale appraisal information. The second schedule maximizes present net returns; therefore, the more valuable, less costly volume classes (30+ mbf) are harvested early in the rotation, while harvest of the more costly, less valuable volume classes (8-30 mbf) is delayed until late in the rotation. Under a schedule in which timber production is maximized in the first decade, a more even mix of high- and low-volume classes is scheduled over the entire rotation. Differences between the harvest schedules are reflected in the present net value of each harvest schedule after 50 years. This schedule incorporates the cost savings efforts by both the Forest Service and the timber industry that have been instituted during the last several years.

Under the "weak market" assumption corresponding to current market conditions, costs exceed returns in both schedules over all five decades. The associated present net values of the two schedules differ by about 54 percent. This difference is only an estimate and does not account for an anticipated trend away from higher-value, old-growth spruce and toward more lower-value, old-growth hemlock. The anticipated trend is based on the remaining Forest inventory available for harvest this rotation.

Under "strong market" conditions, costs and returns are nearly equal in the first decade. Under the schedule maximizing timber production there are positive returns in all decades, while under the schedule based on the Forest Plan cost assumptions the returns are less than costs in all decades. Net returns are significantly improved under a "strong" market assumption for both schedules. The two scenarios demonstrate the important effect different market conditions can have on the economic returns associated with timber harvest.

While the market plays a major role in the economics of timber harvesting, there are measures that can be taken by industry and government to mitigate the impacts of a weak market, as shown in the schedule which incorporates the recently introduced cost saving measures. The timber industry has reduced the costs of both harvesting and manufacturing in a variety of ways including lower wage rates, lower road construction costs, and more efficient mill operations. For some operators, total cost reductions have exceeded 20 percent compared to 1980 costs.

The Forest Service, for its part, has reduced costs for sales preparation and road construction. The cost per mile of public works contract road construction has decreased from a high of \$293,000 per mile in fiscal year 1981 to \$148,000 per mile in fiscal year 1984. Additional efforts to make the timber program more cost effective are outlined in chapter 1.

FUTURE PROSPECTS

The slump in timber markets over the past few years raises questions about the role of the timber industry in Southeast Alaska's economic future. Developing new product lines, expanding markets, and improving the economic efficiency of timber harvest activities and investments have all been suggested as ways to bolster this role. The following sections describe two ways in which timber industry prospects may be strengthened.

New Product Lines

Despite the many changes that have occurred within the Southeast Alaska timber industry over the last few decades, the product mix itself has remained relatively unchanged. Dissolving pulp, cants, woodchips, and more recently, logs are still the major product lines. Recent closures of two sawmills and temporary shutdowns at the two pulpmills have sparked interest in the impact a more diversified product mix might have on strengthening and stabilizing the region's timber industry.

To explore the product mix issue, dollar returns associated with alternative lumber and wood product mixes excluding log exports were analyzed. Various manufactured wood products previously identified as suitable for production from Southeast Alaska timber were considered in the product mixes. These included dimension lumber, plywood, flakeboard and oriented strand board (both plywood substitutes), and fluffy pulp. An alternate product mix was selected which maximized net returns to timber harvested from the Tongass National Forest over a 50-year period.

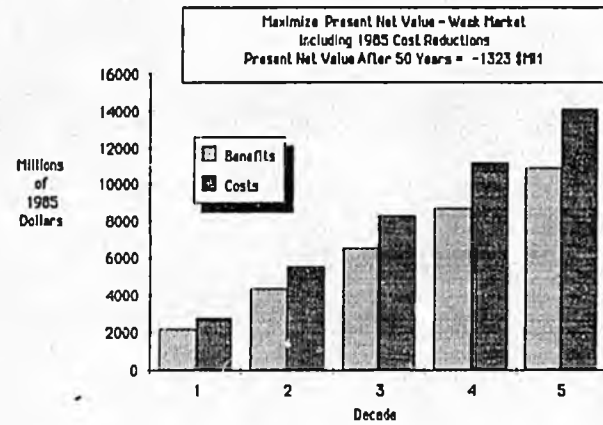
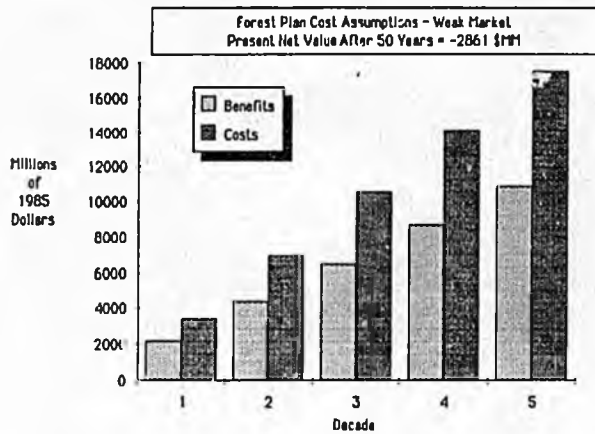
"Threshold" prices are also presented in table 5.1. Threshold prices indicate the minimum price necessary for a product to be considered "practical" for production. As the table indicates, the differences between current and calculated threshold prices for fluffy pulp, plywood, and flakeboard suggest that none are "practical" under the assumptions of the analysis.

It is important to recognize that the results do not represent a feasibility study of potential products. Important variables such as capital investment costs for building and/or converting mills, and market

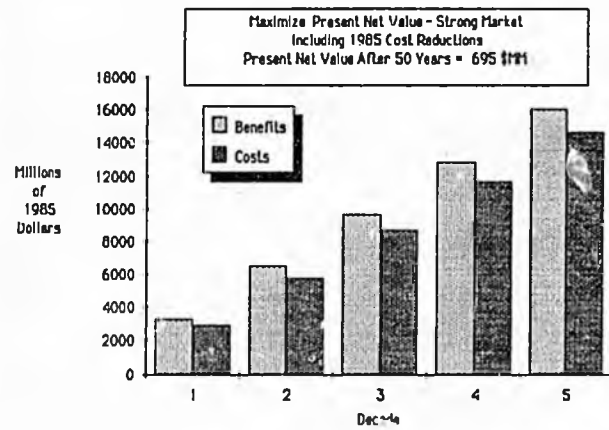
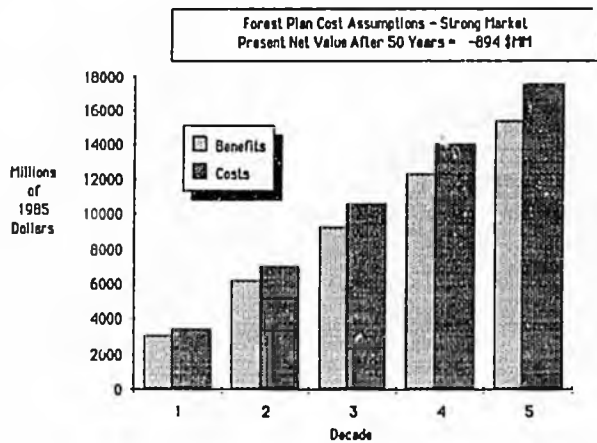
Figure 5.6

Comparison of Cumulative Costs and Returns of the Two Harvest Schedules Under Weak and Strong Markets

“Weak” or Current Market



“Strong” Market



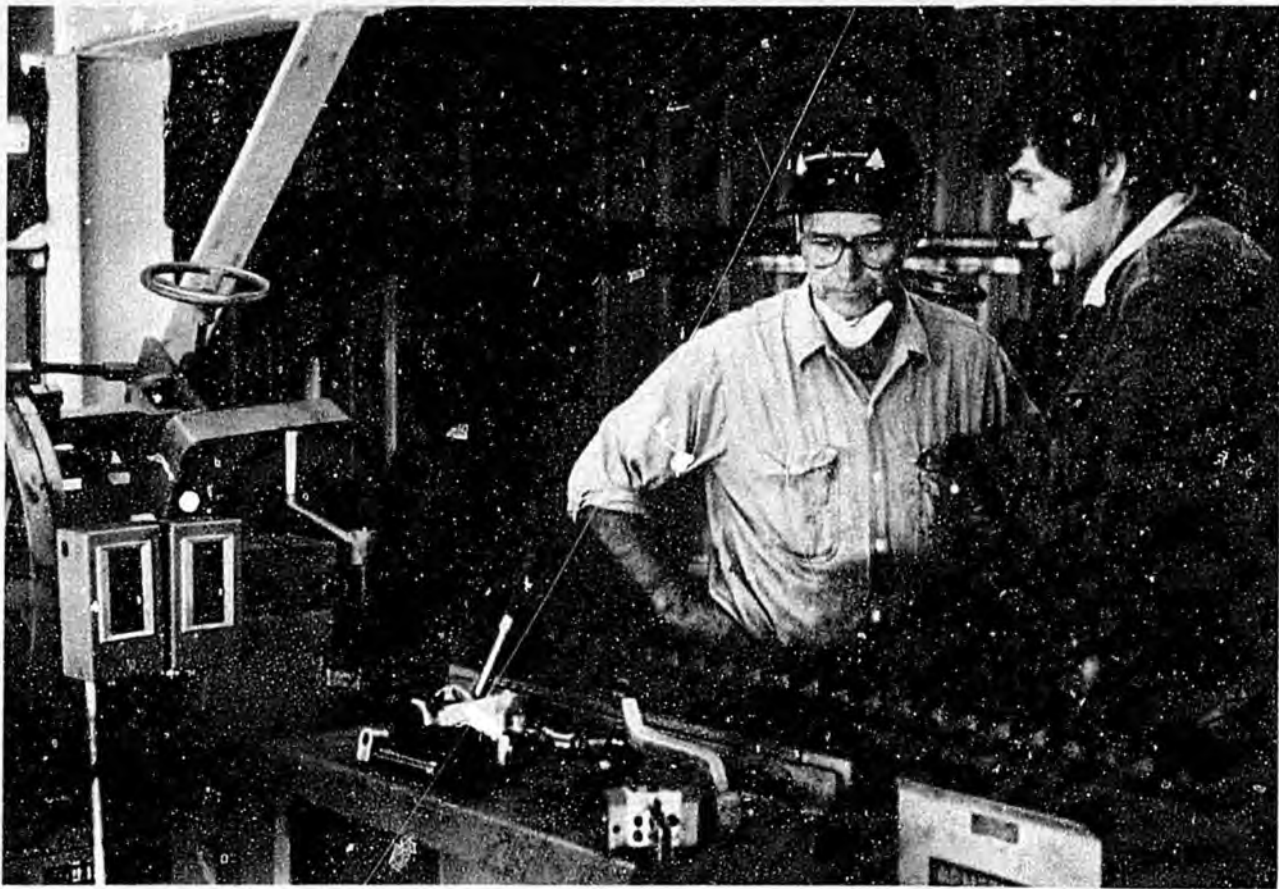
Source: USDA Forest Service, Alaska Region.

competition from outside the region were not considered. Instead the analysis was conducted as if the facilities for manufacturing these products already existed and that demand was sufficient to absorb production associated with an average annual timber harvest of 450 mmbf.

To guard against unreasonable shifts in production mixes over time, only those products which were manufactured for 20 years or more (sufficient to depreciate mill costs) and at a production level

judged adequate to support a mill, were allowed in the final product mix. In addition, relative price differences between products were assumed to remain constant over time. While the actual evolution of an alternative product mix could differ widely from the results presented in table 5.1, the analysis does provide an indication of the impact a different product mix might have on the economic position of the timber industry.

In conclusion, figure 5.7 compares existing and



Alaska Loggers Association.

Local sawmills, such as this one on Prince of Wales Island, increase productivity through the use of modern equipment.

Table 5.1 — Existing and alternative wood product mixes made from National Forest timber over a 50-year period

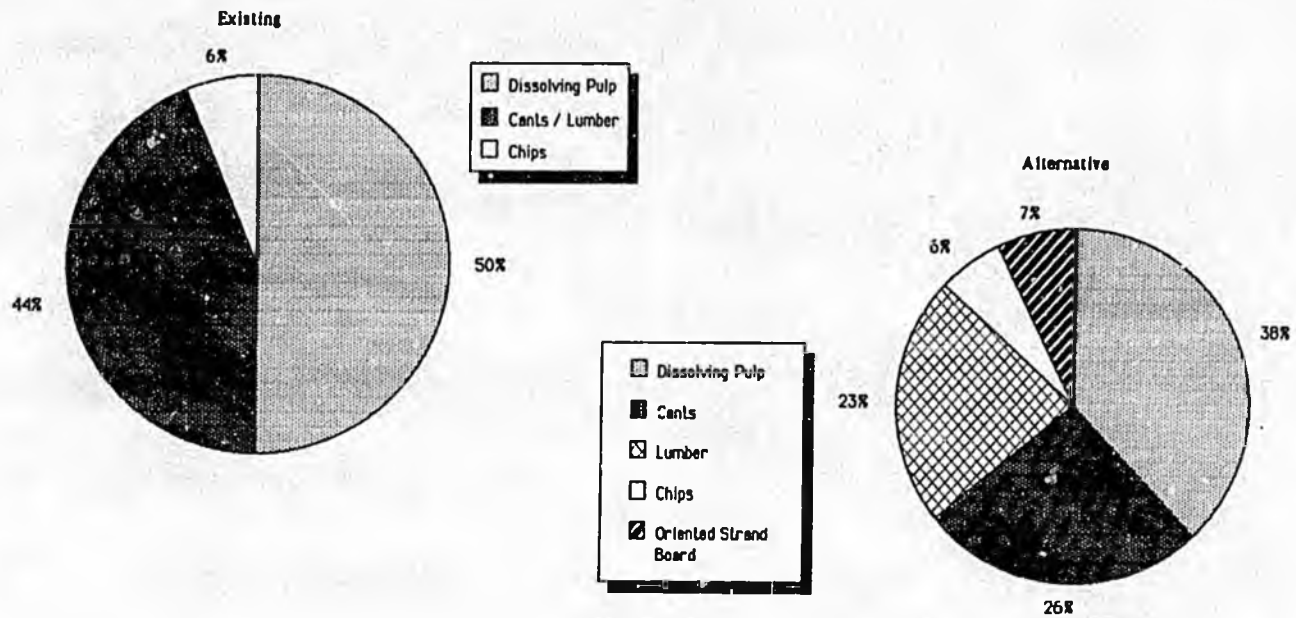
Potential products	Existing product mix (1979-84) (%)	Alternative product mix (%)	Assumed (current) price (\$/mbf)	Threshold price (\$/mbf)
Dissolving pulp	50	38	548	548
Fluffy pulp	NA	0	555	868
Flakeboard	NA	0	296	420
Plywood	NA	0	329	391
Cants	44	26	412	412
Lumber	NA	23	442	442
Oriented strand board	NA	7	296	296
Chips	6	6	123	123

NA = not applicable.

Source: USDA Forest Service.

Figure 5.7

Comparison of Existing and Alternative Product Mixes



Source: USDA Forest Service, Alaska Region.

alternative product mixes. Dollar returns under the two product mixes are summarized in table 5.1.⁶ Under the alternate mix, oriented strand board and dimension lumber are added to the product line and net returns improve by about 12 percent over the 50-year period. In periods of market depression, such as experienced since the early 1980's, product mix changes could provide an additional financial cushion to the timber operators. The product mix changes do not insure profitability, however. The costs of instituting product changes would make conversion to new products prohibitive for most operators during depressed market periods because of the necessary additional capital investments.

Total Sale Design Approach

Forest Service policies for designing timber sales have an important influence on the economics of long-term timber harvest. Currently, many decisions on sale design use financial criteria which tend to focus on the first time an area is harvested. Logging System/Transportation Analyses : planning to be used by the Forest Service to design : s for first-second-third harvest entries. Initial : ts show improved long-term efficiencies when site-specific

economic criteria are used to determine harvest unit selection and the timing of road construction. For example, a logging system/transportation analysis completed for the northern tip of Dall Island near Ketchikan indicates that road costs can be reduced by 28 percent in the first harvest entry compared to a timber sale layout using more traditional methods. While Dall Island is not representative of the Tongass National Forest as a whole, the analysis completed there does provide an indication of how such tools can help to reduce long-term timber harvesting costs and improve the efficiency of programs such as pre-reading. To date, four such analyses have been completed on the Tongass and two more are underway. As additional analyses on a diverse enough range of harvest areas are completed they will permit a statistically valid, Forest-wide evaluation of cost-saving opportunities.

⁶Product prices are based on the current (1985) end-product prices in Japan, including loading and shipping costs to Japan. Production costs for existing products were based on Forest Service Alaska Region appraisal data, while costs for new products were based on information from the Pacific Northwest Region and Forest Service Research (Pacific Northwest Forest and Range Experiment Station and Forest Products Laboratory).

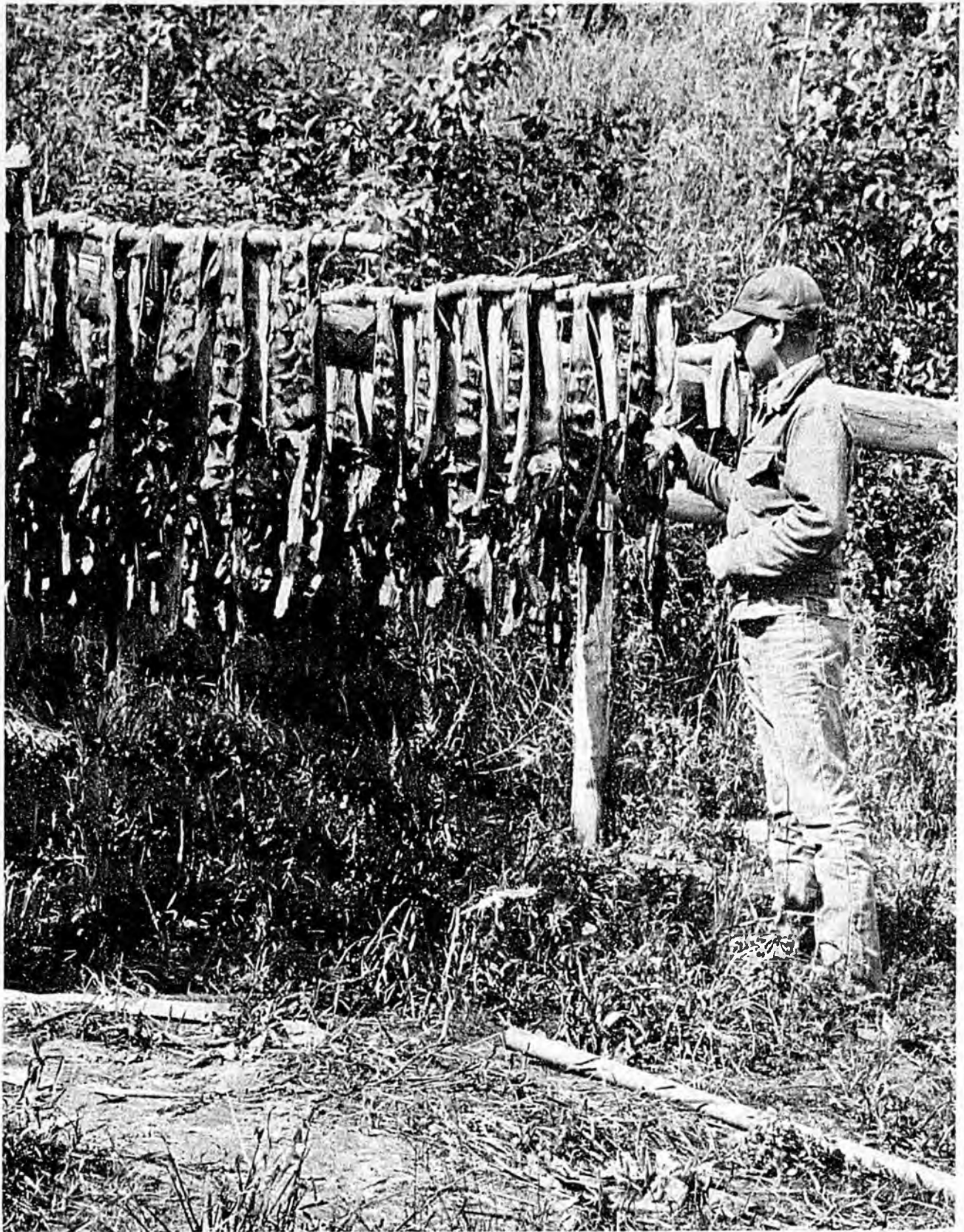
SUMMARY

Policies requiring primary processing of National Forest timber and the establishment of long-term timber sale contracts are two means used to provide for economic diversification and stabilization in Southeast Alaska. To a large extent, efforts to establish local timber processing and wood products manufacturing have been successful in diversifying the economic base. Between 1954 and 1974, timber industry employment grew from 29 to 54 percent of the total employment in natural resource industries in Southeast Alaska (fisheries, timber, minerals). Since 1980, however, the downturn in timber markets has altered this trend, and timber now accounts for approximately 40 percent of the region's employment in natural resource industries. The overwhelming importance of export markets as an outlet for Alaska timber means that the industry is dependent upon the Pacific Rim and market trends within those countries.

The economics of long-term harvest indicate the need to continue to control the costs of timber harvest. Assuming a relatively constant demand for National Forest timber, the economic analysis shows

a negative net present value associated with timber harvest after 50 years under both "weak" and "strong" markets. However, when recent cost savings measures instituted by the timber industry and the Forest Service are incorporated in the analysis, the present net value of harvest is positive under strong market conditions. These cost savings measures will have to be instituted to offset the increasing proportion of hemlock and lower-volume stands that will be scheduled for harvest over the analysis period.

Developing new wood product lines, expanding markets, and improving the economic efficiency of timber harvest activities and investments have all been suggested as ways to bolster the role of the timber industry in Southeast Alaska's economic future. An analysis of potential product lines suggests that the current product mix augmented with dimension lumber and oriented strand board (a plywood substitute) could improve the dollar returns of timber harvest. On a supply level, tools incorporating site-specific economic criteria such as Logging System/Transportation Analyses can also improve the efficiency of timber sale designs by focusing on the transportation system and harvesting techniques used over a number of years instead of concentrating solely on present timber harvesting activities.



Subsistence activities are protected under provisions of the Alaska National Interest Lands Conservation Act.

Chapter 6

Subsistence Management and Use

The sixth chapter reports on the status of Forest Service subsistence use policies instituted since ANILCA. ANILCA gives priority to rural Alaska residents who traditionally use renewable wild resources for food, shelter, fuel, clothing, tools, and other hand-crafted articles. Findings from the previously submitted Section 813 report describing the implementation and monitoring of subsistence management and use in Alaska are referenced. Policies used in determining subsistence use priorities under Section 810 of ANILCA are summarized along with cooperative research efforts with the State of Alaska.

The Alaska National Interest Lands Conservation Act, Title VIII: Subsistence Management and Use, provides rural Alaska residents with the opportunity to continue a subsistence way of life. Subsistence management, in accordance with Title VIII, ensures the customary and traditional consumptive uses of fish, wildlife, and other renewable resources on Federal public lands in Alaska. Subsistence use of fish and wildlife will have priority when, under certain conditions, it is necessary to restrict the taking of these resources to assure the continued viability of a fish or wildlife population or the continuation of subsistence uses of such a population.

In compliance with the requirements of Title VIII, the Forest Service has implemented policies and procedures for the management of subsistence use on the National Forests in Alaska. Management of subsistence use on the National Forests recognizes the State's traditional role in the regulation of fish and wildlife resources on public lands in Alaska.

On May 14, 1982, the Secretary of the Interior informed the Governor of Alaska that the State's program for management of subsistence uses complied with the requirements of Title VIII. Subsequently, a State Supreme Court decision (Madison 2/22/85) found the State Board of Fisheries had misinterpreted the State's subsistence law. To deal with the problems identified in the court's decision, the Governor proposed new legislation which is currently under consideration by the State legislature. The Secretary of the Interior issued a formal notification to the Governor of Alaska on September 23, 1985, that the State was no longer in compliance with ANILCA Title VIII. The State was given until June 1, 1986, to revise its subsistence program to bring it into compliance

with the requirements of Sections 803, 804, and 805 of ANILCA.

FOREST SERVICE SUBSISTENCE POLICIES

There are three major Forest Service policies derived from ANILCA Section 802 which direct National Forest System management as it relates to subsistence uses of renewable resources:

1. Consistent with sound management principles, the conservation of healthy populations of fish and wildlife, and the purpose for which the National Forests were established, the utilization of National Forest System lands in Alaska is to cause the least adverse impact possible on rural Alaska residents who depend upon subsistence uses of the resources of such lands. The purpose of this policy is to provide the opportunity for rural Alaska residents engaged in a subsistence way of life to continue to do so.
2. Nonwasteful subsistence uses of fish and wildlife and other renewable resources shall be the priority consumptive uses of all such resources on the National Forests in Alaska when it is necessary to restrict taking to assure the continued viability of a fish or wildlife population, or the continuation of subsistence uses of such population.
3. Except as otherwise provided, the Forest Service, in managing subsistence activities on the public lands and in protecting the continued viability of all wild renewable resources in Alaska's National Forests, shall cooperate with adjacent landowners and land managers, including Native

Corporations, and appropriate State and Federal agencies and other nations.

SUBSISTENCE IMPLEMENTATION— SECTIONS 813/806

ANILCA Section 813 requires the Secretary of the Interior in consultation with the Secretary of Agriculture, to submit reports on the implementation of Title VIII to the President of the Senate and the Speaker of the House of Representatives. The reports are due every three years. The first such report was completed in December 1984, and is currently available to the public. In addition, annual monitoring reports are required by Section 806. The first annual monitoring report was completed in January 1984. In 1985, the Section 806 annual monitoring report was submitted as a part of the Section 813 report.

ANILCA Section 805 requires the Secretary of the Interior to establish regional advisory councils and local advisory committees and provides authority to the councils to review and evaluate proposed regulations, policies, management plans, and other matters relating to subsistence uses of fish and wildlife; provides a forum for expression of opinions and recommendations on subsistence uses of fish and wildlife; and encourages local and regional participation in the decisionmaking process affecting the taking of fish and wildlife for subsistence purposes. In addition, the advisory councils are to prepare an annual report to the Secretary on current and anticipated subsistence uses and needs of fish and wildlife populations and recommend a strategy for fish and wildlife population management.

The State enactment and implementation of laws of general applicability, which are consistent with ANILCA Section 805, allows the State to retain its traditional role in management and rulemaking for the taking of fish and wildlife for subsistence uses on the National Forests. The public comment received through the State Boards of Fisheries and Game and the Advisory Council's meetings and report to the Secretary is used in the Forest Service's land management planning process.

SUBSISTENCE AND LAND USE DECISIONS—SECTION 810

ANILCA Title VIII, Section 810 provides a broad outline of how subsistence considerations are to be incorporated into Federal land use decisionmaking in Alaska. Specifically, Section 810 requires Federal agencies to "evaluate the effect of use, occupancy or disposition on subsistence uses and needs . . ." The Alaska Land Use Council (ALUC) approved standard procedures for implementation on Nov-

ember 19, 1984. These procedures are now being used by all Federal land management agencies. Forest Service Regional policy directives in 1982 and 1983 also required documentation of the process used, analysis conducted, and rationale employed in determining whether to withdraw, reserve, lease, or otherwise permit the use, occupancy, or disposition of public lands where subsistence uses are authorized. There have been no findings of a significant restriction to subsistence uses on the Tongass National Forest.

SUBSISTENCE RESEARCH

A Memorandum of Understanding between the Alaska Department of Fish and Game and the Forest Service was signed on August 1, 1984. It provides for a number of mutually agreed upon objectives for engaging in cooperative subsistence research in Southeast Alaska.

The joint research program between the Department and the Forest Service was active in 1984 and 1985 and final reports from the Department are expected in 1986. The research program for fiscal years 1986-90 is currently being evaluated by the Department of Fish and Game, the Forest Service, and the University of Alaska Institute for Social and Economic Research.

Research studies conducted during 1984-85 include:

- Evaluation of Alternative Methodologies for Mapping Areas used for Fish and Game Harvest. This study is designed to review and evaluate the most appropriate methods and techniques for accurately mapping subsistence use in Southeast Alaska.
- Community Case Study of Yakutat Fish and Wildlife Utilization. This study is designed to identify the nature and extent of fish and wildlife use in and near the community of Yakutat.
- Southeast Alaska Regional Resource Utilization Survey. This study is designed to provide information on the patterns of renewable natural resource use in Southeast Alaska for use in conducting the ANILCA Section 810 evaluation for the revision of the Tongass Land Management Plan.

SUMMARY

Subsistence, as defined by Title VIII of ANILCA, provides a priority status for customary and traditional consumptive uses of fish, wildlife, and other renewable resources by rural Alaska residents on Federal public lands including the Tongass National Forest. Subsistence management does not preclude the use of other resources but requires the Forest Service to consider subsistence uses in making resource decisions. Allocation of the fish and wildlife resources on public lands in Alaska between subsistence, sport,

and commercial users is currently the responsibility of the State of Alaska.

The Forest Service has derived three major policies from ANILCA Section 802 to direct subsistence management on the National Forests in Alaska. Subsistence direction has evolved through early direction in 1982 and refined direction in 1983 to current direction based on the standard procedures approved by the Alaska Land Use Council in November 1984.

There have been no findings of significant restrictions on subsistence use from the Section 810 evaluations prepared on Forest Service projects. As subsistence management becomes more refined, the need

for additional studies and research to enhance the Forest Service managers' knowledge of subsistence-related topics will continue to be identified. Final reports on joint Department of Fish and Game and Forest Service research conducted in 1984 and 1985 are expected to be completed soon. The research program through the end of the decade is currently being evaluated by the Department, the Institute for Social and Economic Research of the University of Alaska, and the Forest Service. Forest Service managers will use the results of current and planned research studies to continue to improve subsistence management on National Forest System land in Alaska.



Alaska Department of Fish and Game.

Chapter 7

Cooperators' Comments

Section 706(c) of ANILCA requires that the Status of the Tongass National Forest report be prepared in cooperation and consultation with the parties named in the Section. This chapter contains the views of the parties plus comments by a group of fishing organizations.

Section 706(c) of the Alaska National Interest Lands Conservation Act (ANILCA) states:

The study required by this section shall be conducted in cooperation and consultation with the State, affected Native corporations, the Southeast Alaska timber industry, the Southeast Alaska Conservation Council, and the Alaska Land Use Council.

As part of the consultation in preparation of the report, the Forest Service offered the cooperators named in Section 706(c) an opportunity to express

their views on the status of the Tongass National Forest. In response to this offer the State of Alaska, the Sealaska Corporation, the timber industry, and the Southeast Alaska Conservation Council have provided written comments to be included in this chapter. Also included are the comments by a group of Southeast Alaska commercial fishing organizations who have closely followed the development of ANILCA and this report.



Views of the State of Alaska: The Effects of the Alaska National Interest Lands Conservation Act and its Implementation on Southeast Alaska¹

As a participant named in Section 706(c) of the Alaska National Interest Lands Conservation Act of 1980 (Public Law 96-487), the State of Alaska has cooperated and consulted with the U.S. Forest Service in its preparation of a report to Congress on the status of the Tongass National Forest. In addition to reviewing and commenting on the Forest Service draft report dated July 19, 1985, the State has prepared this document which represents its views. After describing the State's interest in Federal management of the Tongass National Forest, and the evolution of a timber industry which arose from early Federal decisions, the purpose of the report required by Section 706(b) of the Act is described. A section which summarizes the State's views and recommends certain actions by Congress and the U.S. Forest Service precedes discussions of the four topics specifically identified for study by Congress: timber harvest levels, small businesses in the dependent industry, impacts of wilderness designation, and fish and wildlife protective measures.

INTRODUCTION

The State of Alaska was an active participant during the legislative process which culminated in the 1980 enactment of the Alaska National Interest Lands Conservation Act (ANILCA). The State of Alaska remains interested in Federal implementation of this landmark legislation in the Tongass National Forest. This interest arises from the fact that the Forest Service, despite Congressionally authorized land grants to Alaska Natives and the State, is still the dominant land manager in Southeast Alaska.

Alaskans residing in many communities of Southeast Alaska are, to a high degree, directly or indirectly dependent on the natural resources which are managed by the Forest Service or may be affected by management of the Tongass Forest. These include people employed in the timber industry as loggers, road builders, and mill workers, commercial fishermen and fish processors in the major regional fisheries, people engaged in the tourism industry, those who use fish, game, and plant resources for subsist-

ence purposes, and many others who are sport hunters and fishermen. Because of this dependency, the State of Alaska will continue to have a high degree of interest in Forest Service implementation of ANILCA, and the management decisions affecting the resources and residents of this coastal region.

In the Tongass National Forest, Congress had to deal with an extremely complex situation. Despite many years of effort by various national and local conservation and environmental interests no Congressional protection had been given to wilderness values in the Nation's largest national forest by the mid-1970's. Although the Forest Service had administratively set aside some land in its natural state for recreation and other nonconsumptive uses, these actions were considered inadequate by many.

Very early in the history of the Tongass Forest, Forest Service officials attempted to create a timber industry in the region which would enhance community stability and provide more year-round employment for Alaska residents. Congress has acted several times to affirm this social objective. More than 30 years ago, as a result of Forest Service efforts, long-term timber sale contracts were awarded with a requirement that trees harvested from the Tongass receive primary processing before leaving Alaska. Pulpmills were located in Ketchikan and Sitka, and sawmills were subsequently constructed in several communities to convert higher quality logs into squared cants (which could be further manufactured in Japan). In many of these communities, the arrival of the forest products industry meant the addition of a major new contributor to the local economy.

Thus, faced with an existing mature timber industry established through the early efforts of the Federal Government, Congress sought to craft a unique compromise solution which would maintain employment in that industry while responding to a national desire for wilderness, and assuring that other resource values, and other public uses, would be protected on non-wilderness land.

In designating over 5 million acres of the Tongass as Wilderness, Congress also implicitly recognized and confirmed the long-standing social objective of the Forest Service's Tongass timber program by providing for the maintenance of employment in the timber industry which was dependent on National

¹ Prepared in accordance with Section 706(b), Alaska National Interest Lands Conservation Act of 1980, P.L. 96-487; State of Alaska, October 1985, Juneau, Alaska.

Forest timber supplies. This employment objective was to be achieved by ensuring a timber supply of 4.5 billion board feet per decade. Recognizing that some of this timber would need to be harvested from economically and technologically marginal lands, Congress exempted the Tongass Forest from the provisions of Section 6 (k), National Forest Management Act (which generally precludes National Forest land not suitable, by reason of physical, economic and other pertinent factors, from timber harvesting and production), and provided an unprecedented funding mechanism (a continuing appropriation of \$40 million or more per year as needed which was not subject to rescission or deferral) to ensure the necessary timber supply.

An expression of Congress' finding at the conclusion of ANILCA deliberations is contained in Section 101(d):

This Act provides sufficient protection for the national interest in the scenic, natural, cultural and environmental values on the public lands in Alaska, and at the same time provides adequate opportunity for satisfaction of the economic and social needs of the State of Alaska and its people; accordingly, the designation and disposition of the public lands in Alaska pursuant to this Act are found to represent a proper balance between the reservation of national conservation system units and those public lands necessary and appropriate for more intensive use and disposition, and thus Congress believes that the need for future legislation designating new conservation system units, new national conservation areas, or new national recreation areas, has been obviated thereby.

PURPOSE OF THE REPORT REQUIRED BY ANILCA SECTION 706(b)

The State described its understanding of the purpose of the report to Congress in a letter to the Forest Service dated August 31, 1984 as follows:

The 1985 report (and subsequent reports) should inform Congress and the public about the status of the Tongass following passage of ANILCA and its implementation. In considering the establishment of Wilderness areas in the Tongass National Forest, Congress gave unprecedented recognition to the other competing demands on the forest. Chief among these was its concern for the maintenance of employment in the timber industry dependent on National Forest timber. This concern was expressed by ensuring adequate Federal funding to provide a specified timber supply to the dependent industry while providing for other public uses of the Tongass and protection of other resource values consistent with Federal law.

We think that the report should describe how well the balance which Congress sought is working. If achievement of that balance requires further legislative action, the mandated reports to Congress should provide a factual basis for such action. If the balance can be accomplished without Congressional intervention, the public and Congress should be informed

of Forest Service measures to attain that balance.

The legislative history of ANILCA is clear in its recognition that some information provided to it by the Forest Service, and several assumptions used in crafting the compromise solution, might be subject to correction or revision as time passed, or as a better understanding was gained of economic, social and biological relationships. As a result of potentially incorrect assumptions, or poorly understood relationships, full implementation might be difficult or produce undesirable consequences. This recognition of uncertainty is part of the basis for the reporting requirement of the Section 706(b).

SUMMARY AND RECOMMENDATIONS

A complete evaluation of Congress' legislative solution to accommodate competing demands for the Tongass National Forest is not possible at this time because the provisions of Section 705 have not been fully implemented by the U.S. Forest Service. Congress fixed the amount of Tongass Forest which would be preserved for future generations in Wilderness, and by providing a unique funding provision to assure a timber supply, intended to maintain employment in the existing timber industry. Congress' employment objective has not been met.

The timber supply was to come from lands not set aside as Wilderness, and included land which was not suitable for timber harvest for economic and technological reasons. To assure that sufficient timber was provided which would maintain timber industry employment, a continuing appropriation of \$40 million (or as much as was necessary to achieve the employment objective) was made available to the Secretary of Agriculture. It is the State's position that the executive branch of the Federal Government has failed to properly implement this funding provision over most of the past five years since ANILCA's enactment, both in terms of amounts of money, and in the manner utilized. The State also believes that the Forest Service, by its failure to properly implement ANILCA Section 705, and by its failure to fully implement the Tongass National Forest Management Plan adopted in 1979, has jeopardized the economics of future timber harvesting and State wildlife and fisheries resources. The State urges Congress to conduct its own investigation of the Forest Service's implementation of ANILCA, and the validity of Tongass Land Management Plan assumptions and information which were utilized by Congress during ANILCA deliberations. To assist Congress in its consideration of the status of the Tongass National Forest following enactment of ANILCA, and the U.S. Forest Service in fulfilling its obligations and commitments, the State of Alaska recommends the following:

Recommendations to Congress

1. Congress should conduct its own inquiry into the implementation of ANILCA Section 705 and the issues raised by the State relative to Section 706.
2. A Congressional inquiry into ANILCA implementation should include consideration of the assumptions and information of TLMP which were utilized during its deliberations. These would include the following:
 - a. the extent to which employment losses in the timber industry, which is dependent on National Forest timber supplies, are caused by Forest Service funding shortfalls, improper utilization of available ANILCA funds, and uneconomic timber supplies;
 - b. the extent to which the export of round logs from Native-owned land in Alaska is displacing the export of cants manufactured from National Forest timber;
 - c. the extent to which Forest Service implementation of ANILCA and TLMP is causing, or is likely to cause, unacceptable adverse impacts to the State's fish and wildlife resources and public uses of the Tongass National Forest.

Recommendations to the Forest Service

1. The Forest Service should provide funds as intended by Congress for the construction of roads for access to economically and technologically marginal stands, advanced logging technology, and precommercial thinning sufficient to maintain employment in the dependent timber industry.
2. The Forest Service should immediately implement the loan program intended by ANILCA Section 705(b).
3. The Forest Service should apply funds for pre-roading purposes to roads which will most efficiently access economic timber, in areas where timber harvest is imminent, and in a manner which will protect other resource values as provided by law and adopted management plans.
4. The Forest Service should, in reporting to Congress on timber supply from the Tongass Forest, describe what portion of the supply considered to be "made available" is actually economic to harvest.
5. One use of Tongass Timber Supply funding should be to protect high-value fish and wildlife areas by improving the economics of sales in areas of low habitat value.
6. The Forest Service should foster increased employee understanding of the Tongass Land Management Plan to ensure full and consistent implementation.
7. The Forest Service should continue working with

the timber industry to reduce logging costs where appropriate, while assuring that cost reductions will not impair, or adversely impact, other resource values and public uses in the Tongass National Forest.

8. The Forest Service should ensure that adequate funding is provided to permit an increased level of implementation and monitoring of measures to protect fish and wildlife resources.
9. The Forest Service should conduct, on a routine basis, the standardized project-level monitoring and reporting on measures implemented to protect water quality, with special emphasis on watersheds which are sources of public drinking water.
10. The Forest Service should report to Congress the effectiveness of its measures to protect fish and wildlife in the Tongass Forest.
11. The Forest Service should identify and schedule additional permanent retention acreage for fish and wildlife habitat to compensate for the acreage of unregulated timber that has been harvested and the acreage that has not been placed under extended rotation scheduling to meet visual quality objectives.
12. The Forest Service should conduct life-of-the-sale and life-of-the-rotation planning to identify retention acreage for fish and wildlife and to analyze the cumulative effects of options for multiple entries and/or sale layouts.
13. Management Area Analysis which is the intermediate level of planning between TLMP and project plans should be fully implemented as a second tier of NEPA review.
14. The Forest Service should analyze the effects of timber harvest deferral beyond 1989 of those areas that DFG has identified as being of high value for fish and wildlife.
15. Mitigating measures which are of a short-term effectiveness or the effectiveness of which has not been demonstrated should be described and treated as such during analyses of impacts.

Specifically, precommercial thinning, commercial thinning, prescribed burning, slash treatment, and management of large woody debris in or adjacent to streams should be considered experimental measures until their effectiveness is demonstrated.

The usefulness and limitations of various models being used, or proposed for use, in forest planning should be described.
16. Logging system and transportation analyses should be conducted prior to pre-roading and options should be considered to reduce impacts on fish and wildlife and to maintain the types of hunting and fishing opportunities desired by the public.

17. Planning for snag management and retention of residual groups of trees should occur.
18. The Forest Service should carefully evaluate its practice regarding harvesting of unregulated, oversteepened slopes to see if these practices are in conformance with TLMP and the NFMA.
19. The Forest Service should give full consideration to all feasible mitigation measures to protect the aesthetic importance of high-value sport fishing areas.
20. The Forest Service should ensure complete protection of the biological productivity of all fish streams in conformance with NFMA.
21. The Forest Service should, in delineating areas for retention, consider maintaining undisturbed buffers around the nest areas of certain other raptor species such as osprey and peregrine falcon, in addition to eagles.
22. The Forest Service should monitor and keep records of:
 - a. Retention acreage—to be mapped and permanently removed from the timber base per the TLMP assumption.
 - b. Wildlife Habitat Management Units and Fisheries Habitat Management Units and their prescriptive management.
 - c. Management of habitat for Management Indicator Species (assuming that selection occurs per NFMA requirements).
 - d. Decisions to harvest leave strips retained for fish and wildlife.
 - e. Decisions to permit harvesting adjacent to clearcuts in which regrowth has only reached five feet in height.
 - f. The status of regrowth habitat on the TNF; the distribution, juxtaposition, and ages of stands.
 - g. Fish and wildlife habitat management results in the context of acres harvested, acres to which effective mitigation treatments have been applied, acres to which experimental mitigation treatments have been applied, and expected duration of mitigation.
23. The Forest Service should include Alaska in its Old-Growth Forest Wildlife Habitat Research and Development Program and initiate cooperative research to further describe vertebrate community ecology, species-specific habitat requirements, and the island ecology of the region's old-growth forests.
24. Standardized, comprehensive project-level monitoring and reporting on measures implemented to protect fish and wildlife resources should be conducted.
25. The monitoring requirements in NEPA documentation for individual plans and projects should be fulfilled.
26. The Forest Service should develop a consistent approach to conducting subsistence evaluations of its planned timber harvesting and associated activities as required by Section 810, ANILCA, and should utilize guidance of the Alaska Land Use Council, and the DFG Subsistence Division.

TIMBER HARVEST LEVELS

This report shall include . . . the timber harvest levels in the forest since the enactment of this Act. (ANILCA Section 706(b).)

The declining harvest of National Forest timber in the five years following enactment of ANILCA has been well documented. This dramatic decline has been attributed by the Forest Service to reduced market demand and displacement of cant sales by round log exports from private lands. The Secretary of Agriculture, in each of the annual reports required by Section 706 (a) on timber supply and demand, has reported to Congress that "the available land base in the Tongass National Forest . . . is adequate to maintain the timber supply . . . to the dependent industry at a rate of 4.5 billion board feet per decade."

The State of Alaska emphatically does not agree with that conclusion, and urges the Congress to conduct its own investigation of Forest Service performance in maintaining employment in the dependent industry. Although the State agrees that the available land base appears to have the silvicultural potential to sustain a timber harvest of 4.5 billion board feet per decade, the State does *not* agree that this land base is adequate to provide an economic timber supply, in the absence of adequate ANILCA funding, without severely impacting fish and wildlife habitat. At the level of funding which the Forest Service has obtained in recent years (pursuant to ANILCA Section 705 (a)) public investments in the Tongass Forest have fallen far short of Tongass Land Management Plan (TLMP) assumptions and the intent of Congress. A significant share of the land base identified in TLMP for timber production is not currently available to the dependent industry in an economic sense.

Several consequences arise from this investment shortfall, including a dependent timber industry forced to pay for public roads (to access deficit sales) which rightfully should be funded by the Forest Service, a disproportionate harvest of high-volume stands (with implications for the future economic viability of timber harvest and impacts on important wildlife habitat), and attempts by the Forest Service to aid a distressed industry by emphasizing logging cost reductions, rather than offsetting with public investments the increased logging costs associated with marginal operations.

By providing an assured timber supply and funds

to offset economic and technological marginality, Congress intended to maintain employment at historic pre-ANILCA levels in the timber industry which is dependent on the Tongass National Forest. Clearly, the Congressional objective has not been achieved. Southeast Alaska's timber industry, which is largely the result of early efforts by the Federal Government, has been in a severely depressed condition for the past several years.

Congress established the Section 705 funding provision based, in part, upon certain assumptions contained in the Forest Service's 1979 Tongass Land Management Plan. The ANILCA funding provided thus far has neither kept pace with inflation, nor TLMP objectives. If the full ANILCA funding were obtained and utilized as intended by Congress, and historic pre-ANILCA employment levels are still not achieved, then the solution which Congress devised in ANILCA would be demonstrably unworkable. As it stands now, we can only surmise the employment effects which full funding would achieve.

SMALL BUSINESSES IN THE DEPENDENT TIMBER INDUSTRY

This report shall include . . . the status of the small business set-aside program in the Tongass Forest. (ANILCA Section 706(b).)

The Forest Service, in cooperation with the Small Business Administration (U.S. Department of Commerce), established a timber sale program well before the passage of ANILCA which was intended to give special recognition to small businesses. Qualifying small businesses were able to bid on National Forest timber sales without competition from larger companies. They only had to bid against each other. The Forest Service's assessment of the status of the small business set-aside program occupies five and one-half pages of its draft report, and in the State's view, does not adequately describe this important program which was designed to help maintain the viability of small firms dependent on National Forest timber.

As the SBA set-aside program is wholly administered by the Federal Government, it has the capability and the data to provide a much more informative status report. The State of Alaska believes that such a report should contain a detailed presentation of qualifying firms which existed prior to the passage of ANILCA, and the entry and departure of qualified firms subsequent to ANILCA (including a description of the factors which account for each change). The status of dependent small businesses, and their role in overall employment in the dependent timber industry, should include a listing of the number of people which each qualifying firm has employed annually each year since 1979, the volumes purchased

and actually harvested, and the mileage and value of contract-specified roads built by each firm with effective purchaser credits, and where purchaser credits were not effective.

IMPACTS OF WILDERNESS DESIGNATION

This report shall include . . . the impact of wilderness designation on the timber, fishing, and tourism industry in Southeast Alaska. (ANILCA Section 706(b).)

A key component of Congress' interest in receiving Tongass status reports was the effect of its wilderness designations on timber, fishing, and tourism industries.

Timber Industry

The principal effect of wilderness designation on the timber industry was an acknowledged necessity to harvest timber on marginal land. The increased cost of providing access to, and operating in, such marginal lands was to be absorbed by the Federal Government. Expenditures were contemplated in road construction, advanced logging technology, and thinning of young timber stands to increase their future yield.

Harvesting of marginal stands has, however, fallen far short of TLMP objectives in terms of proportional amounts. While depressed market conditions and displacement of National Forest products may account for a significant share of this shortfall, the failure of the Forest Service to provide sufficient ANILCA funding is also a significant factor. The Forest Service, in other words, is not willing to pay the price of Wilderness. This unwillingness has contributed to significant employment losses in the dependent timber industry, and an emphasis on logging cost reductions to relieve this economic distress. The State encourages consideration of additional cost cutting measures, but not at the expense of other resource values and public uses in the Tongass Forest.

Fisheries Industry

Wilderness designation, with the ANILCA provision which authorizes aquaculture facilities, has given assurance of long-term protection from management-induced hazards to water quality and anadromous fish streams, as well as permitting enhancement potential.

Timber harvesting and associated activities outside of wilderness areas constitutes the greatest potential for management-induced risks to commercial fisheries. Neither short-term nor long-term cumulative effects of timber harvesting activities on water quality are clearly understood, since water quality monitor-

ing is not carried out on a routine project-specific basis in the TNF. The Forest Service has stated its commitment to fully protect the biological potential of fisheries habitat in non-wilderness areas of the Tongass Forest. Measures instituted by the Forest Service to reduce logging costs have not, thus far, been demonstrated to be detrimental to the fisheries resource. There have, however, been measures proposed recently which concern the State. Enhancement of timber harvesting economics should come primarily from public investments as intended by Congress. The Forest Service noted that most problem areas which were identified in its 1984 evaluation of TLMP could have been resolved had "the full implementation of TLMP been more of an ongoing Regional priority." As indicated below, the State believes that such implementation could have ensured a higher degree of fish habitat protection.

Tourism Industry

The Forest Service has concluded that Wilderness areas in the Tongass Forest have not yet evidenced any large scale increase in use and identifies several ingredients which are essential to facilitating increased recreation use. Many Alaskans and nonresident tourists utilize non-wilderness portions of the Tongass Forest for recreational purposes. This is, to some extent, a consequence of proximity and accessibility from existing communities, and the nature of the recreational activities. If timber harvesting and associated activities outside of designated wilderness areas proceeds according to TLMP assumptions, certain kinds of public recreational activities, including sport hunting, may be altered. To the extent that timber harvesting and road construction will occur in the Tongass Forest on land not considered prior to ANILCA to be part of the commercial forest base, recreational and tourism activities in these areas will be indirectly impacted by the passage of ANILCA.

FISH AND WILDLIFE PROTECTIVE MEASURES

This report shall include . . . measures instituted by the Forest Service to protect fish and wildlife in the forest. (ANILCA Section 706(b).)

The fish and most wildlife species which inhabit the Tongass National Forest, or utilize waters within or flowing from the forest, belong to the citizens of Alaska, and are managed for them by the Alaska Department of Fish and Game (DFG) in accordance with the State Constitution and statutes. Nonresidents also utilize these species as provided by State law. As a consequence, Federal management of the Tongass National Forest as it affects the habitats of these State-managed resources is a matter of direct concern

to the State and its residents. The potential for adverse impacts from timber harvesting and associated activities is usually greatest on those portions of the Tongass Forest which possess commercial timber values outside of designated Wilderness areas. The users of State fish and wildlife resources are negatively impacted to the extent that the habitats of these fish and wildlife are adversely affected.

The State considers the report which the Secretary of Agriculture will submit to Congress this December, and every two years thereafter (in accordance with Section 706(b) of ANILCA), as an important opportunity for the Forest Service to clearly indicate to Congress not only what has occurred on the Tongass Forest with regard to fish and game resources since passage of ANILCA, but to make recommendations for the future. Most importantly, the 1985 report should provide a clear and concise evaluation of the effectiveness of current Forest Service programs, and measures taken, to protect fish and wildlife. We find, however, that the Forest Service document which the State has reviewed does not fulfill these objectives.

The State has identified the following fish and wildlife issues as ones which should be considered by Congress: (1) the impacts of logging related alteration of old-growth habitats on wildlife, (2) the degree to which fish habitat protection measures have been implemented, (3) the degree to which those measures which have been implemented have been effective, and (4) the resulting effects of timber harvesting on commercial, sport, and subsistence users of the fish and wildlife resources of the Tongass National Forest (TNF).

Based on a detailed DFG analysis² of Forest Service management of the Tongass, the State concludes that the planned timber harvest will have adverse impacts on wildlife habitat in areas designated by TLMP for commercial forest management and will reduce yields from these areas to users in the course of the 100-year harvest rotation. Forest Service efforts to reduce costs and improve the economics of the currently depressed timber industry include measures that may accelerate adverse impacts on wildlife, and may not conform to habitat protection requirements provided for in TLMP and other Forest Service authorities. Reduction of standards designed to protect salmon habitat has been suggested as a means to reduce the costs of logging as well. While the State does support cost reductions, it does not support cost reductions that lead to increased adverse impacts on fish, wildlife, or water quality. Any additional enhancement of timber harvest economics should come from

²Status of measures to protect fish and wildlife in the Tongass National Forest: A Report on Section 706(b) of the Alaska National Interest Lands Conservation Act. Preliminary copy prepared by the Alaska Department of Fish and Game, August 30, 1985.

ANILCA funds as intended by Congress.

The potential long-term adverse impacts of clearcut logging on the fish and wildlife species in the region have been particularly well documented for the Sitka black-tailed deer and rearing salmon and trout. Simply stated, old-growth stands of timber consist of trees of all ages and contain openings where large trees have fallen and browse plants have temporarily taken advantage of available sunlight. The close juxtaposition of large trees that can intercept snowfall and browse plants that provide food can sustain deer through harsh winter months. This old-growth forest condition can, in Southeast Alaska's damp maritime climate (where forest fires are neither common nor widespread), perpetuate itself for indefinite periods. Moreover, these two important characteristics of snowfall interception and browse availability have not yet been demonstrated to result from even the most intensively managed second-growth timber stands.

Research also indicates that adverse impacts can be expected for moose, black bear, brown bear, mountain goat, marten, wolf, land otter, cavity-nesting birds, and other bird and small mammal species requiring aspects of old-growth forest.

With some limited exceptions, no timber-harvest-related measures have been developed or implemented, since enactment of ANILCA or adoption of TLMP, that have the demonstrated ability to mitigate long-term wildlife habitat losses. Although measures to protect fish habitat have been more successfully implemented, many are currently proposed for revision to reduce logging costs and may result in reduction of fish habitat protection. Identification of high-value fish and wildlife areas has often occurred during timber sale planning, but protection of the areas through retention³ as undisturbed habitat has not occurred on the majority of the TNF where timber

³The concept of wildlife habitat retention on the Tongass National Forest was first discussed in the 1977 Southeast Alaska Area Guide which required Wildlife Habitat Management units (WHMU) to be developed by an interdisciplinary team (IDT) for all land use proposals. These WHMU would include the identification of "areas retained in natural conditions" (Forest Service, 1977, Southeast Alaska Area Guide, Alaska Region, Juneau, 280 p.) Permanent retention of old-growth habitat was the major wildlife habitat mitigation measure discussed in TLMP and incorporated into the TLMP harvest schedule (Forest Service, 1979, Tongass Land Management Plan Final Environmental Impact Statement, Part I, Alaska Region, Series No. R10-57, Juneau.) About 273,000 acres of operable commercial forest land (CFL) in LUD III and IV areas were excluded from timber harvest scheduling in the development of TLMP harvest calculations in order to protect visual quality and fish and wildlife habitat (Forest Service 1979, 1984, Tongass Land Management Plan Evaluation Report, Alaska Region, Admin. Doc. No. 139, Juneau, 166 p.) The amount equals about 30 percent of the operable CFL in LUDs III and 13 percent in LUDs IV (Forest Service 1979). Specific retention percentiles were developed for bear, eagle, moose, goat, upland bird, furbearer, wolf, and water bird habitat (Forest Service 1979, 1984).

harvesting is being scheduled. Despite TLMP commitments to long-term retention for fish and wildlife habitat, project planning has usually failed to provide consideration of long-term retention when making available a specific volume of timber for harvest.

Outside of Congressionally designated Wilderness areas, the key decisions that have the most far-reaching implications on the extent and rate of adverse impacts are: (1) the annual harvest target, (2) the emphasis on harvest of high-volume timber stands out of proportion to their occurrence on the TNF (both in TLMP and in a recent decision to exceed the ratios specified in TLMP for the first decade), and (3) accelerated rates of preroading of permanent roads in areas where timber harvest is not imminent. TLMP assumptions concerning portions of the commercial forest land base available or reserved from harvest and the implementation of extended rotations usually have not been considered in project or Management Area Analysis (MAA) planning which may alter the ability of the TNF to sustain the TLMP timber harvest without significantly greater logging of high-value fish and wildlife areas. The most significant procedural failings are the (1) lack of long-term (life-of-the-rotation) planning, and (2) lack of cumulative impact analysis on both the long-term and management area basis.

The fish and wildlife resources of both wilderness and non-wilderness portions of the Tongass are vital to commercial fishing and guiding industries and contribute to support industries and the suitability of the region for a growing tourist industry. Many residents of the region depend heavily on the resources for food and recreation, with dependence on fish and deer that is particularly high in the many small communities. Long-term reductions in opportunities to harvest or enjoy fish and wildlife will occur in areas subject to timber harvesting as a result of that timber harvest and associated development. Where habitat losses are significant, yields may likely be reduced in some areas of the Tongass to levels below which harvest of certain species can be sustained. The State is very concerned that it will not be able to manage fish and wildlife on a sustained yield basis, and that these resources may not be available for maximum use consistent with the public interest. Moreover the State is concerned that it will not be able to "manage, protect, maintain, improve, and extend the fish, game, and aquatic resources of the state" as required by statute.

The State of Alaska depends upon the expertise of DFG regarding the relationships between timber harvest and habitat management and believes that the conclusions drawn in the DFG report (see footnote number 2) must be adequately considered and dealt with as the report becomes finalized.

Report to the United States Congress: Sealaska Corporation Response to Section 706(b) of ANILCA Regarding the Management Status of the Tongass National Forest¹

Sealaska Corporation is an Alaska Native Regional Corporation organized under the laws of the State of Alaska pursuant to the Alaska Native Claims Settlement Act (ANCSA), 43 U.S.C. S 1601, *et seq.* Through ANCSA, Sealaska will receive fee title to approximately 330,000 acres of surface estate located throughout Southeast Alaska and title to 620,000 acres, more or less, of subsurface estate underlying the ANCSA regional village and urban Native corporation surface estate. All lands received or to be received by Sealaska Corporation under ANCSA were formerly from the Tongass National Forest.

Sealaska is submitting this report to the U.S. Department of Agriculture Forest Service in fulfillment of our responsibilities under Sections 706(b) and (c) of the Alaska National Interest Lands Conservation Act (ANILCA). Section 706(b) requires that:

The Secretary [Agriculture] shall review and report to the Congress on the status of the Tongass National Forest in southeastern Alaska. This report shall include, but not be limited to, (1) the timber harvest levels in the forest since the enactment of this Act; (2) the impact of wilderness designation on the timber, fishing, and tourism industry in Southeast Alaska; (3) measures instituted by the Forest Service to protect fish and wildlife in the forest; and (4) the status of the small business set aside program in the Tongass forest.

Section 706(c) provides that:

The study required by this section shall be conducted in cooperation and consultation with the State, affected Native Corporations, the Southeast Alaska timber industry, the Southeast Alaska Conservation Council, and the Alaska Land Use Council.

Sealaska Corporation has provided comment to the United States Forest Service Region 10 on the Forest Service 706(b) report. Additionally, the Forest Service has offered each cooperator, referenced in Section 706(c) of ANILCA, the opportunity to submit a cooperator's report which will be included as part of the 706(b) report to the United States Congress.

Sealaska Corporation, at the invitation of the U.S. Forest Service, is submitting this document as the Corporation's contribution to the cooperators' section of the 706(b) report. Sealaska appreciates the invitation of the Forest Service to submit this report.

Although the Sealaska Corporation 706(b) cooperator's report is critical of some aspects of the management of the Tongass National Forest and its effects on Native corporations, there are many other areas in which there have been significant efforts by the U.S. Forest Service to cooperate with Native corporations. Through U.S. Forest Service efforts, there has been a direct and measurable benefit to Native corporations. The U.S. Forest Service cooperation has been particularly beneficial in areas such as cooperative road use and facilities agreements, boundary surveys, sharing of technical information such as timber inventories, some aspects of cooperative land-use planning, and in developing national policy on the permitting of log transfer facilities.

SUMMARY

The passage of ANILCA came at a time when the Native corporations in Southeast Alaska were just starting to receive conveyance of lands under the Settlement Act. Implementation of certain provisions of ANILCA has adversely affected the ability of the newly established ANCSA corporations to develop into strong economically sound private corporations. In addition, the management direction of the Tongass National Forest has not been conducive to long-term economic stability in the Southeast Alaska region and has failed to address the need for minimizing conflict to facilitate sound management of the natural resources in the region.

It is Sealaska's position that:

- 1) Implementation of certain provisions of ANILCA have frustrated efforts by the corporations established under the Alaska Native Claims Settlement Act to establish themselves as viable economic entities to meet the real economic and social needs of the Native people of Southeast Alaska,
- 2) Efforts to fulfill the intent of the Alaska Native Claims Settlement Act in an equitable and expeditious manner through specific land exchanges, aimed at resolution of problems created by the implementation of the Settlement Act and other national interest considerations, have become subservient to other National Forest management requirements,

¹September 30, 1985.

- 3) Actions by purchasers of Tongass National Forest timber to secure waivers of the primary manufacturing requirement have undermined efforts by private timber owners to secure domestic markets for their timber,
- 4) Scheduled road construction and timber harvest operations on Tongass National Forest lands near rural communities in Southeast Alaska have not provided for gradual, long-term economic stability in these communities and that,
- 5) The manner in which multiple-use management of the Tongass National Forest is being interpreted by various interest groups is resulting in unending controversy among user-groups and is working to the detriment of sound resource management of Federal lands.

IMPACT OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT ON THE MANAGEMENT OF THE TONGASS NATIONAL FOREST

In the Preface of the Public Review Draft of the ANILCA 706(b) Report, there is a statement that, "two pieces of national legislation have been instrumental in shaping management on the Tongass National Forest: The National Forest Management Act (NFMA) of 1976 and ANILCA (1980)." The report should also recognize another important piece of Congressional legislation, namely, the Alaska Native Claims Settlement Act (ANCSA), which has had a major impact on the management and ownership of natural resources within the boundaries of the Tongass National Forest. Failure by the Forest Service to fully recognize the objectives of ANCSA has resulted in numerous Forest Service actions which have worked to the detriment of the newly established ANCSA corporations, which are striving to become viable economic entities within Southeast Alaska.

By the end of 1984, the 13 ANCSA corporations located in Southeast Alaska received conveyance of approximately 450,000 acres of land from the Tongass National Forest. Most of these conveyances occurred from 1979 through 1981 and continue to the present date. Once the land conveyance process is completed, a total of approximately 620,000 acres of land will be owned by the Native corporations adjacent to the Tongass National Forest. The commencement by Southeast Alaska ANCSA corporations of resource development activities, particularly timber harvest operations, immediately prior to and since the passage of ANILCA has been largely overlooked by the U.S. Forest Service. There is an essential need for the Forest Service to coordinate silviculture and timber harvest operations with ANCSA corporations whenever these activities relate to community stability,

maintenance of a healthy regional forest industry and land exchanges.

COMMUNITY STABILITY

One of the basic tenets of the National Forest System policy throughout the United States is to manage public lands "to promote the welfare of local communities dependent upon National Forest operations for employment" (Reg. S-2, August 12, 1936, 1 F.R. 1092). It is Sealaska's position that there is a greater need for Forest Service planning related to the Tongass National Forest to promote long-term economic stability of rural communities by coordinating timber harvest activities with adjoining private and non-Federal parties.

Prior to conveyance of lands to the 13 Southeast Alaska ANCSA corporations, logging and road construction activity on public lands generated a high level of economic activity in remote areas with subsequent extended periods of no activity. The effect has been a "boom and bust" cycle which has brought instability in employment opportunities, direct and indirect impacts to local economies and has failed to recognize social and environmental impacts on local communities.

In the alternative, it is Sealaska's opinion that moderate levels of harvest and road construction activities by the U.S. Forest Service and ANCSA corporations near communities should occur to provide a stable flow of timber over a 15- to 25-year planning horizon. Such coordinated activity should be encouraged to enhance resource management as well as to ensure protection of water quality and fish and wildlife resources.

PLANNING COORDINATION

The U.S. Forest Service has its own internal system of forest planning. It is Sealaska's opinion that the Forest Service does not fully participate in some State planning programs such as local coastal zone management planning systems. Consequently, integrated forest and resource planning with adjacent State, local and private lands on less than the regional level is not occurring. The lack of coordination causes land management to become disjointed, with different missions and practices resulting. More effort is needed to promote cooperation and coordination with State and private interests at all planning levels.

IMPLEMENTATION OF ANILCA 705(a) TIMBER HARVEST LEVEL

During the intense negotiations and discussion leading up to the passage of ANILCA, there was

strong public support for the establishment of several wilderness areas within the Tongass National Forest. At the same time, purchasers of Federal timber from the Tongass National Forest were concerned that the creation of the numerous wilderness areas would jeopardize the long-term viability and stability of the timber industry in Southeast Alaska. In the final analysis, a compromise was reached between the environmental groups and the timber industry which led to the 4.5 billion board feet timber supply requirement in ANILCA.

The 4.5 billion-board-feet-per-decade figure was based on the historical harvest levels from the Tongass National Forest. At the time the timber supply issue was being debated, prior to the passage of ANILCA, there was some discussion the possibility of including ANCSA corporation timber as part of the total timber supply which would be made available from the Tongass National Forest. In the final analysis, however, timber from the ANCSA corporations lands was not taken into account in establishing the public timber supply level from the Tongass. At that time, Sealaska and other Native entities located in the Tongass National Forest supported the ANILCA compromise including the exclusion of their timber from the allowable cut calculations. Native corporations favored this exclusion to allow their timber to find its own place in the free market system.

Since ANILCA, various groups have questioned the wisdom of the 450 million board feet per year cut level in terms of the effects this has had and will continue to have on the ability of the U.S. Forest Service to protect and manage for other resource values on the Tongass National Forest. Segments of the public have been critical of the Forest Service's practice of offering an average of 450 million board feet (450 mmbf) of timber each year during periods of depressed timber markets. Further, this harvest level is severely hindering fulfillment of the purposes of ANCSA. These actions have compounded the difficulty faced by the Southeast Alaska ANCSA corporations in finding local markets for pulpwood and low-quality sawlogs produced from their timberlands.

Once the total volume of timber being made available from the Tongass National Forest and Native corporation lands in Southeast Alaska increased from the historic average to approximately 600 mmbf (or more) per year, the ability of markets to absorb this increased volume was severely strained. The high volume of timber the U.S. Forest Service has been putting up for sale each year, particularly during times of depressed market conditions, has had an adverse impact on the ANCSA corporations efforts to find local markets and achieve reasonable prices for timber which does not meet export market standards.

Several issues, which relate to the implementation of Section 705(a) harvest level, are of concern to Sealaska Corporation as described below.

Timber Sale Backlog

During the 1981 through 1984 period, in excess of 450 million board feet of timber has been made available from the Tongass National Forest on an annual basis. During this same period actual purchases of Federal timber have amounted to approximately 315 million board feet per year. The backlog of Federal timber, which has been made available, is presently in excess of 600 million board feet. This backlog of timber from Federal lands provides timber reserves which significantly reduces future opportunities for private timber owners to find domestic markets for their low-quality timber.

Primary Processing Requirements

During the past four years, the timber industry within the Tongass Forest located in Southeast Alaska, as well as the Pacific Northwest and other parts of the country, has been severely depressed. As a consequence, timber harvest from the Tongass National Forest public lands has decreased from approximately 450 million board feet in 1980 to about 250 million board feet in 1984.

Deteriorating market conditions in the timber industry has resulted in increased pressure from purchasers of public timber to secure waivers from the U.S. Forest Service with regard to in-state primary processing requirements. Numerous arguments have been advanced to support waiver of the existing ban on the export of round logs. Arguments have ranged from competition resulting from the export of round logs from Native corporation lands to expansion of market opportunities for purchasers of National Forest timber.

Since 1926, the export of unprocessed spruce and hemlock timber, the two principle timber species found in Southeast Alaska, has been restricted. The export of minor timber species such as red cedar, yellow cedar and hardwoods, in unprocessed form, has been restricted to a lesser degree depending on the effect such action would have on domestic manufacturers' needs. The specific policy requires that unprocessed timber from National Forest lands in Alaska may not be exported from the United States or shipped to other states without prior approval of the Regional Forester.

Ongoing efforts by the purchasers of Federal timber to secure waivers of the primary manufacturing requirement, which has been in effect in Southeast Alaska since the 1920's, have been disheartening to

the newly established private corporations' efforts to break into the marketplace.

Waiver Requests

Over the last four years, a number of requests have been made to the Regional Forester to waive primary manufacturing requirements on small logs and other timber. Sealaska has opposed each of these requests through the public review process and appeal procedures to the Chief of the Forest Service. It is Sealaska's observation that these waivers constitute unfair competition with private industry. The U.S. Forest Service purchasers and contractors are heavily subsidized in stumpage values, road credits, administrative assistance, facility investments and contract provisions. Native corporations are not subsidized and must rely upon conventional credit sources and the marketplace for their continued existence. Further, these waivers challenge the underlying public policy reasons for the long-term contracts and other timber sale contracts which are designed to create investment and employment in domestic manufacturing facilities within the region.

Another series of actions relating to the waiver of primary processing requirements has been the waiver of processing requirements related to salvage timber sales. The Forest Service has indicated that the lifting of the primary manufacturing requirement has occurred in the case of salvage sales for two reasons: 1) inability of the Forest Service to sell this timber when it has been advertised previously under the primary manufacturing requirement, and 2) concern over further deterioration of the timber caused by fungal attack, possible buildup of bark beetle populations and the threat of insect attack on standing timber. The reasoning which has been put forth by the Forest Service on this issue has considerable merit, since it is in everyone's interest to salvage blow-down timber as quickly as possible to eliminate waste and to guard against buildup of insect populations. The waiver of primary manufacturing requirements for volumes ranging from 50 to 70 mmbf from salvage sales, however, creates additional concerns.

The Forest Service has consistently taken the position that the agency is continually under pressure to make available to the Southeast Alaska timber industry a total of four and one-half billion board feet of timber each decade. This stated domestic need indicates that there is no excess volume from the Tongass National Forest available to supply logs to markets outside of Alaska.

During this time when the U.S. Forest Service is having difficulty receiving bids on timber salvage sales as well as other sales on the Tongass National Forest, purchasers of Tongass National Forest timber

have imported considerable volume of pulpwood, sawlogs, and chips from Canada. Importing of timber into Southeast Alaska contradicts the contention that Southeast Alaska market conditions warrant waiver of primary manufacturing for the purpose of expanding requirements.

Lastly, a volume of 50-70 mmbf of export-quality logs entering the market in a seemingly uncontrolled, unplanned fashion has an impact to marketing programs developed by other segments of private industry. It is Sealaska's position that the Government should not be taking actions that foster the expansion of one segment at the expense of another.

If the practice of waivers and other actions by the USFS and its contractors are to continue, Congress should reexamine the underlying public policy reasons for the long-term contracts and other management practices being undertaken by the USFS and its contractors within the Tongass National Forest.

Canadian Imports

Over the last four years, the two long-term contractors have each imported in excess of 20 million board feet of pulp and sawlog timber from Canada. These events have caused considerable negative impacts on the local economy, employment and have resulted in an undermining of the credibility of the underlying purposes of the long-term contracts. Additionally, the importation of the logs from Canada and elsewhere into the Tongass National Forest has had a negative impact on the ability of the ANCSA corporations to fully utilize the lower-quality timber from their lands. As a consequence of the decrease in the volume being harvested from Tongass National Forest lands during the past four years, coupled with the ongoing need of the long-term-contract holders to supply the two pulp mills in Southeast Alaska, one would expect increasing opportunity for sale of ANCSA corporation low-quality timber to offset the loss of raw material that would normally be produced from the long-term-sale contracts on the Tongass National Forest. This has not occurred and is due, at least in part, to the importation of logs from Canada.

Change in Cant Specifications

During the past two years, the purchasers of Federal timber have requested permission to manufacture and test market, on an experimental basis, larger cants, going from the present maximum width of 8 inches to a cant with a maximum width of 12 inches, in hopes of improving the marketability of the timber products harvested from the Tongass National Forest. Two facets of this experiment which are to be examined include the effects of this change

on generation of employment opportunities within the timber industry and changes in the market acceptance of the larger-size cants. One element of this test experiment, however, which is not being examined, is the effect this change in cant size may have on the ability of private landowners to market their round logs in the Pacific Rim markets.

The justification to allow the manufacture of larger-size cants has been the stated need to expand sales opportunities during this period of the continuing recession in the timber industry in Southeast Alaska. Purchasers of Federal timber have argued that the principal reason for the decline in the market acceptance of cants in the Pacific Rim markets has been the dramatic increase in the export of round logs from ANCSA corporation lands. Evidence indicates that, while the export of round logs from ANCSA corporation lands in Southeast Alaska may have had some small effect on the demand for cants produced from Southeast Alaska, the major reasons for the market decline have been the strength of the U.S. dollar, significant increases in export of timber products from the Pacific Northwest and Canada, and other factors. In other words, the total market has declined dramatically since its peak of 1979-80.

Commencement of timber harvest operations on ANCSA corporation lands began in 1979 but did not reach a significant volume until 1981. During the startup period of operations on these private lands, the various ANCSA corporations undertook a major effort to develop a market for their timber in the Pacific Rim countries. Although there are many in government and industry who are quick to place the blame for the present demise of the Southeast Alaska sawmill and pulp industry upon Native corporation entry into the marketplace, in fact Native corporations do not bear the burden of this condition in any great part. The fall of this industry is coincident with a worldwide recession, specific market and milling changes in Japan, and explosive annual growth of round log exports from Canada and the Pacific Northwest. The percentage share of the Native corporations' contribution to the total export market of logs, cants, and lumber approximates less than 3 percent, an amount that questions any significant impact from Alaska Native timber in the world marketplace.

Export of Round Logs from the Tongass National Forest

Recently the Chief of the USFS in conversation with the Governor of Alaska suggested that the Forest Service consider lifting the long-standing Federal requirement for primary manufacturing on the Tongass National Forest to assist the purchasers

of Federal timber during this period of depressed timber markets. In consideration of waiving primary manufacturing, it is important to remember that the basic premise of Federal primary manufacturing requirement has been to foster the development of a stable forest products industry in Southeast Alaska. The obvious effect of a primary manufacturing waiver would be to put the Federal Government in direct competition with private timberland owners.

It is the position of Sealaska Corporation that any serious consideration of removal of the primary manufacturing requirement related to the harvest of Federal timber in Southeast Alaska, must include the cancellation of the long-term contracts on the Tongass National Forest. To do otherwise, would result in a situation whereby the Federal Government would effectively put the private forestland owners out of business.

Timber Utilization

Efforts by purchasers of Federal timber to secure waivers of the primary manufacturing requirement do not directly affect the utilization of timber from National Forest lands. The reason for this is that utilization standards on Federal lands are mandated by Forest Service policy, and are supposedly unaffected by market conditions. That is, the demand for timber in the marketplace does not affect utilization standards on Tongass National Forest lands (except to cause the USFS to respond to contractor demands to reduce utilization requirements in order to reduce costs to themselves). To the extent that depressed timber markets make it more difficult to utilize lower-quality material, monies from the Tongass Timber Supply Fund can be utilized to offset these higher costs.

In the case of the private timberland owners, however, market conditions can and have dramatically affected the utilization standards on these private lands. No special monies are available to offset the difference in market price and costs related to removal of the lower-quality material. While private timberland owners have continued to work toward greater utilization of the low-quality timber on their lands, actions taken by the USFS in the management of the Tongass National Forest have continually worked to the detriment of these efforts. Actions taken related to waiver of primary manufacturing requirements, salvage sale management, waivers on contract requirements, imports of timber from Canada, high level of timber being put on the market during depressed conditions, and subsidy of operations through the use of the Tongass Timber Supply Fund have virtually assured that purchasers of Federal timber will have no need to purchase lower-

quality timber from private timberland owners to supply manufacturing facilities in Southeast Alaska. In summary, Forest Service actions have not considered the impact of these actions on all sectors of the forest products industry in Southeast Alaska.

Land Exchanges

The intent of the Congress in passing into law the Alaska Native Claims Settlement Act was to provide a fair and just settlement of aboriginal land claims by Alaska Natives. This settlement was to be accomplished rapidly, with certainty, in conformity with the real economic and social needs of the Natives without litigation and with maximum participation by Natives in decisions affecting their rights and property.

The final resolution of ANCSA for some Native groups in Southeast Alaska has been frustrated by protracted litigation and failure of corporations to receive an equitable resource base to meet "real economic and social needs." Efforts by Haida Corporation to correct inequities of their land selection entitlement, through a land exchange using Section 22(f) of ANCSA and Section 1302(h) of ANILCA, that would provide the corporation with a reasonable timber base comparable to other corporations, have been rejected by the Forest Service. Efforts by Shee Atika, Inc. to protect title, plan for the use of its lands and to develop their resource base to meet their shareholders' real economic and social needs have been stopped by litigation from third party public interest groups. This litigation was initiated in an effort to preserve, in perpetuity, the exceptional noncommodity and public interest values of the Admiralty Island Wilderness National Monument area. A land exchange to preserve these public interest lands, and still provide for Shee Atika's economic and social needs, is expected to be strongly resisted.

The reoccurring basis for rejecting these administrative land exchanges is the 4.5 billion board feet of timber per decade, as prescribed by ANILCA. The Forest Service has indicated that the remaining Tongass National Forest commercial forest land base is barely adequate to meet this requirement, and that any land exchange which results in a net loss of timber volume, no matter how small cannot be approved due to the ANILCA mandate.

The Native corporations have an aboriginal claim which was to be solved through the Alaska Native Claims Settlement Act. Implementation of Section 705(a) has frustrated the final equitable settlement for these corporations, even though ANCSA predates ANILCA. The U.S. Forest Service, Department of Agriculture, and Department of the Interior must recognize the Alaska Native Claims Settlement Act's

priority in law and take those administrative steps necessary to accomplish final resolution of the Alaska Native Claims Settlement Act. Failing that, it is recommended that the Congress intervene to adjudicate and to provide settlement among the competing public interests and ensure the fulfillment of ANCSA.

ANILCA 705(a) TONGASS TIMBER SUPPLY FUND

With the passage of ANILCA, several Wilderness areas were established, which resulted in a decrease in the timber base from which timber could be made available to the private industry. As a consequence of this development, it became apparent to the Forest Service and other parties that it would become increasingly difficult to supply an adequate volume of timber to purchasers of Federal timber. Consequently, the Tongass Timber Supply Fund, Section 705(a) of ANILCA directed the Secretary of the Treasury to make available to the Secretary of Agriculture the sum of at least \$40 million annually to maintain the timber supply from the Tongass National Forest to the dependent industry.

The Tongass Timber Supply Fund establishes the basis for supporting a strong timber industry in Southeast Alaska. From time to time there is a need to utilize these funds to strengthen the industry, encourage investments in new technology, and expand employment opportunities in the region. Utilization of the Tongass Timber Supply Fund, however, must take into consideration the needs of all segments of the timber industry.

MANAGEMENT OF NONCOMMODITY RESOURCES

The Tongass National Forest includes a vast wealth of noncommodity resources which include fish and wildlife resources and which are subject to multiple-use management.

Fish and Wildlife Management

The Tongass National Forest comprises 16.93 million acres of land; of this, 5.66 million acres is commercial forest land (CFL). Through ANILCA, approximately 1.57 million acres of CFL is permanently protected. The remaining 4.09 million acres of CFL is subject to administrative control of the U.S. Forest Service. Presently, 3.51 million acres is part of the CFL base and can be logged, an additional 0.57 million acres is presently excluded from the CFL base but can, through USFS administration action (i.e., TLMP revision), be included in the CFL land base. In summary, 28 percent of the CFL in

the Tongass National Forest is permanently protected, all remaining CFL is at present or in the future subject to logging.

Large portions of the remaining CFL lands contain some of the most important fish and wildlife habitat lands that exist in the Tongass National Forest. Alteration of CFL by logging can affect the land's capability to provide essential habitat for various fish and species. With only 28 percent of the CFL permanently protected it can be anticipated that clearcutting of these lands may, to some degree, decrease the land's capability to produce and maintain fish and wildlife.

Although land has been set aside for permanent protection of fish and wildlife habitat on the Tongass National Forest, these lands are located in remote areas removed from rural communities. These lands will not provide significant fish and wildlife resources for community use. The public land near rural communities is almost without exception LUD III or LUD IV lands which will be subject to intensive logging. If and when these lands are logged corresponding reduction in fish and wildlife population is likely to occur.

Due to the dependence of rural communities on these noncommodity resources, and because almost all public land adjoining the rural communities is scheduled for logging, there is a need to reconsider forest land management plans near rural communities. On public lands this may require permanent protection of select drainages (VCU's) near the Tongass National Forest near rural communities from large-scale clearcut logging and may require longer forest planning/harvesting horizons in order to lessen the impact on these resources. These plans should be coordinated with the plans of adjoining private land managers to ensure that adequate protection of forestland occurs to provide for fish and wildlife resources essential to subsistence of rural citizens residing in these communities.

Application of Multiple-Use Management

By law and regulation, the U.S. Forest Service is required to manage National Forest lands for production of a full range of resources in accordance with the principle of multiple-use management. Individual perceptions of what multiple-use management means have created endless controversy over the manner in which the Tongass National Forest is being managed.

In some situations all parties agree that management for some resource values are mutually exclusive. That is, if the management for one resource value is to be emphasized, this will preclude management for one or more other resource values. Management

of an area to provide opportunities for pristine wilderness experiences, for example, would eliminate the opportunity to manage the same area for timber production, mineral production, or other commodity-oriented values. In numerous other situations, however, the relationship between and compatibility of resource uses are subject to intense debate.

There appears to be a perception by many individuals that multiple-use management means that each acre of land, to the extent that the full range of resource values is present, is to be managed to produce the full range of resources. To the extent that management of specific resource values is perceived to be or is in actuality mutually exclusive or is in direct competition with each other, unending controversy has become the norm. The time has come for the U.S. Forest Service, and other public land management agencies which are required to manage lands on the basis of the principle of multiple-use management, to rethink the way in which the multiple-use management principle is being applied and interpreted by the general public.

There is a great need to clarify the meaning of multiple-use management. It is important to explain what the law requires and to explain in layman terms how multiple-use management will be employed in the field in an attempt to provide the greatest combination of benefits (consistent with the specific resource values present) from the overall land management unit (a specific National Forest). Here in the Tongass National Forest (as well as other National Forests in the country), the U.S. Forest Service needs to state clearly that their multiple use mandate requires that the agency manage the National Forest so as to provide the greatest combination of benefits from the National Forest as a whole, and not on each individual acre.

There is a need for the U.S. Forest Service to overhaul the Tongass Land Management Plan—which is scheduled for 1989. Basically the Forest Service needs to employ a key-value, dominant-use, or comparative-advantage concept when classifying all areas of the forest. Under this concept, it should be clearly stated that management of certain lands for wildlife, habitat or some other resource value can only occur to the extent that this use does not unnecessarily constrain use of these lands for timber production. The same process would be used in terms of designating the primary use of an area (VCU) as wildlife habitat and possibly other compatible resource values.

The Southeast Alaska Native corporations have a stake in the outcome of the 1989 update of the Tongass Land Management Plan. To the extent that the management of the Tongass does not provide adequate protection of subsistence resources available to residents of rural communities, many of

Sealaska's Native shareholders in rural areas may put increasing pressure on Sealaska and village/urban corporations to curtail development on its lands to compensate for loss of prime subsistence areas on public lands. This could compound the already tenuous economic viability of Native corporations within southeastern Alaska. The continuing controversy over how lands in the Tongass are being managed, particularly in situations when the prime use of lands is not clearly defined, can lead to increasingly restrictive laws and regulations governing resource extraction activities on private and public lands. Although laws and regulations may be specific to public as opposed to private lands, there is often considerable spillover effects on private lands.

It is Sealaska's position that the manner in which the multiple-use concept is being applied in the Tongass National Forest is the source of excessive controversy with respect to how specific areas within the Tongass are being managed. In connection with the 1989 update of the Tongass Land Management Plan, there is a need for the Forest Service to adopt a new approach to multiple-use management which minimizes controversies resulting from efforts to manage for two or more resource values whose uses are perceived to be or are actually in conflict with each other. More specifically, Sealaska Corporation suggests that the U.S. Forest Service clearly enunciate its multiple-use mandate in terms of the Tongass National Forest as a whole, while recognizing that individual Value Comparison Units (and larger areas such as LUD I, LUD II, and LUD IV areas) will not be managed for all resource values (multiple-use), but rather will be managed for that resource value or those resource values which are compatible, based on the specific resource attributes of each area. For those areas of the Tongass (primarily LUD III and LUD I release areas) for which a primary use has not been designated, there is a need to reclassify these areas on the basis of primary use or uses which are compatible. Once the primary use(s) of a specific geographic area (VCU) has been designated, the new Tongass Land Management Plan must clearly explain that management for resource values, other than the prime use(s) which has (have) been designated, can only occur to the extent that management for other values will not conflict with management for the primary use.

Application of multiple-use management based on the key-value, dominant-use, or comparative-advantage concept will require the cooperation of all user and management groups, including private entities, State as well as Federal agencies. Efficient application of professional expertise in the management of all natural resources can only occur when individuals can concentrate their efforts. It is time

for a return to common sense in the management of the public's natural resources.

PERMITTING OF LOG TRANSFER FACILITIES

The permitting of log transfer facilities (LTF's) has undergone recent changes. Historically, LTF's were required to secure a section 10 and 404 permit from the Corps of Engineers, a 401 Certification of Reasonable Assurance from the Alaska Department of Environmental Conservation, and an Alaska Coastal Zone Management Consistency Determination of the Alaska Division of Environmental Coordination. Receipt of these permits and certifications included special conditions to ensure that the construction and operation of the facility met all State (and consequently Federal) water quality requirements and coastal zone management requirements for the protection of water quality, fish and wildlife resources, and habitat. More recently, the Environmental Protection Agency is seeking to require that applicants for LTF permits also secure a National Pollutant Discharge Elimination System permit (section 402 of the Clean Water Act).

The effect of this new permit will be to create an administrative burden on permit applicants and to at least triple the amount of time required to secure all the authorizations to construct an LTF. Additionally, the requirements imposed by EPA in the 402 permit duplicates the existing requirements in Corps permits and State certifications.

The U.S. Congress has recognized the burden the additional 402 permit places on the logging industry and has passed an amendment to the Clean Water Act which requires coordination of the Corps of Engineers and the Environmental Protection Agency permits to avoid duplication, needless paperwork, and delay in receipt of permits. Additionally, in Alaska, the logging industry and State and Federal agencies involved in the review or permitting of LTF's have developed a set of guidelines to assist in the review and permitting of LTF's.

Through the amendments to the Clean Water Act and development of guidelines for permitting of LTF's, significant progress has been made toward eliminating duplication, needless paperwork, and delay in permitting LTF's. The final implementation of an effective, efficient permitting system is dependent on the Corps and EPA developing an administrative procedure for implementation of the Clean Water Act amendments and LTF guidelines. Until these procedures are established and proven to be workable, there must be a continuing participation by the Congress, government, and the industry to develop final procedures for the permitting of LTF's.

A Report by the Alaska Loggers Association for Inclusion as Part of the ANILCA 706(b) Report to Congress¹

INTRODUCTION

ANILCA was a continuation of a long line of Federal statutes, which have demonstrated strong Congressional intent to establish and maintain the timber industry in Alaska in order to provide year-round employment in Southeast Alaska. In 1947, Congress passed the Tongass Timber Act (P.L. 385), which cleared the way for timber sales in the Tongass National Forest. The Committee Report made it clear that the goal was not so much to sell timber as to provide employment:

A large-scale development of the timber resources in southeastern Alaska, involving the establishment of important business enterprises and the employment of many persons for extensive operations on a year-round basis, is essential to the maintenance of a prosperous and stable economy in the Territory. Heretofore, Alaska has been handicapped by the seasonal nature of the principal industrial activities conducted within the area. A timber program of that sort mentioned by the Secretary of the Interior would be of great benefit in assisting the people of Alaska to progress from the present dependence upon seasonal business operations. Moreover, such a development within the Territory would be of great value to the Nation as a whole, both from the standpoint of making available to the national economy valuable and sorely needed products from the great forests in Southeast Alaska and from the standpoint of promoting the National defense through increasing the population and industrial capacity of Alaska as our 'Northern Rampart.' (Report of the House Committee on Agriculture, No. 873, July 10, 1947.)

When Congress passed the National Forest Management Act (16 U.S.C. 1601 *et seq.*) in 1976, Section 15(b) reaffirmed the continuing operation of the 50-year timber sale contracts which had been established following the Tongass Timber Act. The clear Congressional intent expressed by ANILCA was to leave the timber-industry-related employment in the same position after the passage of ANILCA as it was before the wilderness was designated. In Section 705 Congress quantified how much money it would take to make certain that the industry-related employment remained in the same position. The figures Congress used were supplied by the Forest Service

and described what it intended to spend on intensive management in 1978 dollars.

The timber industry is not in the same position in which it had been prior to passage of ANILCA. In 1979, there were two pulpmills operating full-time, six sawmills operating full-time and 4,589 people employed.² By 1985 each pulpmill was operating sporadically and only two of six sawmills were operating—the remaining four were closed down or in bankruptcy proceedings.³ As of 1983, the employment compiled by the Forest Service was down to 3,696. Industry believes the employment in 1985 is now down to 2,606.

Our major concern is that the Tongass Timber base compromise, set forth in Section 705 of ANILCA, is not being implemented. The compromise was that vast new Wilderness areas would be created (which swallowed up much of the commercial forest timber base) in return for Forest Service expenditure of intensive management funds (i.e., funds for preroad, precommercial thinning, and advance logging technology) to maintain employment on the Tongass.⁴ The Wilderness was created, but the intensive management program has not been fully implemented. In FY 1984, for example, despite poor markets which created a tremendous need for Forest Service preroad expenditures to make Tongass timber economic,

²See table 15 Tongass Land Management Plan Evaluation Report, November 1984.

³Mill Status:

Pulp—Sitka. Alaska Pulp Corp. at 60 percent capacity, est. 1985 losses = \$26 million.

—Ketchikan. Louisiana Pacific Corp. Reporting heavy losses.

Sawmills:

Haines	Schnabel Lumber	Chapter 7 Shutdown
Petersburg	Mitkoff Lumber	Operating
Wrangell	Wrangell Forest Prod.	Operating—losing money
Ketchikan	Louisiana Pacific	Permanent Shutdown 1983
Klawock	Alaska Timber Corp.	Chapter 11—Shutdown 1984
Metlakatla	Louisiana Pacific	Indefinite Shutdown 1985

⁴At page 54 of the TLMP Evaluation Report, the Forest Service admits that the intensive management money was to maintain employment:

The TLMP goal for timber is to make enough available from National Forest lands to maintain current (1970-76) average levels of timber-related employment within the context of the total timber available from other land ownerships. Under TLMP, the total ASQ of 4.5 bbf is the upper limit of what may be sold to independent operators and formally released to the long-term sale contract holders during the plan's 10-year life.

¹Compiled by Jim Clark.

the Forest Service spent only 53 percent on preroding of what it had represented to Congress it would spend. The timber "supplied to dependent industry" by the Forest Service as a consequence had a deficit value and thus was not purchased.⁵ The loan program directed by Section 705(b) of ANILCA for purchasers of National Forest timber has never been implemented. The timber-industry-related job base has correspondingly declined.

This refusal to implement ANILCA must be redressed. Had the Forest Service elected to manage as Wilderness only 53 percent of that portion of the Tongass designated as Wilderness by Congress, there would have been a lawsuit or a Congressional investigation by now. We urge the Forest Service to commence full preroad funding and full intensive management expenditures immediately. We urge the Forest Service to work to supply timber which is economic to harvest. We finally urge the Forest Service to immediately implement the Section 705(b) loan program.

THE FOREST SERVICE FAILURE TO MAKE INTENSIVE MANAGEMENT EXPENDITURES

During the d-2 debate, the Forest Service explained to Congress that, based on FY 1978 dollars, it would spend \$13.7 million for LUD III preroding, \$3 million for precommercial thinning, \$4 million for mar-

ginal preroding, and \$2 million for advanced logging technology. These were the items which the Forest Service apparently believed would provide the greatest timber volume return for money spent. The Planned Timber Management Program was set forth at figure J on page xv of the TLMP.

From TLMP figure J, one can see that to achieve an average annual allowable sale quantity of 450 mmbf, an additional investment of \$11.7 million (in 1978 dollars) was added to the \$23.5 million total program dollars then being spent. Of the \$35.2 million in 1978 dollars necessary to achieve 450 mmbf, \$23.5 million was allocated to preroding, precommercial thinning, and advanced logging technology.

Using Forest Service inflation factors, one can see that the \$23.5 million to be spent on precommercial thinning, preroding, and advanced logging technology in 1978 dollars should have been \$35.4 million in 1984 (of which \$23.24 million should have been spent on preroding). Applying the inflation factor to the total program of \$35.2 million, one would expect a total program of \$53.0 million in FY 1984.

In fact, the Forest Service spent only \$16.4 million on preroding, precommercial thinning, and advanced logging technology in FY 1984, not the \$35.4 million which should have been spent if the proportion of funding for these items to total program funding had been maintained. However, the Forest Service none-

Figure J from the Tongass Land Management Plan

	Budgeted FY 1980 program		First year of transition		Average TLMP program 1980-81	
	Volume (mmbf)	Cost (mm\$)	Volume (mmbf)	Cost (mm\$)	Volume (mmbf)	Cost (mm\$)
Volume available with no additional investment	520	22.8	464.8	20.4	267.3	11.7
Added program						
Precommercial thinning	—	—	10.2	0.9	34.0	3.0
Preroding	—	0.5	40.0	8.2	131.0	17.7
Advanced logging technology	—	—	5.0	1.2	17.7	2.8
Total added program	—	0.5	55.2	10.3	182.7	23.5
Total program	520	23.3	520.0	30.7	450.0	35.2
Current investment	—	23.5	—	23.5	—	23.5
Additional investment	—	(0.2)	—	7.2	—	11.7

⁵The argument that the problem is poor markets does not stand up because during the period of 1979 to 1985 Canadian sawmills have rapidly expanded their lumber exports to Japan and other Pacific Rim markets which have traditionally been the

mainstay of the Southeast Alaska timber industry. When the sawmills stop, the pulpmills also are negatively affected by the reduced availability of woodchips from sawmill residue and the reduced amount of pulp wood from sawmill logging operations.

theless spent \$47.3 million from the Tongass Timber Supply Fund, or just \$6.3 million less than the total 1978 figure adjusted by the annual inflation figure. This is illustrated by the following table:

	TLMP program estimates in 1978 dollars (from figure J of TLMP) (mm\$)	Inflation adjusted to FY 1984 (USFS figure) (mm\$)	Actual USFS expenditures in FY 1984 (mm\$)
Precommercial thinning (ANILCA)	3.0	4.5	2.0
Preroading (ANILCA)	17.7	26.6	14.1
Advanced logging (ANILCA)	2.8	4.3	0.3
Regular program (non-ANILCA)	11.7	17.6	30.9
Totals	35.2	53.0	47.3

Subtracting the \$16.4 million which was actually spent for precommercial thinning, preroading, and advance logging technology in FY 1984 from the \$35.4 million which should have been spent according to the proportion shown in TLMP figure J (as adjusted for inflation), there is nearly \$19 million which should have been spent on preroading, precommercial thinning, and advanced logging technology in FY 1984, but which was spent on something else.

In addition, if one considers what the Forest Service said it was going to spend (as shown by adding the 2nd, 4th, and 6th columns in figure J) with what it actually spent (as shown above), one can see that the Forest Service has not only fallen short of the proportion of preroading, precommercial thinning, and advanced technology expenditures to total program expenditures required by ANILCA, it has also failed to meet its own program.

The comparison of what was planned and what had actually been spent shows that whereas \$9.9 million was to have been spent in the period FY 1981 through FY 1984 on precommercial thinning, in fact only \$6.8 million was spent on precommercial thinning. Secondly, the same comparison shows that whereas \$61.3 million should have been spent on preroading between FY 1981 and FY 1984, in fact only \$36.2 million was spent for preroading. Finally, whereas \$9.6 million was to have been spent on advanced logging technology in the period FY 1981 through FY 1984, only \$1.2 million was spent on

advanced logging technology. This is illustrated as follows:

	Planned by USFS	Spent by USFS	Short-fall
Precommercial thinning	9.9	6.8	3.1
Preroading	61.3	36.2	25.1
Advanced technology	9.6	1.2	8.4
Total	80.8	44.2	36.6

In short, the Forest Service has failed to make the investments in intensive management which it told the public it was going to make in TLMP and which Congress required it to make under Section 705(a) of ANILCA. This problem will become aggravated by Forest Service plans for future years as the amount spent for preroading is reduced both in terms of actual dollars and as a percent of the Tongass Timber Supply Fund. In a letter dated June 27, 1985, the Forest Supervisor for the Ketchikan Area advised the industry that \$14.4 million would be spent in FY 1985, \$14.3 million would be spent in FY 1986, \$13.4 million would be spent in FY 1987, \$13.3 million would be spent in FY 1988, and \$13.0 million would be spent in FY 1989.

There can be no doubt that Congress intended that the annual Section 705(a) expenditure was to be spent in the proportion set forth in the final column of TLMP figure J. The House took the Senate bill. The title summary submitted by Senator Tsongas for himself and Senators Jackson, Hatfield, and Roth reveals the following on this point:

The amendment assures the availability of at least \$40 million. *These funds are intended to be spent in the same manner and for the same purposes as those provided in the Committee bill.* These include expenditures for stand improvements, the timber road program, and related capital investments but also include the regular costs of sale and road layout and preparation and may include research activities which contribute directly to improved timber utilization and advanced technology. (126 Cong. Rec. S11192, daily ed., Aug. 19, 1980.) (Emphasis added.)

At page 163 of the draft Tongass Land Management Plan (TLMP) Evaluation Report, the Forest Service candidly admitted that it has not met the spending goals set for it by Section 705(a):

The estimated average annual funding needs for Pre-commercial Thinning, Preroading, and Advanced Logging Technology portrayed in figure 3 have thus far not been realized during FY's 1980-83. As a fraction of the total timber management program costs, average annual expenditures for these program elements was to account for nearly two-thirds of the \$35.2 million (1978 dollars) originally needed. The data represented in tables H and I indicate a somewhat lower proportion of the Total TTSF has been expended on these elements to date. Whether additional expenditures for these elements would have resulted in the sale, release or harvest of more timber from the Tongass is debatable in light of industry responsiveness to recent timber offerings.⁶

However, the Forest Service offers several defenses for its consistent underfunding of the intensive management program.

Forest Service Argument A

At page 2 of a July 27, 1984, letter from Regional Forester John Sandor to Senator Frank H. Murkowski, it points out that "TLMP called for both funding and output targets." Although the Forest Service never relates the one to the other and thus never explains what criteria the Forest Service believes govern the annual amount of ANILCA funding required by Section 705(a), the implication is made that if 450 mmbf has been made available, then the Forest Service can make whatever expenditure for preroading, precommercial thinning, and advanced technology it desires no matter how deficit the timber.

This Forest Service argument has serious flaws, which are described in the following paragraphs.

*1. It is Not Enough to Provide 450 mmbf: The Timber Must be Economic to be Considered Supplied.*⁷

To meet its obligation that it "supply" the timber to "dependent industry," TLMP and ANILCA require the Forest Service to make the amount of expenditures necessary to assist in making the volume output economic. TLMP states:

While the 450 mmbm can be provided, a considerable portion of this volume will have to come from lands that are presently considered *economically* and technologically *marginal*. Because of the above reductions in available CFL *under current market conditions, this volume can only be attained by applying methods that will alleviate such marginality.* (TLMP, p. 180.) (Emphasis added.)

The deficit volume can be made available by adding \$11.7 million annually to the current funding level of \$23.5 million. This would alleviate the current marginality of enough potential harvest areas to make the 450 mmbm harvest level attainable. These investments would be for preroading, advanced logging technology, and precommercial thinning. (TLMP, p. 181.) (Emphasis added.)

In short, the Forest Service argued in TLMP for intensive management funds to "alleviate" the "economic marginality" of 450 mmbf. It follows that such expenditures have the dual purpose of seeking to provide the necessary volume and at a price that industry can afford. Otherwise, the timber has not been "supplied" and the Forest Service has failed to meet its obligation.

The Forest Service's position set forth in TLMP was that to assist in making the 450 mmbf per annum volume economic, investments must be coordinated with the market.

⁶At page 154 of the final TLMP Evaluation Report, the Forest Service asserted that, "When associated cost elements such as engineering support, timber sale preparation, administration, and support are taken into consideration, however, expenditures for these program elements approach anticipated funding levels."

We do not argue, indeed we point out, that the Forest Service has been spending the *total* amount of the ANILCA figure as adjusted for inflation. Our point is that the money is being spent for facilities, administration and the like instead of intensive management. A careful reading of the foregoing statement concedes this point, just as did the draft TLMP question above.

⁷The failure of the Forest Service to recognize its responsibility in this regard is seen at page 12 of the 706(b) report:

The reduction between the volume anticipated to be sold in the Plan and the volume actually sold is primarily due to the reduced demand for products manufactured in Alaska from Tongass National Forest timber.

In fact, the difference is "due" to the fact that the timber was not economic. It would be most helpful if the Forest Service displayed how much volume was made available and how much had a positive appraisal in order to see how much in fact was supplied.

These estimates of needed annual investments were based on average market conditions. Markets for Tongass timber products were regarded as cyclical. The investment levels required for any specific year were to be determined by future market conditions. *During the period of high selling values, less Government investment was foreseen.* (TLMP Evaluation Report, p. 45.) (Emphasis added.)

Conversely, during periods of low selling values, the Forest Service also recognized its obligation to increase its ANILCA expenditures in the Tongass Land Management Plan (TLMP):

However, in periods of poor markets—when the available residual values are insufficient to cover the full costs of road construction—Government investments can be substituted to facilitate construction of the roads. These investments include separate road construction contracts, supply of road construction materials such as culverts and bridge materials, or funding to the timber purchase through credits which relieve the burden of construction costs. The commitment of Government funds must usually precede the sale advertisement on independent sales or be accomplished in conjunction with rate redeterminations on long-term sales.” (TLMP, p. 185.) (Emphasis added.)

The TLMP policy, which the Forest Service presented to Congress during the d-2 debate, thus seems clear. Investments should be increased in time of poor markets so that the timber is made more economic. The benchmark for increasing or decreasing such expenditures is the amount the Forest Service told Congress it would spend on precommercial thinning, preroading, and advanced logging technology updated to the present year. As shown, this amount has not been spent, economic timber has not been supplied, and employment has declined dramatically.

Section 705(a) of ANILCA was based upon TLMP and thus its assumption that the timber would be economic. In a colloquy on the floor, Senator Stevens and Senator Jackson discussed the meaning of the term “timber supply”:

When we talk about the necessity to maintain a timber supply for the dependent industry at a rate of 4.5 billion board feet per decade, we contemplate that there would be sufficient timber offered for sale so that dependent industry could harvest at that rate. (126 Cong. Rec. S11195, daily ed., Aug. 19, 1980.)

Citing the foregoing colloquy, the Forest Service’s Assistant General Counsel provided the Forest Service an Opinion dated January 1981 which advised that the words “timber supply” used in Section 705(a) require the timber to be economic:

Since there is no other legislative history pertaining to the interpretation the drafters of section 705(a) gave to ‘timber supply,’ and since the clause itself leaves the interpretation ambiguous, we place considerable weight on the above passage and conclude that section 705(a) requires the Forest Service to offer

for sale a sufficient amount of timber for contracts equal to 4.5 billion board feet of timber to be awarded each decade, free of legal and administrative contingencies which prevent harvest. *This interpretation is most consistent with the general purpose behind Section 705(a), ensuring that the Government does all it reasonably can to facilitate getting the requisite amount of timber into industry’s hands.* The timber industry interests which Section 705(a) is intended to placate are logically more interested in being guaranteed a right to harvest a certain volume than in actually achieving a harvest at that rate themselves, regardless of market conditions. *These same interests would logically not consider to be part of their usable ‘timber supply’ sales which, due to their economic infeasibility or other reasons, are not purchased, or for which the right to harvest is delayed due to legal challenge.* Timber purchased, but which industry declines to harvest in a given year on its own initiative must be considered to be ‘supplied’ to industry, because the Government has no further control over its harvest and no other administrative or legal restriction in preventing its harvest. (Memorandum to William L. Rice, Director of Program Development and Budget of the Forest Service from Clarence W. Brizee, Assistant General Counsel, Natural Resources Division, p. 5-6.) (Emphasis added.)

The Forest Service’s own counsel, then, finds that to be considered “supplied” the timber made available must be economic.

Conversely, it is hard for the Forest Service to argue that Congress intended to maintain dependent industry with timber having a negative value. Such timber cannot be purchased and thus cannot meet ANILCA’s employment objective. As Governor Sheffield wrote to Assistant Secretary of Agriculture Myers on September 9, 1985:

As you know from my letter to Secretary Block on August 1, 1984, the State of Alaska is concerned that the Secretary of Agriculture has not obtained sufficient funding, pursuant to Alaska National Interest Lands Conservation Act (ANILCA) Sec. 705(a), to satisfy the intent of Congress. By providing an assured timber supply and a unique funding mechanism to offset economic marginality, Congress intended to maintain employment at historic pre-ANILCA levels in the timber industry which is dependent on the Tongass National Forest. Clearly, the Congressional employment objective has not been achieved. Southeast Alaska’s timber industry has been in a severely depressed condition for the past several years.

The question arises, to what extent must the Forest Service make the timber economic? Since it was the intent of ANILCA to leave timber-industry-related employment in the same position it was prior to ANILCA and provided a funding mechanism to achieve this, as a minimum, the Forest Service must make the full Section 705(a) expenditure which it proposed at the time ANILCA passed (as adjusted

for inflation). That is to say, in FY 85 it should spend \$23 million on preroads instead of the \$14.4 million it proposed to spend. Full preroads expenditures could make a major difference in the economics of the timber sales if applied to the ongoing sales program. (Assuming we log 250 mmbf in 1985, this \$8.6 million shortfall would have made the timber \$34/mbf more economic.) If after making the full Section 705(a) intensive management expenditures, the timber is not economic and employment has not been restored, then Congress may have to be approached with other proposals. Until the Forest Service has used the tools Congress gave it to deal with the situation, the only help Congress can give is to help make the Forest Service meet its Section 705(a) intensive management responsibility.

2. Meeting the Road Output Requirements of TLMP is Not Satisfied by Including Purchaser Credit Roads.

As a side note, it is ironic that the Forest Service uses purchaser credit built roads as evidence that it is meeting the road output requirements of TLMP. TLMP required (at p. 10) "that an average of 115 miles of permanent road be added to the forest transportation system annually." In fact, an average of 167 miles of road has been built each year and thus this output has been achieved. However, achieving the output is not the issue. The issue is what portion of these roads should be paid for with ANILCA funds.

The Forest Service acknowledges that it built an average of only 39.5 miles per year during FY's 1981-83 while the industry built an average of 127.5 miles per year during the same period.⁸ Many of the roads built by the industry were built free of charge to the Forest Service because when the timber values are deficit, effective purchaser credits cannot be obtained by the purchaser.⁹ Accordingly, the Forest Service is not meeting its ANILCA obligation by forcing the purchaser to build roads free of charge when markets are bad.

The Forest Service argues in effect at page 15 of the 706(b) Report that even though it has not met its preroads outputs, it should be judged on the roads it has under construction—after all, a lag was to be expected. It would be most helpful if a chart were made available showing what roads are projected in future years based on preroads expenditures previously made. The chart should show the year the money was obligated and the year the road will be built. This should be followed by a discussion on how to reduce the lag time.

Forest Service Argument B

In a May 16, 1985 meeting with the Alaska Congressional Delegation, Chief Peterson stated that what is economically and technically marginal timber for purpose of the Alaska National Interest Lands Conservation Act (ANILCA) was "fixed" as of December 2, 1980, the date of passage of the Act. From this, Chief Peterson asserted that the Forest Service is not authorized to pay for roads through that timber in LUD III or LUD IV areas which has become economically marginal since the passage of ANILCA as a result of deteriorating markets.

We disagree. TLMP was based upon the Regional Forester's Alternative to the TLMP EIS which was made public on August 15, 1978 and was the basis for not only the final TLMP EIS, but Sections 705 and 706 of ANILCA. Pages 185-187 of TLMP make it clear that the technically and economically marginal timber was *not* fixed as of the passage of ANILCA and that investment in any one year depends upon the market rates:

In some years, when the markets are good, the remaining value is high and public investments may be a lower level. However, in periods of poor markets—when the available residual values are insufficient to cover the full cost of road construction—Government investments can be substituted to facilitate construction of the roads. (TLMP, p. 185.)

The Forest Service was saying the same thing as late as November, 1984 in the TLMP Evaluation Report:

Section 705(a) is regarded by the Forest Service as a funding provision for implementation of the TLMP Timber Management Program described on pages 43-45 of Section III. It enables the Forest Service to fund the costs of preparing the timber which has been scheduled for harvest, so that it can be offered to industry for sale or release. It also can be used for investments to offset the economic marginality of some of the scheduled timber lands by: (1) funding preroads projects, (2) the application of advanced logging technology, and (3) precommercial thinning. As stated in TLMP, the level of funding for any specific year is to be determined by the anticipated timber market conditions. During periods of high selling values, less Government investment will be necessary than in periods of low selling values." (TLMP Evaluation Report, p. 55.)

Accordingly, the Chief's statement is inconsistent with even the Forest Service view of Section 705(a)'s

⁸Page 2, July 7, 1984 letter from Regional Forester John Sandor to Senator Frank H. Murkowski.

⁹The Forest Service admits this at page 14 of the 706(b) Report.

capital expenditures strategy. Intensive management money should be spent up to the full amount in times such as these when the market is bad.

In addition, Section 705(a) investments are to access all 4.5 billion board feet per decade. If the purpose of ANILCA funds was to be limited to the 88 mmbf of timber which was economically and technically marginal as of December 2, 1980, then that amount of timber would have been specified in Section 705(a). The fact that Section 705(a) provides "at least \$40,000,000 annually or as much as the Secretary of Agriculture finds is necessary to" make all 4.5 billion board feet of timber available; and the fact that the expenditure of such funds is not limited to that timber which was economically and technically marginal as of December 2, 1980, prove Congress' intent to make economic that portion of the timber which is not presently economic due to market conditions, whatever that amount may be currently due to technical or economic marginality.

The 1981 letter from the Department of Agriculture Office of the General Counsel to the Forest Service, previously quoted, concludes that the words "timber supply" as used in Section 705(a) of ANILCA requires the Forest Service to supply economic (i.e., nondeficit) timber. It follows that the Forest Service would have to make the expenditures necessary to make economic what is economically marginal timber. It makes no sense for the Forest Service to spend millions of dollars to make economic only that timber which was economically marginal at the time of the passage of ANILCA while ignoring timber which has become economically marginal since the passage of ANILCA. Indeed, this was the express intent of TLMP upon which Section 705(a) of ANILCA was based (see p. 185 of TLMP).

Forest Service Argument C

In a meeting with Alaska Governor Sheffield on August 10, 1985, Chief Peterson suggested that lifting the long-standing Federal requirement for primary processing of National Forest timber prior to export would be one way to improve the economics of the dependent timber industry. If the Secretary of Agriculture, in his discretion, removed or modified such a requirement, according to Chief Peterson, it would eliminate the Federal obligation to provide funding pursuant to ANILCA Section 705(a). There is, however, no statutory language or legislative history which links ANILCA funding to the primary processing requirement. Therefore, such a linkage would be a clear violation of legislative purpose requiring appropriate remedial action by the affected parties.

In conclusion, the various reasons given by the Forest Service to avoid its intensive management

commitment under ANILCA are not supported by ANILCA or its legislative history, including TLMP. We urge the Forest Service to move immediately to fully fund intensive management.

OTHER PROBLEMS WITH FOREST SERVICE IMPLEMENTATION OF SECTION 705(a) OF ANILCA

1. Preroading Funds Are Not Being Used Effectively.

The industry is concerned that the roads being built with prerooting funds are not providing the greatest possible timber return. The industry wants prerooting dollars spent at locations where such an expenditure would make economic timber which is otherwise not economic. The Forest Service position was stated thus in an August 7, 1985 letter to the timber industry:

We realize and share your concern about the need for immediate short-term benefits from road construction. We have reprogrammed \$6.7 million in the past two years and are looking to reprogram another \$3.7 million in fiscal year 1986 for road construction to provide increased support for timber harvest. We must access low-volume and marginal timber stands for future years as well as high-volume stands for immediate needs in order to maintain the timber supply from the Tongass National Forest.

Given the present market condition and the lack of available economic timber, the Forest Service policy of using intensive management prerooting funds to access low-volume, marginal timber stands for future years results in a failure to supply economic timber in the present. If the Forest Service were making the full prerooting expenditure required by ANILCA, then making a portion of it available for future years would make sense. However, since the Forest Service is only spending half or less than it should be spending on prerooting, it should do what it can to make the timber economic and thus available to the industry now.

A recent example of the waste of prerooting funding occurred recently in the Cowie/Davies Creek situation. That project calls for a 26-mile road to access 26 mmbf of timber. The industry explained to the Forest Service that given the quality of the timber and its location, it would not be economic to log. The industry asked that the funds be assigned to ongoing deficit sales to help make them economic.

The Forest Service went ahead with the Cowie/Davies Creek road. It has now been enjoined by the U.S. District Court for the District of Alaska from building the road as a result of a suit by environmental organizations. This road accounts for \$3.9 million of \$14.4 million allocated to prerooting for FY 1985.

Accordingly, the loss of these funds from road building constitutes a serious blow to the industry. Had the funds instead been spent where industry was harvesting timber, they could have made a critical economic difference.

We recognize that the Forest Service cannot guarantee that it will not be enjoined from building roads. However, precious preroad money should not be risked to access timber that no one can afford to buy.

2. The Preroading Funds Are Not Getting to Dependent Industry.

There is no definition of dependent industry in ANILCA. However, "dependent industry" would logically be limited to those who must purchase all or a portion of their timber supply from the Tongass National Forest in order to obtain an economic supply of timber either for sale purposes to a mill or for manufacture by a mill. This must, therefore, include the long-term contracts.

The long-term contracts obligate the Forest Service to make an annual average of approximately 300 mmbf available to the pulpmills. This is two-thirds of the average annual volume of 450 mmbf which is to be made available to dependent industry by Section 705(a). However, the Ketchikan Pulp Company sale did not become eligible until its 1986-91 five-year rate redetermination. With two-thirds of the "dependent industry" only now beginning to receive preroad funds, the question arises whether the Forest Service has been meeting its responsibility to "dependent industry."

3. The Section 705(a) Loan Program Has Not Been Instituted.

Section 705(b) of ANILCA provides for a \$5 million equipment loan program for "purchasers of National Forest materials." This program has not been implemented and is most needed.

At page 21 of the 706(b) Report, the Forest Service argues that the loan program is not yet needed because:

To date, there has been little, if any, demand for timber volume from areas requiring advance logging equipment or volume resulting from higher utilization standards.

Section 705(b)(1) authorizes two types of loans: 1) "to assist purchasers in the acquisition of equipment," and 2) "for the implementation of new technologies which lead to the utilization of wood products which might otherwise not be utilized." The above-quoted Forest Service rationale for not making the loan program available addresses the latter reason for the program, not the former. The industry needs this program. The Forest Service was directed to implement it and should do so without further delay.

CONCLUSION

Based upon the above, it is clear that the Forest Service is not implementing Section 705(a) of ANILCA and that timber-related employment has declined as a result of that failure.

The Troubled Tongass: How Our Taxes Subsidize the Devastation of America's Largest National Forest— Comments of the Southeast Alaska Conservation Council'

In 1980, the Ninety-Sixth Congress passed the Alaska National Interest Lands Conservation Act (ANILCA). As part of that settlement of the status of Alaska's Federal lands, Congress determined that the Forest Service should implement its newly created Tongass Land Management Plan (TLMP). However, because TLMP was only an interim plan, based on many unproven assumptions, Congress also reserved ultimate review over implementation of this plan. This report, *The Status of Management on the Tongass National Forest*, is a part of the review process established by Section 706(b) of ANILCA.

The Southeast Alaska Conservation Council (SEACC) is a region-wide coalition of local organizations and individuals dedicated to the wise use and conservation of Southeast Alaska's precious natural resources. SEACC was recognized in ANILCA to represent conservation during the ANILCA Section 706(b) review process. To that end, SEACC has completed the following chapter of this report, and has respectfully included three recommendations for bringing Tongass management back into a reasonable balance of multiple use.

At this time, we would like to point out that the "Status of the Tongass" is a sweeping topic. Because of space constraints, SEACC has deliberately omitted discussion of current problems with mining, Stikine access, and Wilderness management on the Tongass National Forest. Instead, we have kept our focus on timber-related issues.

INTRODUCTION

As the raven flies, the Tongass National Forest measures some 500 miles, stretching across the mountainous islands of the Southeast Alaska archipelago. Encompassing nearly 17 million acres, the Tongass is our Nation's largest public forest reserve, three times larger than any other National Forest.

The Tongass is a magnificent coastal rain forest, comprised primarily of huge Sitka spruce and western hemlock which have taken hundreds of years to attain their maturity. Younger trees flourish under the sheltering canopy of the giants, forming a steady-state

mosaic of old-growth forest, unchanged since the retreat of the Ice Age. Ancient and dynamic, the Tongass represents a last refuge of old-growth forest, a living museum of the "forest primeval" that once extended from Northern California to Alaska.

Over 100 years ago, John Muir explored Southeast Alaska in a Tlingit canoe and described the grandeur of the Tongass as an "endless rhythm and beauty." Today, that endless rhythm and beauty is threatened with destruction. The Tongass is not only our largest, but also our most mismanaged and most abused National Forest. This abuse has reached crisis proportions in the last 6 years.

The source of this abuse is a U.S. Forest Service timber management program intended to liquidate virtually all the unprotected old-growth forest on the Tongass within the next century. Like the world's other great rain forests, the Tongass is rapidly being consumed by clearcut logging and by construction of logging road networks through one undisturbed valley after another. The agency plans to cut the heart out of this forest. Once it has been logged, old growth is lost forever. It is not a renewable resource. Furthermore, the economics of the Forest Service's Tongass timber program make no sense. Logging has always been a losing proposition in the Tongass, but with implementation of TLMP and ANILCA Section 705 the situation has attained ludicrous proportions.

The Tongass timber program now costs the Government well over \$60 million per year. The Forest Service is wasting additional millions per year offering unwanted timber sales and building unneeded logging roads. Altogether, the Tongass is the National Forest System's worst timber management investment.

The prime beneficiaries of the massive Tongass logging subsidy are not local loggers, but two multinational logging companies—Alaska Pulp Company (APC), a Japanese consortium, and Louisiana-Pacific Ketchikan (LPK), the largest purchaser of Federal timber. As holders of unprecedented long-term, 50-year logging contracts, these two companies control virtually all logging on the Tongass, to the exclusion of smaller, independent timber operators. In 1981, after passage of ANILCA, these two companies were found guilty of antitrust violations that forced local, small logging companies out of business. Now APC and LPK are asking for even more money, for

¹Prepared by Southeast Alaska Conservation Council, September 30, 1985.

even bigger subsidies.

Current large-scale logging of the Tongass severely threatens the incredible wildlife, fish, and wilderness resources that set the Tongass apart as a special National Forest. Brown (grizzly) bears, bald eagles, Sitka black-tailed deer, mountain goat, moose, and other animals depend on undisturbed old-growth forests for their habitat. The countless rivers, lakes, and estuaries of the Tongass rain forest harbor an abundance of salmon, trout and char which require clear-flowing, sheltered waters in which to spawn. Finally, the cathedral-like stands of old-growth trees found in the Tongass, nestled in river valleys between mountain peaks on remote islands, represent a unique attraction to people from all walks of life from all over the world. Unless the destruction of these areas of the Tongass is halted, all this will be lost.

Forest Service plans are to clearcut an average of 20,000 acres and build 300 miles of road annually, for year after year. With the current 100-year rotation plan this means a clearcut total of 2 million acres of Tongass forest. The Forest Service likes to point out that this is a small percentage of the Tongass, but on a national perspective this equates to an area roughly the size of one Yellowstone National Park, or three Yosemite National Parks, or four Great Smoky Mountain Parks.

Since ANILCA, there have been great changes in Southeast Alaska. The market for Tongass timber has declined from all time highs reached in the late 1970's, and is now much closer to its long-term average level, which the Forest Service characterizes as depressed. Native corporation logging has become a major element of the region's timber industry. Biological research has confirmed that logging harms the wildlife and fish resources of the Tongass. Native Tlingits and Haidas and other rural Alaskans have been confronted with a rapidly changing way of life as new logging and roads encroach on their traditional hunting and fishing grounds. In addition, the fish and tourism segments of Southeast Alaska's employment base have continued to grow and diversify, adding a new dimension of stability to a frontier economy.

While it would seem natural for the Forest Service to respond to the changing situation in Southeast Alaska, this has not happened. Instead, the agency has continued on its destructive, logging-oriented course, blaming Congress and ANILCA for this policy of senseless inflexibility. The Forest Service is burdened with unprecedented 50-year timber sale contracts, by an outdated and incomplete land management plan, and saddled with the Section 705 Tongass Timber Supply Fund subsidy and timber supply goal. The agency is further hampered by its own misinterpretation of ANILCA, and has shown itself to be incapable of reform on the Tongass. As Southeast

Alaskan Sylvia Geraghty put it "the Forest Service also has a contract with the American public, and I think they've failed to honor that contract." Therefore, Congress must provide more specific direction.

TONGASS TIMBER MANAGEMENT PROBLEMS

The bulk of the problems which plague the Tongass National Forest can be traced to three distinct aspects of the forest's timber management program. First is the Tongass Timber Supply Fund (TTSF) and the supply goal of 4.5 billion board feet of timber per decade, a product of ANILCA's Section 705. The second underlying cause of the timber management problems is the existence of two, long-term (50-year duration) timber sale contracts which commit vast areas of the Tongass to clearcut logging. The final cause of these timber-related troubles is the utter deficiency of the Tongass Land Management Plan (TLMP), which is intended to govern management of the resources of the Tongass until 1989. Combined, these problems fuel the rampant abuse and mismanagement of the Tongass, which has reached crisis proportions today. The TTSF, the 50-year contracts, and TLMP are examined in detail in the following section.

ANILCA Section 705: Tongass Timber Supply Fund

Purpose and Intent of ANILCA Section 705

When Congress debated the disposition and management of Federal lands in Alaska, one of the most difficult tasks was determining a proper direction for Alaska's National Forest lands. For Alaska's Chugach National Forest, Congress essentially declined to make any decision, instead deferring to the forest land management planning process. For the Tongass, however, with its already completed land management plan, Congress adopted Title VII of ANILCA which included the Tongass Timber Supply Fund provision. Because of the uncertainty attached to TLMP's assumptions, Congress also directed the Section 706(b) review process, of which this report is a part. The inherent wisdom of taking a second look at the Tongass is readily apparent today.

Section 705(a) of ANILCA directs:

that the Secretary of the Treasury shall make available to the Secretary of Agriculture the sum of at least \$40,000,000 annually or as much as the Secretary of Agriculture finds is necessary to maintain the timber supply from the Tongass National Forest to dependent industry at a rate of 4.5 billion foot board measure per decade.

This is the Tongass Timber Supply Fund which made available \$53 million in 1985. The TTSF is exempt from normal appropriation scrutiny and annual budget cuts. No other National Forest budget for road building and timbering is so untouchable.

The TTSF is often touted by the Forest Service and timber industry as part of a "carefully crafted" compromise with conservation advocates. This is not true. In reality, SEACC and Southeast conservationists had little or no input in the TTSF provision. SEACC didn't agree to the provision then, and we don't agree with it now.

Because of the last-minute nature of the development of Section 705, its true nature and intent has proved in application to be elusive, resulting in serious management conflicts.

The closed door dealing that created the TTSF left few clues as to what Congress had hoped to accomplish with this provision. However, one clear and cogent explanation of the provision was provided by Congressman Morris Udall on the floor of the House prior to passage of ANILCA in 1980. Congressman Udall explained that the TTSF was intended merely to fund the intensive forestry provisions described in TLMP—money that would be invested to end high-grading, to access marginal timber and provide extra environmental protection for other more valuable Tongass lands. Congressman Udall specifically pointed out that the Forest Service should use the TTSF

to encourage retention of old-growth forests for multiple use considerations, rather than reduce old-growth retention in order to lower costs. . . . It is our intent to maximize protection of environmentally sensitive areas.

Congressman Udall also explained the meaning of the 4.5 billion board foot timber harvest figure in the TTSF provision. According to Udall, this figure represented the harvest goal included in TLMP and that the section was "not a mandate to produce a specific cut level." In this statutory scheme envisioned by Congress, he said, "No more timber should be offered for sale than the Forest Service can reasonably expect to sell," and, "No more National Forest timber should be supplied than can be sold at fair market value."

From these statements it can safely be said that Congress set up the TTSF to fund a program of *intensive forestry*, concentrating on less valuable timber stands of lower timber volume per acre, in order to protect critical old-growth timber for wildlife habitat. Further, the TTSF provision was intended merely to fund the TLMP program, but not to bind the Forest Service to a reckless pursuit of an inflexible mandate no matter what market conditions prevailed during subsequent years. Unfortunately the Forest Service

has strayed far from the intent of Section 705 of ANILCA. The agency has found this a convenient shield to hide behind to avoid confronting industry on high-grading.

Misapplication and Misinterpretation of Section 705

The Forest Service's current management of the Tongass does not represent *intensive* forestry. Instead, it is an example of *extensive* forestry which is wasteful and destructive, and based on a biased reading of ANILCA Section 705. The Forest Service's annual plans for Tongass logging since passage of ANILCA have included clearcutting almost 20,000 acres per year (or 200,000 acres over TLMP's life) and building approximately 300 miles of permanent and temporary transportation network roads annually in unprotected forest lands, most of which are prime river bottoms.

Worse yet, the Forest Service has interpreted ANILCA Section 705 as a mandate to cut 4.5 billion board feet per decade, or 450 million board feet every year in perpetuity. Despite Congressman Udall's explicit direction, the Forest Service has continued since ANILCA to inflexibly offer this level of timber, much more timber than it can reasonably expect to sell, and for prices well below fair market value.

Tongass Timber Supply Fund: An Economic Disaster

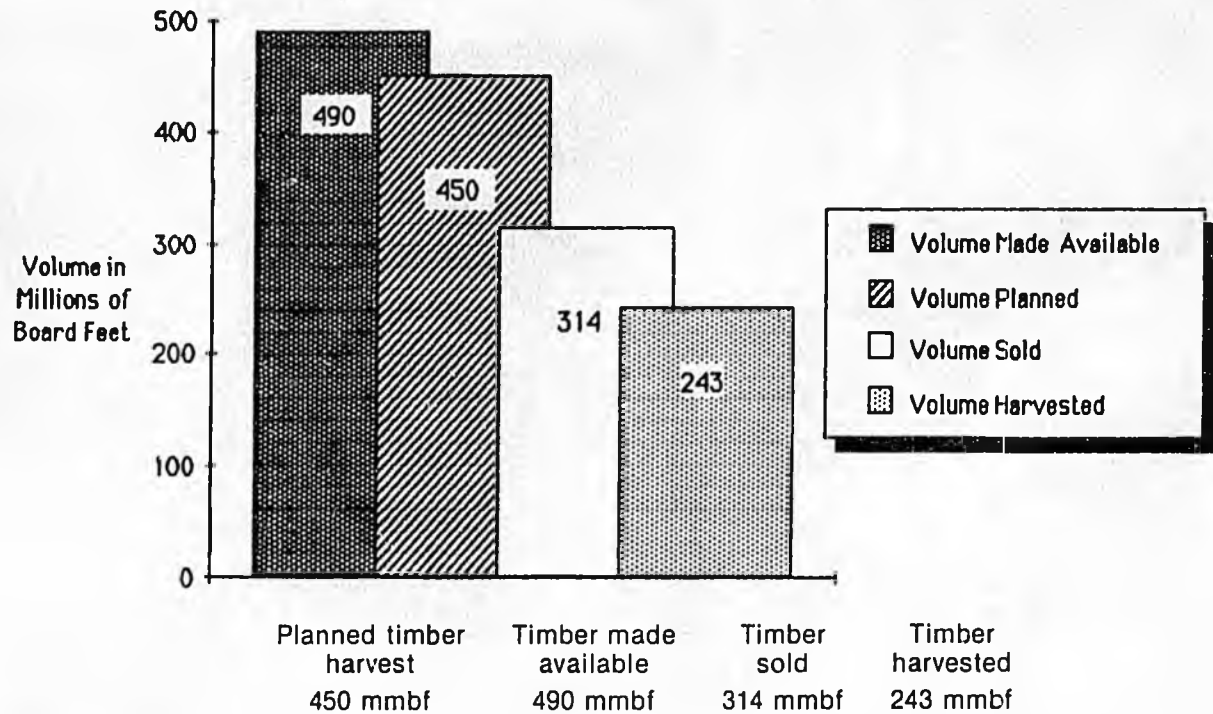
Figure 7.1 shows the incredible magnitude of this oversupply of timber by Tongass planners. Since ANILCA the Forest Service has offered twice as much timber than has been harvested.

This trend, far from being a temporary or passing artifact of statistics, grows more outlandish year after year. Figure 7.2 gives the annual harvest breakdowns displayed in the Tongass Timber Supply and Demand Report for 1984. It shows the widening gap between Forest Service timber sale offering levels and the reality of actual timber harvest levels. Since ANILCA the Forest Service has offered 1.2 billion board feet more timber than has been harvested. The cost of preparing these excess timber sales that cannot be sold has averaged over \$8 million per year, or \$40 million thrown away in the past 5 years on this wasteful management practice alone.

In the last few years, the Forest Service offered *more* than 450 mmbf per year, sold at least 150 mmbf *less* per year was harvested than planned, and at *least* 200 mmbf *less* per year than planned. In contrast, road building has proceeded at a much higher rate than planned. We have been supporting a road construction industry, not a timber cutting industry. The

Figure 7.1

Annual Average Timber Harvest, Tongass National Forest, Since 1980



Forest Service is wasting money building roads to nowhere and offering timber far in excess of the market.

In 1984, the two largest purchasers of Tongass timber paid only an average of \$2.50 per thousand board feet of Sitka spruce, a species worth a hundred times more on the open market. For that same thousand board feet of spruce, the Federal Government spent at least \$172 to “manage” that timber. In fact, the Tongass affords one of the most striking examples of sales-below-cost (where the Forest Service spends more on the timber sale than it receives from it in revenues) in the entire National Forest System. The TTTSF only compounds this unprecedented subsidy to dependent timber companies.

The Tongass timber program has always been a big loser. While high-value spruce and cedar trees can be found in scattered stands, most of the Tongass timber is comprised of low-value hemlock. Steep, rugged terrain and other geographical conditions make access to Tongass timber particularly expensive and unrewarding.

According to the Congressional Research Service, between 1980 and 1984 the Forest Service spent \$375 million on Tongass timber sales and only received \$62.6 million in timber sale revenues—a staggering \$312 million loss in just 15 years. The Alaska Department of Revenue has noted that “there is no firm

within the forest products industry that would subsidize the extraction of forest products to the degree that is the current practice of the Federal Government in Alaska today.’

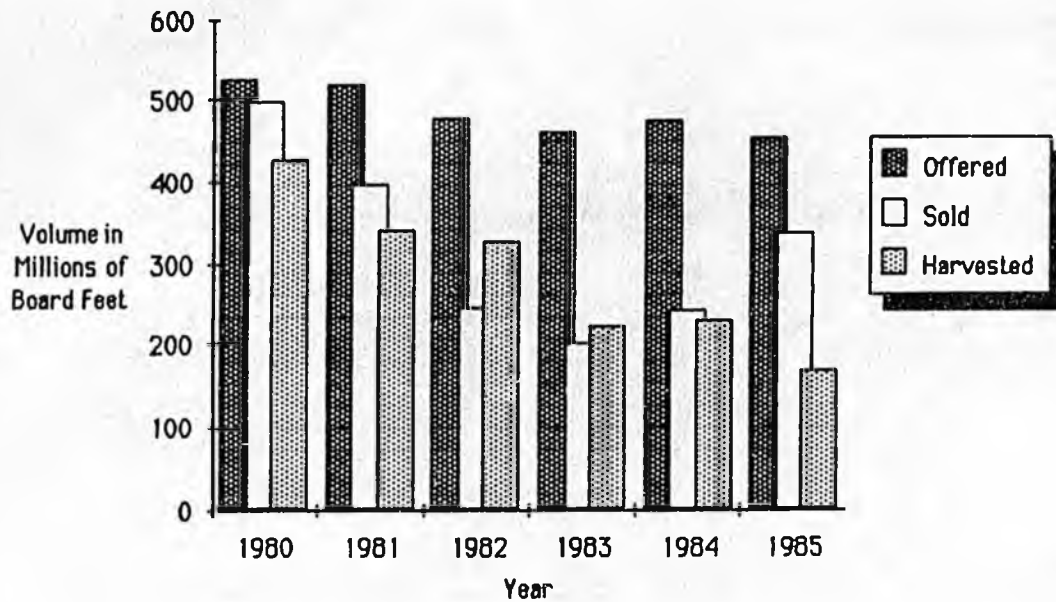
The magnitude of economic loss on Tongass timber programs has been much worse since ANILCA was passed in 1980. For example, between 1982 and 1985 the Forest Service spent \$253 million on the Tongass timber program, yet only recovered \$2.9 million in receipts. The TTTSF, now \$53 million in 1985, is a major culprit in this accelerated rate of loss. Figure 7.3 depicts how this Congressional funding was spent and what that funding returned in receipts to the Treasury. (Funds above and beyond the TTTSF, such as purchase credit, were also expended during this period.)

These losses are not a temporary aberration. Remote from markets, high-cost, low-value Alaska timber is the last to be sold in a good market, and the first not to sell in a bad one. Thus, the future looks dim for a reversal of Tongass losses. Even the Forest Service estimates that its Tongass timber program will lose over \$5 billion over the next five decades.

Timber program losses in the National Forest have become a widespread concern, as evidenced by recent Congressional hearings on the subject. Other National Forests have recently been ordered by the Secretary of Agriculture to justify timber program

Figure 7.2

Amount of Timber Offered for Sale, Sold, and Harvested, Tongass National Forest, Since 1980



Fiscal year:	1980	1981	1982	1983	1984	1985	Total
Total offered for sale (mmbf)	524	516	478	459	475	453	2,905
Total sold	497	397	245	202	241	334	1,916
Total harvested	428	340	326	220	227	166	1,708

subsidies, but the Forest Service's interpretation of ANILCA prevents similar reform on the Tongass. TTSF funds are beyond Congressional appropriation processes or other basic fiscal controls. This results in no incentive for the Forest Service to save money—funding of unneeded roads. Timber sales is assured no matter what the supply or market conditions might be. The Tongass' bureaucracy is not accountable.

Wasting the Tongass Timber Supply Fund: Building Roads, Building Empires

Besides spending over \$8 million a year planning, designing, and offering timber sales that are not purchased, the Forest Service has continued to use the TTSF to support an unprecedentedly large road building effort. While most road building programs in National Forests are built in conjunction with timber sales, this is not the case on the TTSF-glutted Tongass.

"Preroading" is the construction of road systems in advance of timber sales, with the Forest Service

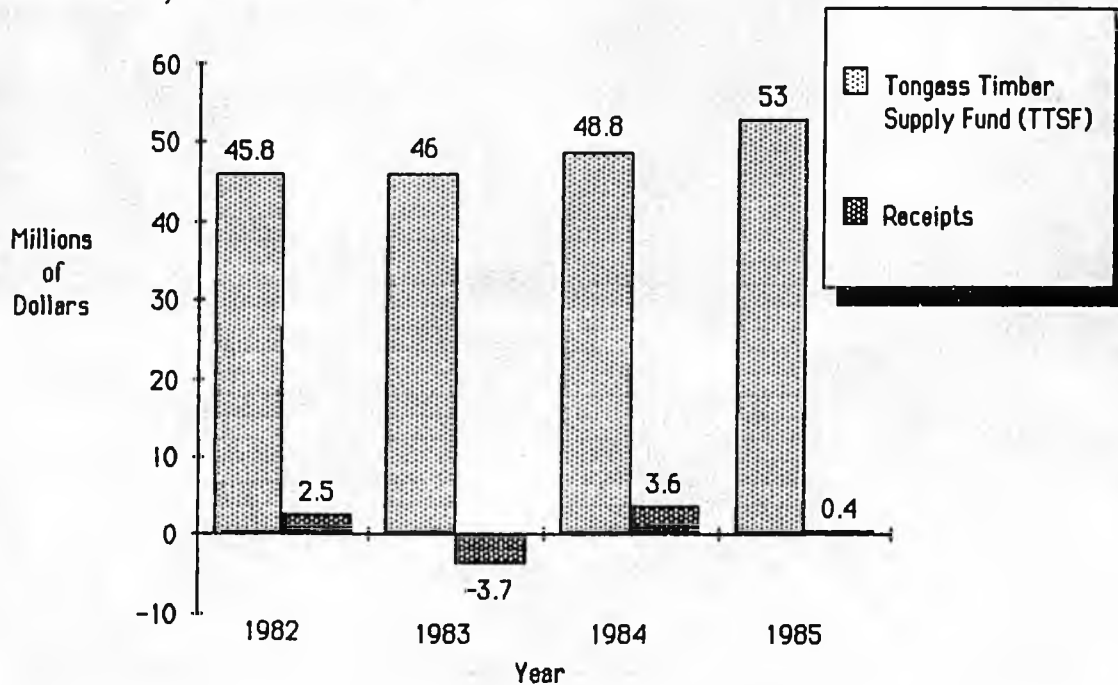
paying entirely for the project out of its timber management budget. Instead of requiring timber purchasers to pay for roads to access timber sales, or awarding timber purchasers credit for building such roads, TLMP authorized (but did not require) pre-roading of certain drainages to access *marginal* timber or to offset the cost of small timber sales in sensitive areas.

Unfortunately, with the TTSF available the Forest Service has undertaken a far greater roading program than TLMP planned. The Forest Service clearly regards the TTSF as a blank check to build roads and develop an extensive land transportation network on the islands and mainland of Southeast Alaska. Roads are built for timber harvesting, not for "multiple use." The following excerpt from an editorial in the Prince of Wales' Island News illustrates the point:

Often we hear that the money the Forest Service spends on roads isn't to subsidize the timber industry, but to provide roads for multiple use. That sounds like a bunch of bull when you try to drive the roads

Figure 7.3

Comparison of TTSF Monies Spent and Receipts Received from Sales, Tongass National Forest, 1982-85



	1982	1983	1984	1985
TTSF spent (millions of \$)	45.8	46.0	48.8	53.0
Receipts received (millions of \$)	2.5	-3.7 ^a	3.6	0.4 ^b

^a Reflects a credit to the receipts account caused by the emergency rate redetermination of the two long-term contracts. The redetermined rates were retroactive to the beginning of the 5-year operating periods (1979 for one sale and 1980 for the other).

^b Estimate.

and find that nothing has been done to maintain them since the last logger hauled out the last load of logs.

Many Southeast communities and citizens oppose this road building, but as one Forest Service official admitted, "There's an unwritten Forest Service direction to put roads . . . in every available [i.e., non-Wilderness] roadless drainage," by the time TLMP is to be revised in 1989.

The result of such overblown plans is, of course, more waste. Roads to nowhere are increasingly common on the Tongass, since many timber access road networks are built for unmarketable timber sales. In places like Kadashan, Port Houghton, and Couverden, miles of unneeded timber roads sit as examples of this waste. Key habitat areas in the Yakutat Forelands, Kuiu Island, and Kupreanof Island are threatened with preroding plans.

The TTSF is supporting a road construction program more reminiscent of the New Deal than modern

forest management. One Forest Service official recently told the Juneau Chamber of Commerce that the Forest Service would be employing around twenty road workers for three summers to construct a logging road network in Berners Bay. This official neglected to mention the cost of this subsidy—\$5 million or about \$240,000 per job. Almost incidentally, this official did admit there was no apparent buyer for the Berners Bay timber sale, but he said the road project would provide more firewood and berry picking opportunities for Juneau residents, even if it was never used for timber hauling.

Another Forest Service timber road abusing the intent of the TTSF and TLMP is the Kadashan project. The Kadashan road was begun in 1983, ostensibly to access stands of very high-volume, old-growth timber critical for subsistence, commercial fishing and wildlife. Despite Congressman Udall's direction, in Kadashan the Forest Service used TTSF money to gain access to this obviously nonmarginal and envi-

ronmentally critical timber. The Forest Service has followed this pattern in many other key areas.

SEACC has sued and stopped construction of the Kadashan and Berners Bay road projects, but many other similar projects are still underway or planned. The TTSF is funding make-work, de facto welfare programs, not intensive forest management.

The Forest Service is obsessed with the language of ANILCA Section 705, language it consistently misinterprets as a mandate to offer 450 mmbf of timber per year, for all time. "Getting out the cut" or "meeting your timber targets" are the goals of most Tongass employees in all three administrative areas of the forest (Chatham Area, Stikine Area, and Ketchikan Area). For example, these quotes from timber planning documents illustrate the inflexibility of current Forest Service interpretations of ANILCA (emphasis supplied):

[The need for action is] the obligation to meet the Forest Service commitment, under Congressional direction . . . regarding the Act's *mandated* 450 mmbf annual timber harvest from the Tongass National Forest.

This timber sale is offered by the U.S. Forest Service and contributes to the volume legislatively *mandated* by the Alaska National Interest Lands Conservation Act (ANILCA).

Congress *mandated* that 450 million board feet (mmbf) of timber be sold annually from the Tongass National Forest.

The Alaska National Interest Lands Conservation

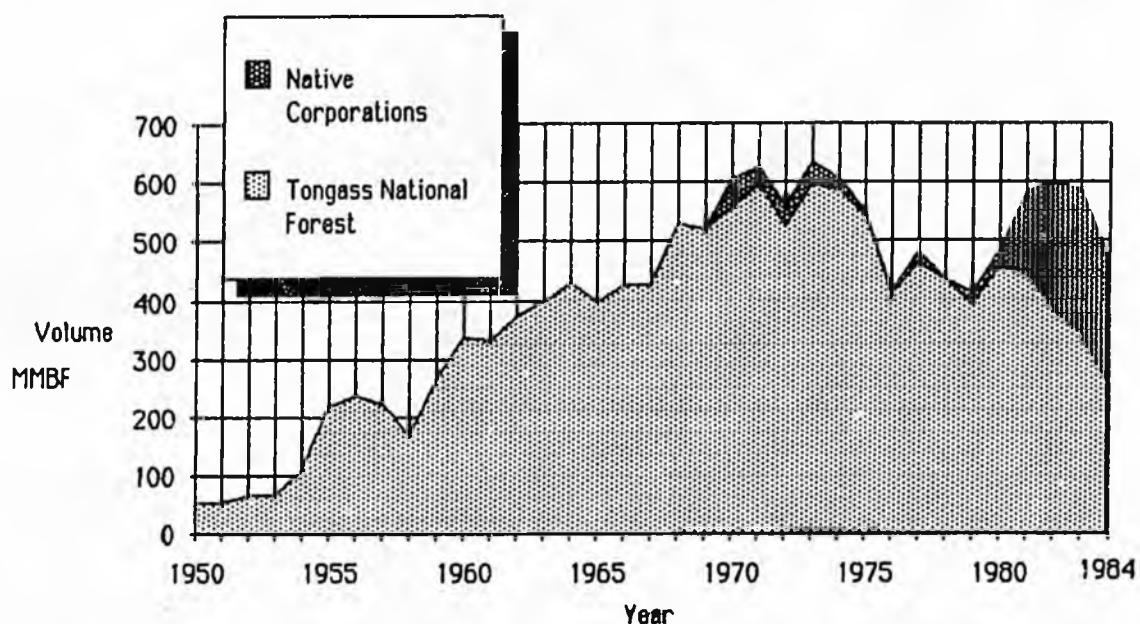
Act (ANILCA) and TLMP *direct* the Forest Service to sell 450 mmbf of timber per year. This proposal responds to that direction.

The Congressional *mandate* included in the Alaska Lands Bill of 1980 to cut some 450 million board feet of timber annually.

The TTSF, obviously intended to provide money to fund TLMP timber programs, is an outgrowth of one of the goals of ANILCA. In the words of Senator Ted Stevens the TTSF was to "preserve the existing timber industry." Other senators echoed the same intent: Senator Paul Tsongas said ANILCA Section 705 assured the timber industry "of a timber supply adequate to protect jobs in Southeast Alaska" and Senator Henry Jackson said that "these funds will ensure that adequate timber supplies will be available to dependent industry."

Today, timber supplies from the Tongass National Forest are far more than adequate. The Forest Service has reported this fact every year since ANILCA. Cutting levels overall are comparable to pre-ANILCA levels, as are employment figures. During the 5 years before ANILCA, the regional timber industry employed an average of 2,700 people per year in harvesting and processing and harvested an average of 440 mmbf overall. During the post-ANILCA period of 1980 to 1984 employment averaged 2,400 jobs for the same sector yet the average harvested in region was increased to 514 mmbf. However, the timber supply sources have changed significantly since the adoption of ANILCA in 1980. From 1959 to 1975 the

Timber Harvests in Southeast Alaska, 1950-84



Tongass National Forest was virtually the sole source of timber in Southeast Alaska. During those years the region's "timber industry" was nearly synonymous with APC and LPK who were the purchasers of 90 percent of the timber cut in Southeast and the producers of at least 90 percent of the manufactured products. In contrast today, Native corporations are annually cutting much more timber on private Southeast lands than was predicted in 1980. As a result, APC and LPK now only claim about half of the market for the region's timber. Therefore, less timber is needed from the Tongass to sustain timber sector employment. Regardless of this picture, the Forest Service continues to try to sell 450 mmbf of Tongass timber a year.

Use of TTFS funds for unmarketable timber sales and unneeded timber roads does not benefit the dependent timber industry. Except for the road contractors, beneficiaries of the Tongass timber program are difficult to pinpoint. Why, then, do Forest Service officials persist in a misinterpretation of ANILCA Section 705?

A Forest Service memo provides a good clue as to why the Forest Service staunchly defends its interpretation of Section 705 and its use of TTFS funds for unneeded timber sales and roads. The memo states simply:

When Congress passed ANILCA they set up [the TTFS]. These dollars are not subject to normal appropriation rules. Most of our salaries come out of this \$40 million.

If the Forest Service only received the amount of money it needed to meet actual current timber demand on the Tongass, half of those salaries could conceivably be eliminated. Preservation of Forest Service jobs may be strong enough incentive to find a mandated harvest level in ANILCA Section 705 even where plain language, legislative history, and common sense indicate otherwise. Despite the Forest Service's wishful thinking, however, ANILCA does not mandate a Tongass harvest level.

The Fifty-Year Timber Sale Contracts

Background

Native Tlingit and Haida people were famous for their skills in woodcraft. With the influx of settlers from Europe, Russia, and the United States, very small sawmills provided dimension lumber for cannery construction, townsites, and homes. Even today, all Alaskans are allowed a small annual allotment of personal-use timber for firewood, construction, trolling poles, or similar uses. But this type of small scale, selective cutting has been supplanted by two Forest Service subsidized pulpmills who hold con-

tracts for massive clearcutting operations lasting into the twenty-first century. These inappropriate and destructive 50-year contracts are the second source of Tongass timber problems.

A result of aggressive promotion by General Douglas MacArthur, the U.S. State Department, and some elements of the Alaska Region of the Forest Service, the 50-year contracts were designed to promote settlement of Alaska Territory and provide year-round, stable employment. More importantly, the contracts were to promote export of wood and wood pulp to Japan to help rebuild its ravaged, post-war economy. In fact, one of the 50-year contract holders, Alaska Pulp Company, is owned by a Japanese multinational consortium of businesses. It would seem that the purposes for which the contracts were designed have been achieved, but despite this they continue in effect.

This promotion of Alaska timbering was opposed by the West Coast pulp industry and by prominent politicians such as Washington's Senator Warren G. Magnuson. In 1960, Juneau economist George Rogers viewed the situation this way:

If we take the 'Nation as a whole' as our unit of primary concern and deal only in economic terms, then the [Forest Service's] policy clearly is the most shortsighted kind of silly rot. Forcing construction of new physical plants at a great cost in one part of the Nation when existing plants in other areas accessible to the region's forest resources are operating below capacity, fostering location of the processing of the raw material in a high-cost area remote from the markets, these and a whole list of other consequences could be brought forth to prove the policy guilty of creating a gross misallocation of capital and labor resources with corresponding costs to the economy of the Nation as a whole.

No pulpmills existed in Southeast Alaska in the 1950's. Since such a pioneering operation is inherently risky, the Forest Service wrote the most favorable contracts a timber purchaser could possibly imagine. The terms included such incredible provisions as total purchaser control over selection of timber in the contract area, guaranteed annual and total volumes, carryover of unharvested timber, and modification of terms only after full agreement by the purchaser. As if this deal was not sweet enough, the Forest Service and the purchasers have agreed that inherent in the contract is a guarantee of profitable logging for the purchaser, even if the Government must pay for such profits. Additionally, the contracts were designed for an unprecedented roughly 50-year duration. No other National Forest in the Nation is burdened with contracts of this duration (the limit elsewhere is 10 years).

In the 1950's four long-term logging contracts were planned for the Tongass. In those days the Forest Service policy was to liquidate all the old-growth

timber as quickly as possible. Today, in part because insufficient timber volume existed to support four contracts and in part because of diligent efforts by southeastern Alaska conservationists, only the two 50-year contracts remain: one with the Alaska Pulp Company (APC) and the other with Louisiana-Pacific Ketchikan (LPK). Still, these two contracts commit more than one-third of the Tongass (and two-thirds of the commercial forest land) to producing a total of 13.25 billion board feet of timber as far into the future as the year 2011.

Failed Attempts at Reform

Despite changing National Forest management goals and directions since the 1950's, the anachronistic 50-year contracts have continued to lumber along like dinosaurs. In 1970, the National Environmental Policy Act (NEPA) was passed by Congress in an effort to fully disclose the environmental impacts of Government-sanctioned projects. The Forest Service took years to apply NEPA to these contracts and then only to 5-year increments. To this date, little or no analysis has ever been undertaken of the entire 50 years of clearcut logging sanctioned by these contracts. Moreover, the attempted Forest Service NEPA analysis of the 5-year incremental logging plans has been poor at best. The cumulative impacts of these 5-year incremental plans must not be overlooked. For example, SEACC estimates that in the case of the APC contract the cumulative effects over the next 25 years will result in the clearcutting of 100,000 new acres and the construction of 1,000 miles of new roads.

In 1976, amid mounting criticism of the Forest Service, Congress took a close look at National Forest management and the need for reform. The resulting National Forest Management Act (NFMA) outlawed timber sale contracts of more than a few years duration, but it did grandfather the Tongass contracts. To ensure application of NFMA to these contracts, Congress added a special provision to NFMA, Section 15(b), which ordered the Forest Service to bring these contracts into full compliance with NFMA. However, the Forest Service has never accomplished this goal. Even more incredibly, almost 10 years after NFMA, the Forest Service has proposed to allow APC to continue to violate many of the terms of NFMA in its 1986-90 logging operations.

The Fifty-Year Contracts Continue to Dominate the Tongass

Because of these outdated one-sided contracts, bad planning, and failed attempts at reform, the enormous Tongass National Forest is dominated by only two logging companies, APC and LPK. These companies

hold unprecedented control over the Forest Service and over Tongass resources. The Forest Service even admits that the existence of certain contract provisions "severely restricts the Forest Service from properly managing" the Tongass.

The 50-year contracts result in more than just economic waste and resource mismanagement. They give the two companies monopolistic power over timber operations on public land in Southeast Alaska. With this power, they have colluded to drive smaller, less powerful logging operations out of business and to wreak economic havoc on the few survivors. In 1981, the Reid Brothers Logging Company sued APC and LPK for conspiracy in restraint of trade and commerce and for actual monopolization of trade. The Federal District Court for the Western District of Washington found APC and LPK guilty. The Ninth Circuit Court of Appeals and the U.S. Supreme Court refused to exonerate the two companies of guilt. But the damage had already been done and few small loggers survived to see the big companies' guilt confirmed. The Forest Service's own lawyers have concluded that the evidence did show that material breaches of contract had occurred.

Even more appalling in its arrogance, given the generous terms of the 50-year contracts, is the possibility that LPK and APC have cheated the Forest Service out of \$60-82 million by price-fixing, double-invoicing, and other illegal and deceptive practices. Though the Forest Service itself estimated this magnitude of loss, it has only claimed \$9.4 million in legal proceedings thus far. Furthermore, of the \$60-82 million, one-quarter of these revenues were earmarked for the State of Alaska. This money has never been recovered. As statutes of limitations run out, these badly needed revenues are lost forever.

APC and LPK have been given additional special treatment despite such underhanded activities. In 1981 and 1982 they were granted "emergency rate redeterminations" reducing the stumpage (how much the companies pay for the timber). For LPK, all timber (except hemlock which sells for an average of \$1.50 per thousand board feet) was reduced by 96 percent, bringing the price down to 1951 base rates. APC's stumpages for spruce and cedar were reduced by 99 percent to bring them down to 1956 base rates. For instance, APC's spruce sawlogs were appraised at \$215 per thousand board feet, but they now pay only \$2.26 for that timber! Cedar appraised at over \$1,000 per thousand board feet is bought by APC for \$1.22! The Forest Service is literally giving these trees away.

In addition to the emergency rate redeterminations, in 1984 and 1985 the Forest Service revised utilization restrictions and permitted more merchantable wood than normal to be left behind during logging

operations, so that the timber brought to the mills is only the most profitable, high-quality wood. The low-value trees are left to rot on the ground. SEACC's appeal of this "bail-out" program was denied by the Chief of the Forest Service. Also in 1984 and 1985, the Forest Service waived its primary processing requirement (i.e., permitted round log export) for timber from some salvage sales.

APC's contract allows the company to selectively harvest only the high-grade stands, leaving the stands of less valuable lower-grade timber. This results in the company having a stockpile of unharvested "carryover" timber amounting to nearly 400 million board feet. The end result is the cutting of only the best and most profitable big trees, which are also the best wildlife habitat.

Some critics believe that it would be more cost effective in the long run to buy out the remaining value of the 50-year contracts, and return to short-term sales, than to continue subsidizing the contracts. This would also promote a more balanced management of the Forest.

As long as these 50-year contracts remain, there will be continuing waste, fraud, and abuse. The terms of the contracts themselves are the codification of unfair advantage, of monopoly. For the term of the contracts, until 2011, true multiple use will be impossible and small logging operations will continue to suffer. Though there is ample evidence on the basis of which to cancel the contracts, and though the Government always retains authority to modify or eliminate any agreement, the Forest Service simply refuses to act to protect the resources of the Tongass. The agency is treating the Tongass like a private reserve for the benefit of these two timber companies. This is a second underlying cause of the unfortunate Tongass timber situation that exists today.

The Tongass Land Management Plan

Background

Since the 1950's the Forest Service has had ambitious plans for turning Southeast Alaska's forest lands into a huge tree farm. Even into the late 1970's, Forest Service timber plans included virtually all of the commercially valuable timber lands on the Tongass. Extensive plans were even designed for clear-cutting and roading such critical areas as Admiralty Island, which is now a National Monument Wilderness. None of these plans gave consideration to the need to manage National Forests for a mix of resources and uses, including fishing, hunting, subsistence, recreation, and wilderness, as well as timber production.

As previously mentioned, Congress scrutinized the

timber-biased management of public forest resources in 1976 and forged a comprehensive solution, the National Forest Management Act (NFMA). NFMA specifically required balanced management of National Forests and also set forth a process by which detailed forest plans would be prepared in order to guarantee implementation of that mandate. Existing forest plans were allowed to continue in effect until expiration, but all forest plans were intended to incorporate provisions of the new NFMA within 10 years. NFMA set a specific deadline of 1985 for complete implementation of its provisions.

After passage of NFMA, the Forest Service began preparing regulations to implement the new law. At the same time, Congress continued the long process to resolve uncertain land holding situations in Alaska that culminated with the Alaska National Interest Lands Conservation Act (ANILCA). Disposition of National Forest lands was a central issue in the ANILCA debate, and the Forest Service set out at an accelerated pace to prepare the Tongass Land Management Plan (TLMP) in an effort to guide and inform Congressional debate.

In March of 1979, TLMP was completed and circulated for public review, despite the fact that NFMA regulations were still unfinished and much of the basic information needed in order to fully understand the Tongass had not yet been researched and compiled. Though TLMP was heavily relied upon by Congress, it was based in extraordinary part on extrapolation and assumption. Given the haste with which the plan was prepared, this is not surprising. Most other NFMA forest plans are only now being completed. Unfortunately, the Tongass is still saddled with an incomplete, inaccurate, and outdated forest plan whose failings are increasingly apparent to all observers, even the Forest Service itself.

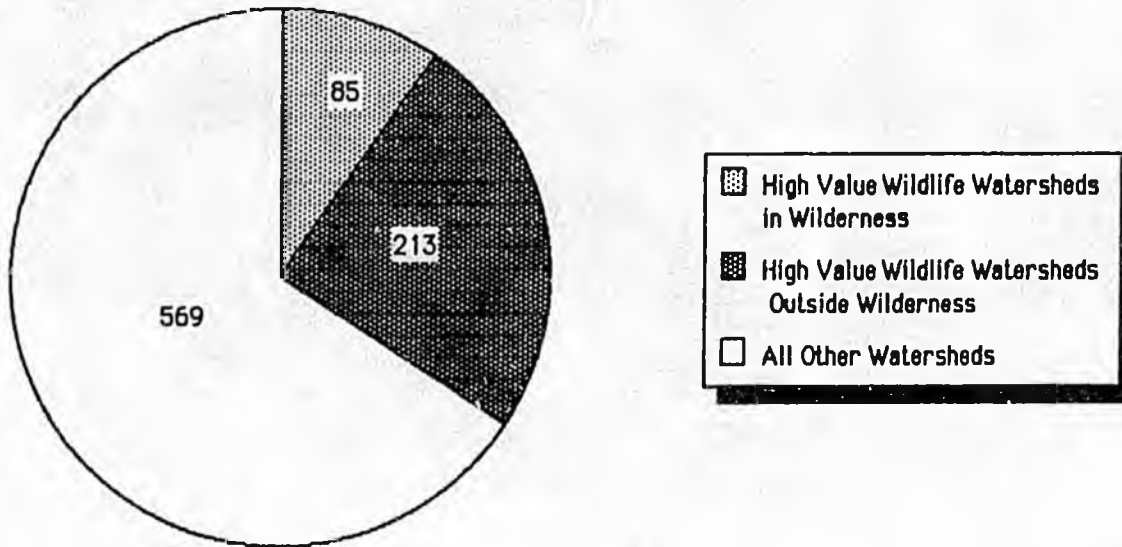
Tongass Plan Favors Logging

When TLMP was formulated, it was seen by some as a fair compromise at land allocation and supported vigorously as such by the Forest Service. Indeed, land allocations by acreage were roughly equivalent between land to be logged and land to remain roadless and undeveloped. Now, 6 years later, the land allocations can be clearly seen as a ruse.

The Forest Service claims that the forest plan management direction includes provisions for the protection, maintenance, and enhancement of wildlife and fisheries. . . . The designated Wilderness included 85 of 298 high-value wildlife habitats and 26 of 490 high-value fisheries habitats identified in the forest plan. In addition, 35 high-value wildlife habitat areas and 220 high-value fish habitat areas are included in areas designated in the forest plan for roadless area management.

High-Value Wildlife Watersheds on the Tongass National Forest

(867 total watersheds)



There are 867 watersheds in the vast Tongass National Forest. A responsible fish and wildlife management program would protect all the high-value fish and wildlife habitat areas. TLMP did not do this. Instead, the resultant designations for the Tongass show an appalling lack of concern for fish and wildlife protection. Of the only 298 high-value wildlife areas on the forest, a mere 29 percent have been designated as Wilderness. Of the 490 high-value fishery habitats, only 5 percent of these watersheds have been designated as Wilderness. The remaining areas are all open to destructive logging and roading over the long term.

In reality, while National Forest acres in the Tongass are roughly even in their division, the majority of valuable wildlife habitat is included in areas under a land use designation allowing logging. The Tongass lands holding the highest volume of valuable, old-growth spruce and hemlock are also the most important lands for fish and wildlife habitat, yet TLMP concentrates logging in high-volume timber stands, rather than harvesting timber stands in proportion to their volume class occurrence across the Forest. This "high-grading" is built into TLMP. Former Chief of the Forest Service, John McGuire stated that cutting more of the marginal component is consistent with the NFMA, but that the alternative, continued high-grading of the forest, is in conflict with that Act:

An overharvest of the standard component now would eventually result in only special and marginal stands left in the forest. This type of management would not be compatible with Forest Service policy or the National Forest Management Act.

High-volume timber stands, exceedingly rare in the

Tongass, are scheduled by TLMP for harvest in a higher proportion than they occur in the forest. But they are being harvested at an even higher rate than scheduled; 50 percent of the highest volume timber has already been cut and at least 75 percent will be cut by the year 2000 at present rates. This unsanctioned high-grading compounds the inherent weakness of TLMP.

Fish and Wildlife Protection: An Empty Promise

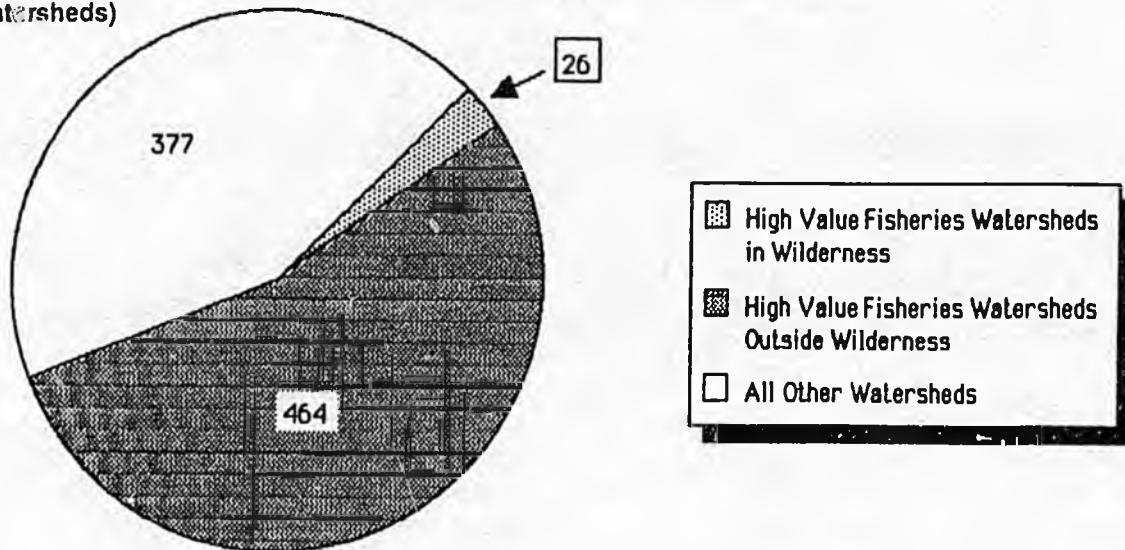
The Forest Service has made a practice of answering fish and wildlife concerns by referring to TLMP's Land Use Designation (LUD) III, a category of Tongass management which allows logging, but theoretically protects other forest resources, including fish and wildlife habitat needs. The TLMP management scheme included other LUD's—LUD I (wilderness), LUD II (roadless recreation), and LUD IV (intensive logging).

TLMP also set out a harvest layout scheme by which critical wildlife areas would be retained during logging in order to mitigate the impacts on fish and wildlife. This is referred to as "retention." As part of the task of defining retention areas, Tongass planning required identification and protection of Fish or Wildlife Habitat Management Units wherever logging or roading was planned.

Six years later these protective provisions have proven to be empty promises. In reality, there is little management difference between LUD III and the less restrictive LUD IV, which allows intensive logging. Retention has never been fully implemented and often

High-Value Fisheries Watersheds on the Tongass National Forest

(867 total watersheds)



only occurs by accident, when strips of timber are left standing between clearcuts. Rather than true retention areas, preserved because of habitat needs, these strips can be more accurately referred to as "leftovers." In practice, even the leftovers are often logged in subsequent timber operations. Fish and Wildlife Habitat Management Units, which would have accurately defined retention needs, are almost never developed. When they are, they always follow timber sale layouts, rather than preceding placement of roads and clearcut locations. Such units are reduced, at best, to mere attempts to salve a wound already inflicted. None of TLMP's major fish and wildlife protection provisions have been implemented and damage from roads and clearcuts continues to mount.

Tongass Plan Violates Federal Laws

The authors of TLMP were well aware that draft NFMA regulations were being prepared by the Forest Service, even as they rushed TLMP into print in March of 1979. To allow them to finish TLMP, the Tongass planners promised that new NFMA regulations would be incorporated into TLMP by a major forest plan revision in 1983. Incredibly, now in 1986, 10 years after passage of NFMA, 7 years after TLMP was finished and after NFMA regulations were implemented, no such TLMP revision has been attempted or completed. TLMP does not comply with NFMA regulations and Congressional forest planning reforms remain unaccomplished on the Tongass.

TLMP was rushed into print before an adequate job could be done. Under the National Environmental Policy Act (NEPA) the environmental impacts of a

major Federal proposal must be clearly and comprehensively displayed in an EIS. TLMP lacked both the baseline information on what Tongass resources were threatened by the logging it proposed and the information on how such logging would impact other forest resources. NEPA analysis is incomplete in TLMP.

In a recent order, the Federal District Court for Alaska concluded that TLMP's environmental analysis was inadequate with regard to the impacts of a road and logging project in Berners Bay, north of Juneau. The Court's order stated that an entirely new site-specific EIS was needed for the project. Despite the proven inadequacy of TLMP, no attempt has been made by the Forest Service to improve on TLMP's cursory NEPA analysis. Nor has the Forest Service attempted to incorporate into TLMP the wealth of new information on the environmental impacts of logging and roading which has become available since 1979. This new information makes it crystal clear that Tongass timber management programs present serious threats to fish and wildlife.

Tongass Plan Direction Ignored by Forest Service

Detailed schedules for development in various management areas of the Tongass, were published in TLMP, part II. However, road building and timber sales have failed to follow those schedules. Instead, individual forest supervisors have departed repeatedly from TLMP's program. Realizing that such departures were highly improper, Tongass planners decided last year to amend TLMP's schedules to reflect the actual development schedule, rather than bringing Forest Service activities back into harmony with

TLMP. This backward approach to planning serves to underscore TLMP's failure to guide development.

Because it was a stopgap effort at planning, TLMP deferred many integral forest plan steps to subsequent lower levels of the planning process. For example, individual Tongass management areas were supposed to be analyzed after development of TLMP, and specific resource protection standards and guidelines were to be developed concomitant with specific location of timber sales, roads, log dumps, and other such activities. This interim step in planning was also subject to full NEPA analysis, but no such analysis was ever completed for over two-thirds of the Tongass. Further, project-level NEPA analysis, also envisioned by TLMP, has never resulted in site-specific environmental impact statements, even for massive projects. In the wake of the Berners Bay court order, the legality of these failures are in great doubt. It is certain, however, that the failures of these subsequent planning steps have frustrated and prevented full implementation of TLMP's intent, as well as public participation in major Tongass decisions.

TLMP is totally inadequate as a forest plan, and NFMA's reform measures have yet to improve Tongass management. Because of Section 705 of ANILCA, the TTSP, the 50-year contracts, and an ineffective and incomplete TLMP, Tongass management is heavily biased in favor of large-scale clearcut logging, to the detriment of wildlife, fishermen, small loggers, tourism industries, and subsistence users of the forest's resources. These are the roots of the tangled, growing thicket of Tongass timber problems.

IMPORTANT RENEWABLE TONGASS RESOURCES UNDER SIEGE

Though the Tongass is a huge forest, rich in fish, wildlife, wilderness, timber, and other resources, it is also a unique, complex, and fragile ecosystem. The extensive, large-scale logging programs implemented by the Forest Service on the Tongass are decimating vast areas of this grand old-growth rain forest. Critical fish and wildlife habitat areas that have already been lost include Blind Slough, Kadake Creek, Rodman Creek, Staney Creek, and Sweetwater Lake, to mention only a few.

Wildlife Habitat and Populations Threatened

Sitka Black-tailed Deer

The same high-volume, old-growth timber stands that attract the two major Tongass logging companies, APC and LPK, are also essential to the survival of the Sitka black-tailed deer. This is the only deer found in the Tongass, and while good populations

exist today, they can fluctuate wildly depending on the severity of winter weather. The thick stands of old-growth timber shelter the deer during deep snows, allowing them to continue browsing under the canopy of giant spruce and hemlocks. Without this protective old-growth timber, deep winter snows lead to starvation and drastic deer population losses.

Further, second-growth timber is worthless as deer habitat. The Forest Service itself has stated that once an area has been clearcut, it will not produce significant deer forage, except for the first few years after cutting. In winter, however, when habitat and forage availability are critical these clearcuts fill up with snow and are impassable and browse is buried. In 15-20 years, an extremely dense stand of small trees grows up to block light from reaching the forest floor and results in virtually no browse growing under these tight thickets for the next 100 years. Since present Forest Service management calls for these forests to be harvested at 100-year rotations, the result is permanent loss of deer habitat. Second-growth forests will account for 75-80 percent of the managed forest land in the Tongass at the end of the first 100-year rotation. By then half of the now important available deer winter habitat will be lost forever, and deer populations will be severely reduced, even eliminated from certain places. Subsistence users and sport hunters will lose their most important game animal on the Tongass.

Table 7.1 details some key areas where deer populations and subsistence and sport deer hunting will suffer the greatest losses.

Brown (Grizzly) Bear

Alaska has the last major population of brown (grizzly) bears left in the entire United States with greatest concentrations in Southeast Alaska. While these magnificent animals once ranged all over North America, they have now been beaten back from their original range to isolated pockets in Alaska, Canada, and a few national parks in the lower 48 United States.

Tongass brown bears, larger than the brown bears found in Canada, are well distributed on Admiralty, Chichagof, and Baranof Islands, as well as the coastal mainland of Southeast Alaska. Although Theodore Roosevelt proposed a national bear reserve for Admiralty, Chichagof, and Baranof Islands, the places have been largely left in control of the Forest Service. Today with the exception of Admiralty National Monument, clearcut logging threatens these bears through habitat destruction. Road building is the major problem causing increased human/bear conflicts and illegal hunting. These activities will continue to reduce or destroy bear populations as long as the

Table 7.1—Relationship between timber harvest (habitat loss) and reduction of deer

Location	Commercial forest land harvested (%)	Deer loss after 100 years (%)
Hawk Inlet	78	88
Eagle Peak (Youngs Lake)	60	77
Tenakee Springs	67	83
Kadashan	64	77
Lislanski River	63	66
Uhsk Bay	60	64
Kelp Bay	75	86
Kadake Creek	68	74
Castle River	65	72
Woewodzki	66	70
Point Baker (Alder)	79	92
Myers Chuck (Cannery Creek)	65	88

Forest Service proceeds to penetrate unroaded, wild country with new logging.

Other Wildlife

Many other mammals and birds are also dependent on old-growth timber or unroaded wild country. Clearcut logging will harm wildlife populations by destroying essential habitat areas, by increased conflict with humans, and by increased hunting pressure for some species.

Moose, for example, while dependent on early successional stages of browse (like that found in river courses or clearcuts), also depend on old-growth timber for shelter and winter cover. Road access increases hunting pressure, often beyond sustainable levels. Forest Service activities in Berners Bay, Thomas Bay, and the Yakutat Forelands threaten moose populations.

Mountain goats are extremely sensitive to human disturbance and also depend to an extent on old-growth forests for winter habitat. Populations are expected to suffer as road access or clearcutting approach their limited home ranges.

Finally, many small mammals integral to the forest ecosystem depend solely on old-growth forest for habitat. These include marten, mink, and land otters. Research has conclusively shown how clearcut logging and roading displaces or destroys populations of these small furbearers.

In Southeast Alaska bald eagles are found in denser concentrations and higher numbers than in all the rest of North America. It is well documented that

these raptors need old-growth Sitka spruce trees along beaches for nesting habitat. Existing eagle nest trees are not normally clearcut, but exceptions are sometimes made. The 1986–90 APC operating plan proposes to cut or impact 37 of these important trees. This type of incremental destruction, combined with serious high-grading of high-volume timber stands could pose a problem for eagle populations. In addition, ravens, owls, Canada geese, great blue herons and many songbird species are also threatened, since they nest primarily in old-growth timber.

Fish Habitat and Populations Threatened

Southeast Alaska is blessed with an abundance of anadromous fish resources, including salmon, char, and trout. These anadromous fish, so called because they live in the ocean, but spawn in freshwater rivers, lakes, and streams, depend on clean, cool, highly oxygenated fresh water for reproduction. Logging and roading threaten these vital habitat needs.

Alaska's king, coho, pink, sockeye, and chum salmon, make up the backbone of America's largest commercial fishing industry. These commercial species plus steelhead, cutthroat, and Dolly Varden char also constitute a huge subsistence and sport fishery.

Although research is still underway, many of the impacts of logging on fish habitat are well understood. Clearcut logging right up to the banks of salmon streams reduces the temperature buffering effect of streamside vegetation. This results in excessively high or low water temperatures which can be lethal to fish. Despite this well-documented impact, Tongass planners still refuse to require buffer or leave strips on such streams, thus ignoring a basic requirement of NFMA and of common sense. Also, siltation from landslides or erosion associated with logging or logging roads can clog salmon streams and smother salmon eggs.

Tongass logging operations can result not only in the cost of subsidies, but also in the cost of lost fishery resources. The cost of these losses can be measured in both millions of dollars lost and the loss of a way of life by subsistence and commercial fishery users.

For example, the Chuck River on the mainland north of Petersburg supports a salmon fishing industry worth \$1 million per year to commercial fishermen. But the Forest Service has targeted the Chuck River drainage for logging and roading. The Chuck River area is known for its unstable soils, and timber operations could well trigger a major landslide, destroying this valuable fishery. The Forest Service estimates its cost for preparing the Chuck River sale and road access at \$7–10 million and this does not even include the dollars that would be lost

from the fishery. Total receipts expected by the Forest Service from the Chuck River sale amount to less than \$50,000—a pittance of the present value of the Chuck River.

Cutting to the edge of streams disrupts the natural balance of root wads, snags, and other woody debris essential to maintaining cover and habitat for juvenile salmonids. Clearcut areas on Prince of Wales Island have been sampled since timber operations were completed decades ago. These sampled areas show a lack of fish habitat and a resultant lack of fish due to the absence of small stream debris. Clearcutting to stream edges can also disrupt salmon migration and spawning when logs falling into streams create log jams, damage salmon spawning beds, or cause siltation which smothers eggs.

In June 1985 during Congressional hearings dealing with timber sales below cost, the American Fisheries Society, a professional society of fishery biologists addressed the problems of timber harvest and fishery damage. Two major points were as follows:

1. Virtually every timber sale and subsequent harvest has adverse impact on fisheries resources.
2. The value of the public land fisheries resources impacted by timber sales is very great and indeed can be far greater than the value of the timber.

Unfortunately, plans that will damage important fish habitat areas are widespread and threaten other systems such as the Naha, Karta, Thorne, Castle, and Lisianski Rivers; the Outside Islands; and the many rivers within Yakutat Forelands.

The State of Alaska has recognized the value of streams and has opted for 300-foot buffers on streams on the Haines State Forest. The Forest Service's own cooperative research shows that clearcuts with buffers may be adequate and/or beneficial to salmon production. Yet, the agency refuses to adopt a standard buffer policy or even implement its own Area Guide faithfully. The Forest Service is out of step with its own research and 300-foot buffers should be the rule.

Naturally functioning river systems, undisturbed by roads or logging, remain the most reliable producers of salmon and other fish. Unimpaired streams, lakes, and estuaries must be left this way if the full potential of Southeast Alaska's rebuilding fisheries is ever to be reached and maintained. For such fish as the pink and coho salmon, a myriad of small streams cumulatively produce the bulk of the fishery. Each and every one of these small streams is important, with coho rearing streams being especially vulnerable. Further, every king and sockeye system is also at a premium, since these systems are relatively less common in Southeast Alaska. Logging threatens these systems, large and small.

Log dumps and storage facilities have an adverse

impact on the ocean or estuarine ecosystems they utilize. Crab, shellfish, herring, and other important fish resources are poisoned by toxic acids leached from accumulations of old barks, smothered by logging debris, or barred from spawning habitat by rock fill for log landings. The Environmental Protection Agency is currently studying this resource damage in an effort to formulate permits to help mitigate the impact of log dumps.

Old Growth and Wildlands

Not Enough Old Growth Protected

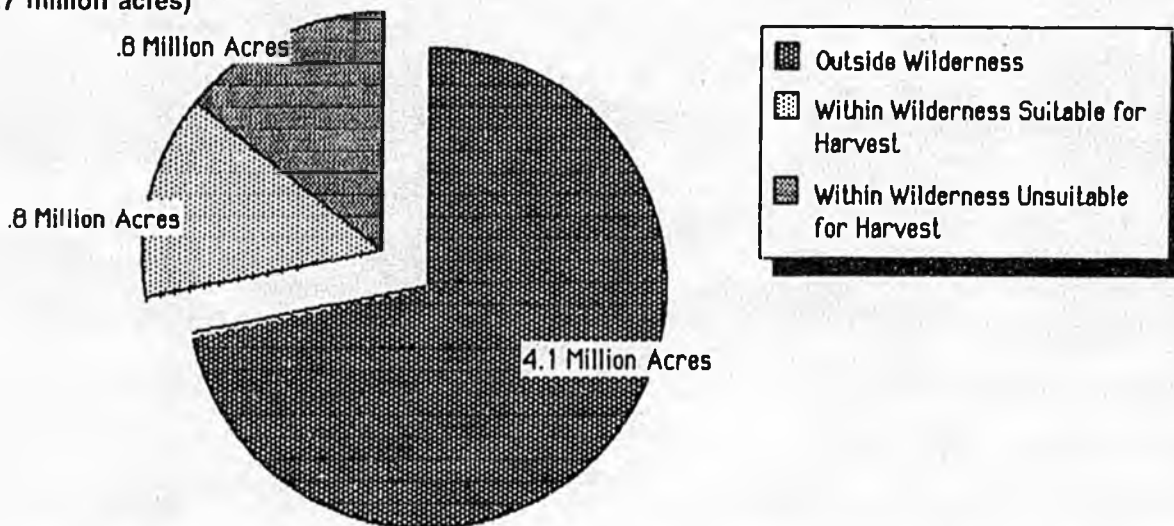
Opponents to conservation in Southeast Alaska, primarily the Forest Service and timber industry, often claim that over one-third of the Tongass National Forest was "locked up" in ANILCA, leaving the impression that vast commercial timber resources were lost forever from development. The facts do not bear this out. The Forest Service has stated that 1) Wilderness and roadless area management designations provide direct benefit to wildlife, and 2) Wilderness and roadless area designations will maintain a variety of natural habitat conditions for wildlife and fisheries over approximately 48 percent (8.2 million acres) of the Tongass. The first statement is accurate, but the second statement is misleading.

There is approximately 5.7 million acres of commercial forest land in the Tongass, and of that, only 1.6 million acres (28 percent) is in designated Wilderness. Of the 28 percent of Wilderness acreage that is considered capable commercial forest land, *one-half is not considered suitable for timber harvest*. Less than 10,000 acres of this Wilderness is prime value, high-volume, old-growth timber which is also important wildlife habitat. Only 160,000 acres is over 30,000 board feet per acre and is considered commercially valuable. This is also critical habitat. Fully three-quarters of the officially designated Tongass Wilderness (5.4 million zones) is non-forest land—mostly rocky peaks, ice fields, muskeg and battered coastline.

Clearly, most all the Wilderness designated in Southeast Alaska (with the exception of Admiralty Island and a few small watersheds) was land that developers did not want. It had little value in forest resources and is largely inaccessible. Even so, Admiralty Island is repeatedly cited as the example of locking up good timber. The best timber areas on Admiralty Island were cut prior to ANILCA and the island was not in either 50-year contract area for the two big mills, so its designation did not affect either mill. In fact, the Wilderness selections left the two mills virtually unscathed. In the few instances when they were affected, the acreage was later replaced via

Commercial Forest Lands (CFL), Tongass National Forest

(Total 5.7 million acres)



contract area acreage replacements and also with subsidies in the form of the TTSF. The USFS, timber industry, and others like to call the TTSF a "Wilderness subsidy." The language of the Tongass Timber Supply Fund was forced upon conservationists of Southeast Alaska. We see the Tongass Timber Supply Fund as a major Federal payment to underwrite timber harvest activities on the Tongass—not as a subsidy to support the Wilderness system. The 1985 TTSF allocation is for \$53 million. There are nine line items for the fund that include timber sales preparation, timber stand improvement, road construction, engineering support, etc. There is no item listed as "payment for Wilderness."

The lack of protection for old-growth forests was a major oversight in ANILCA. The Society of American Foresters stated that

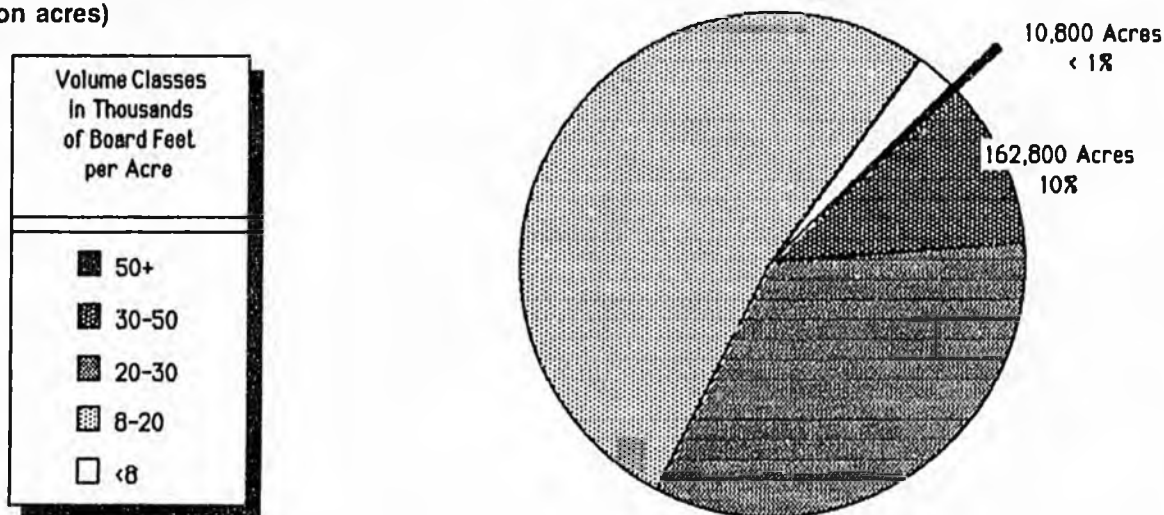
the best way to manage for old growth is to conserve an adequate supply of present stands and leave them alone.

The Alaska Chapter of the Wildlife Society stated that

old-growth forests are a rare and rapidly diminishing resource. . . . The coastal forests of Alaska represent the last major expanse of old growth remaining in the U.S. . . . adequate old-growth habitat must be maintained for the present and future.

Commercial Forest Lands (CFL)^a in Wilderness^b by Volume Class

(1.6 million acres)



^aOnly that portion of CFL that is over 30,000 board feet per acre is considered commercially important.

^bTotal Wilderness acreage is 5.4 million acres.

It is estimated that perhaps 100,000 acres of highest-volume, old-growth stands remain in the Tongass, but these stands are being harvested at the highest rate of any volume class on the forest. They will not last long.

Old-growth timber, in high-volume stands, is best protected as Wilderness. In this way, such stands are shielded from the pressure of high-grade logging and can continue to produce fish, wildlife, and other renewable resources. Rock and ice cannot serve this function. John Matthews, of the Alaska Department of Fish and Game, summed up the problem with Tongass Wilderness areas saying, "If you can't grow timber there, you can't grow wildlife there either."

As described before, Tongass planners continue to road and log every available unprotected roadless drainage at a rate far beyond demand, far beyond economic justification, even far beyond TLMP's original goals. The 20,000 acres of timber offered annually, 300 miles of road built per year, and construction of interlocking segments of an overall transportation network threaten those few remaining roadless Tongass drainages—most of which continue to provide all wilderness-related values despite their lack of formal protection. As one Tongass Forest official freely admitted, "As far as we're concerned, if an area doesn't have a road in it or a [Wilderness boundary] drawn around it, it's up for grabs" until TLMP is revised in 1989. Twenty-five percent of roadless lands in LUD III's and 30 percent of LUD IV's have been developed since 1979. At the rate established during this first 5 years, all the unprotected roadless land will be developed in 20 years—by 1999. It would be far wiser, and certainly more cost effective, to halt this onslaught now and preserve the option of adding more Wilderness to the Tongass if it is needed in the future.

Protecting Old Growth and Wildlands Makes Economic Sense

Beyond its value as vitally important fish and wildlife habitat, Tongass Wilderness is also an invaluable asset in other ways to Southeast Alaska and the Nation. It is ideal habitat for a variety of thriving populations of fish and game species. It makes possible the subsistence uses of these areas, and allows sport hunting and fishing. Wilderness with its undisturbed watersheds provides the critical spawning and rearing areas for fisheries which maintain the commercial fishing industry year after year. Wilderness provides the resources that support a growing tourism and recreation industry. It preserves clean air and clean water. When you leave the land as it is, in a natural state, the benefits are numerous and perpetual. Management of National Forest lands in

Wilderness is also extremely cost effective, particularly in Alaska. It should be noted that Alaska Wilderness areas are managed as directed by the 1964 Wilderness Act, as amended by ANILCA, which specifically authorizes certain activities. This includes provisions for subsistence use; for public recreation cabins; for certain fish habitat enhancement activities; and for use of airplanes, motorboats, and snow machines.

In development of Alaska's Chugach National Forest Land Management Plan in 1984, Chugach planners discovered that by following NFMA procedures and using Forest Service value comparison figures, their computer programs showed the highest value for the Chugach Forest would be produced by managing every presently roadless area as Wilderness. This was no mistake, for Alaska forest lands have negative values for timber production and other intensive developments. In contrast, Wilderness management enhances the highest revenue-producing aspects of Alaska's forest resources—fish, wildlife, recreation, and tourism. Of course, Chugach planners rejected their own figures on the basis of preconceived notions about the proper role of timber management in Alaska's forests. Not surprisingly, Tongass planners have steadfastly refused to perform similar NFMA-required economic analyses.

TONGASS MANAGEMENT THREATENS SOUTHEAST ALASKA ECONOMY

Search for Long-Term Economic Stability

The economy of Southeast Alaska, like any frontier area, has always suffered from spectacular booms and busts, wild fluctuations in economic activity. Each boom has been a result of discovery and short exploitation of valuable resources with a concurrent lack of incentive for slower, long-term development. First came Russian fur traders, who overharvested this resource and sent the profits back to Russia. Next came gold miners, who made and lost fortunes over periods as short as a few months, then went back to where they had traveled from. Fish canneries from Oregon and Washington overexploited and nearly destroyed Alaska's salmon stocks in the 1950's.

Alaska's first territorial governor, Alfred P. Swineford, warned in 1888 that if resource exploitation was allowed,

Alaska would be . . . nothing more than a national fat goose left unprotected and to be annually plucked of its valuable plumage by nonresident corporations.

Nearly 100 years later, Swineford's words still ring hauntingly true. Today it is the large-scale logging companies' turn to cut and run, plucking the wealth from Alaska's Tongass National Forest.

This exploitation is especially sad, since this latest

round of exploitation and short-term planning endangers other healthy, stable, and growing sectors of the Southeast Alaska economy which have become new economic mainstays. When you exploit a resource, you exploit the people as well.

Most Southeast Alaska towns and villages are directly dependent upon the Tongass National Forest for community stability. Maintaining this stability is extremely important. Rather than being dependent upon the commercial timber resource, many of these communities are instead directly dependent upon the renewable fish and wildlife and other subsistence resources for the maintenance of community stability. The long-term stability for these many communities is thus undermined by the exploitation of Tongass timber resources.

Southeast's sustainable industries must survive and grow if Alaska's economy is ever going to break the boom and bust cycle and move into a postfrontier economic realm. These threatened industries include commercial fishing, hunting and guiding, tourism, wilderness outfitting, and subsistence. While not technically an industry, subsistence use of fish and wildlife resources is a primary economic element in the lives of many Southeast Alaskans, and supports people outside of the cash-based economy. In addition, Native timber harvest is being stifled by current Tongass management policies.

Timber Mining the Tongass

Timber Mining: A Short-Term Industry

The Tongass timber resource is being managed as a nonrenewable resource. *This is timber mining*—the permanent removal of old-growth trees. Only 4 percent of the Tongass (635,000 acres) contains high-volume, commercially valuable timber. All of this is old growth. The present Tongass timber program of cutting the highest-value timber stands first (high-grading), threatens these commercial timber lands with virtual exhaustion in just a few decades. The present rate of clearcutting is 200,000 acres per decade. At this harvest rate, and with the continuance of high-grading, all that will remain will be low-volume, scattered timber stands known in loggers' parlance as "junk." The situation is very critical for highest-grade spruce and cedar logs.

When the high-volume, economically valuable timber is gone and only the junk timber is left, no timber harvest will be worthwhile. Even now, with mostly valuable high-volume timber being sold, timber operators continually lose money. Since ANILCA, APC has claimed over \$150 million in losses despite the massive Federal subsidies it has received as a result of the Act. The Forest Service has already slashed

virtually all timber purchaser costs it can legally eliminate, but nothing helps. Even the Chief of the Forest Service pointed out last year that the Forest Service could cut Tongass timber itself, haul the timber out of the woods, barge it to the timber mills for free, and the companies would still lose money. Clearly, something basic is wrong with such a market.

A large part of the problem is that world markets for pulp are slowly shrinking and new mills are able to outcompete Alaska's mills. Long-term economic prospects for Alaskan timber markets are bad. The Forest Service predicts that

unless a major new market can be found for Southeast Alaska's pulp and/or its pulp-grade logs, a long-term decline in Alaska's timber industry is anticipated, even with a short-term improvement in its pulp markets.

Another part of the economic problem is a timber management program inappropriate for Southeast Alaska. Small-scale logging occurred on the Tongass for many years before the introduction of the large pulpmills. These small-scale loggers cut selectively, taking only a few large, old-growth spruce trees at a time, basically leaving the lower-value hemlock trees in place. There were some scattered, small clearcuts around the forest during the 1920's and 1940's.

With the advent of the large pulpmills and large-scale logging, however, extensive clearcutting became the standard Tongass timber harvest technique. Although it is the cheapest way to take large amounts of logs from the woods, clearcutting harvests both the low-value and high-value species of trees. Tongass hemlock, being worth far less than logging costs, lowers the overall value of the clearcut, resulting in increased pressures to harvest the most valuable timber stands now and not later. This is why the Tongass is currently being high-graded.

Second Growth: An Economic Fallacy

In Alaska, with high harvest costs and slow-growing timber, only large, very old trees are worth cutting at all. Within the next 100 years over 2 million acres of the Tongass will be clearcut, and the smaller, shorter, "second-growth" timber growing in these clearcuts will not be commercially valuable. The practice of 100-year timber "rotations" needs a closer look in Alaska since there is no foreseeable market for the next generation of 90- to 110-year-old trees.

While nobody can say for sure, the future of Alaska logging looks grim if present clearcutting and high-grading continues. The Alaska Department of Revenue studied this problem and stated that:

The logging of old growth is a mining operation. Timber in Alaska means coastal old growth. And old growth is not a renewable resource. There is no reasonable possibility of a second-growth industry in Alaska.

Time is quickly running out for creation of any reasonable, stable, sustained-yield timber industry in Southeast Alaska. The Forest Service is doing nothing to solve this problem, or hasten the creation of such an industry.

Commercial Fishing Industry Threatened

Alaska's commercial fishing industry is on a strong rebound from the 1950's. The incredible wealth of the Alaskan salmon fisheries is not that well known. A commonly overlooked fact is that the riches derived from Southeast's gold mines, riches that have become part of Alaska's folklore, were dwarfed by the value of salmon catches during that same period—catches which brought ten times more revenue than gold.

Salmon catches peaked in the 1940's, with catches of up to 67.8 million fish per year. Catches then fell to a low of just 7 million fish in 1967. Like so many assumptions on which TLMP was based, the Forest Service wrongly believed in 1979 that salmon stocks would not recover to previous levels. Within a few short years after ANILCA, diligent fish management and careful control of harvest by the Alaska Department of Fish and Game has proven this assumption to be wrong. In 1983, 40.4 million salmon were caught in Southeast Alaska. In 1985, 44 million pink salmon alone were caught, the fourth best pink salmon year on record and best year since 1949. Experts now agree that a sustainable average annual catch of 46.0 million salmon can serve as a reasonable goal for the rest of this century.

In terms of jobs, this fish harvest directly employed an average of 3,225 people a year between 1979 and 1983. This is more jobs than provided by the timber industry. Recent fishing employment figures are also undoubtedly higher. Since passage of ANILCA, commercial fishing has proven itself to be an industry that is renewable and sustainable not only in theory, but in practice. The commercial fishing industry in Southeast Alaska is now a \$160 million per year industry with very little investment by the Federal Government.

The timber industry likes to claim that logging has had no negative effect on fisheries since record catches have occurred during recent periods of heavy logging activity. This claim is very misleading. The fact is that the recent upswings in salmon production are the result of years of improved and more precise management practices of fish stocks and the regulation of the fishing fleet by the State of Alaska. Warm winters for the last several years and reductions in high seas interceptions also contributed greatly to increasing salmon production. The State's improved management strategies, initiated at a time of low salmon population, have been effective enough to

counteract the effects of logging that cause loss of production as a result of stream habitat degradation. Salmon catches would be even higher if key fisheries on Prince of Wales Island, off Peril Strait, and in other areas had not been damaged by logging.

As explained, logging threatens fish habitat, which in turn threatens the commercial fishing industry. The Forest Service itself states that 80-85 percent of the salmon harvested in Southeast Alaska are spawned and reared in watersheds within the Tongass National Forest. There is no way that the agency's promise of full protection of the biological potential of fisheries habitats in the non-Wilderness areas can be fulfilled where clearcut logging occurs. The two are mutually exclusive. The most recent example is the Lisianski River. The Forest Service plans to allow APC to devastate this fishery with clearcuts and roads right along the river's banks—and this is one of the top five salmon producers in Southeast Alaska.

Current logging plans for important fisheries like the Chuck, Lisianski, and Kadashan Rivers, the river systems of the Yakutat Forelands, plus others. Many fishermen see the demise of their livelihood at the hands of the Forest Service's nonrenewable and destructive timber program. Timber in a particular area is harvested just once. The value of the fish produced by a particular drainage, probably in all cases, vastly exceeds the value of the timber, especially when considered over a 100-year rotation. We cannot risk the loss of the fishery for a questionable short-term timber harvest gain. Given the success story commercial fishing presents in the Southeast Alaska economy, such a loss would be tragic.

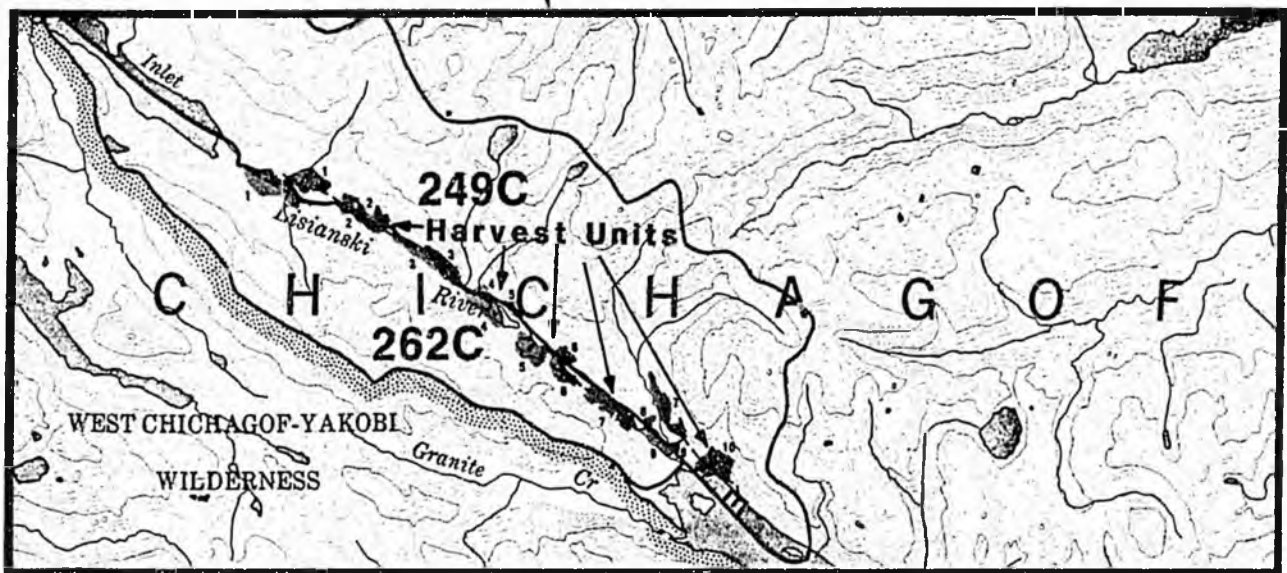
Tourism Industry Threatened

According to economic planners, tourism is the only primary industry in Alaska expected to show major growth in the 1980's. As with commercial fishing, general recognition of the importance of tourism has increased markedly since passage of ANILCA. In 1984 Alaska Governor Bill Sheffield declared that "Alaska's natural beauty is one of our great treasures and tourism is Alaska's most renewable resource." TLMP virtually ignored this aspect of the Southeast Alaska economy.

Since 1959, tourism has averaged an annual growth rate of between 7 and 10 percent. This incredible growth rate has carried tourism right to the forefront of Alaska's industries. Southeast Alaska is the beneficiary of much of this tourism. From 1975 to 1983, there was a 47 percent increase in cruise ships visiting Southeast Alaska and a 61 percent increase in the visitor capacity of those ships. The number of sight-seeing flights over Misty Fjords National Monument was practically insignificant before 1979, but 7,000



Proposed Timber Harvest Units and Roads Adjacent to Lisianski River—Threatens Commercial Fisheries



(Alaska Pulp Company proposal)

of these flights were made in 1984.

Employment created by the 185,000 tourists visiting Southeast Alaska in 1983 exceeded 2,600 full-time jobs. Again, this is more jobs than provided by the timber industry. The figures for tourism employment grow significantly each year.

The Forest Service itself has recognized that recreational use of the Tongass increased by 85 percent between 1980 and 1985, and that "opportunities of the kind Southeast Alaska offers are not available anywhere else in the United States." But the Forest Service is doing little or nothing to protect the unique wilderness landscapes of the Tongass which attract tourists and provide such outstanding recreational opportunities. Tongass logging poses the biggest potential threat to tourism in Southeast Alaska.

Henry Gannett, a director of the U.S. Geological Survey and a member of the Harriman Alaska Expedition in 1899, truly understood the lasting importance of scenery to Alaska's economic future. In 1901, National Geographic magazine printed his essay which said in part:

The Alaska coast is to become the showplace of the earth and pilgrims, not only from the U.S., but from beyond the seas, will throng in endless procession to see it. . . . The economic value of Alaska's grandeur . . . measured by direct returns in money received from tourists, will be enormous. . . . scenery is more valuable than the gold or the fish or the timber, for it will never be exhausted.

Tourism is a sustainable, growing major industry and it is nonconsumptive. Unless violation and destruction of natural landscapes is controlled, tourism cannot be assured of a resource base on which to depend. As the world becomes more developed, altered and urbanized, pristine places like Tongass roadless and wilderness lands become more exceptional and continue to appreciate in value.

Subsistence Economy Threatened

What Congress gave Alaska with one hand in the subsistence provision of Title VIII of ANILCA, it may be taking away with the other in Title VII. Title VIII provided protection of the Native and rural subsistence economy. It was a pioneering provision, recognizing the unique relationship between Alaskans and the land and attempting to ensure that that relationship stays intact. Rural residents were to have a meaningful role in the management of fish and wildlife and of subsistence uses on the public lands. But the Tongass logging program, fueled in great part by Title VII's TTSF provision, now threatens destruction of that Native and rural subsistence economy, and has consistently thwarted meaningful participation by Southeast residents in land use decision.

Since human beings first came to Alaska, they lived in small, dispersed communities and depended on hunting, fishing, and gathering not only for their needs and materials, but also for their social identity and well-being. Today, hunting, fishing, and gathering are still a major focus of the rural way of life in Alaska. This applies to native Alaskans as well as nonnative rural residents. Providing for personal survival and the survival of others enables subsistence users to incorporate cash-based transactions into a traditional social setting, and to thereby slowly integrate modern ways into older cultural values. Sharing of subsistence foods still plays a major role in rural cultural life now, as it has always done. Furthermore, subsistence provides a measure of independence and freedom to some users that is uniquely Alaskan.

Primary subsistence foods in rural Southeast Alaska are deer and salmon, which comprise nearly 60 percent of the local food consumed in the region, according to the U.S. Fish and Wildlife Service. Other important subsistence foods include halibut, shellfish, and other marine life. As explained before, deer and salmon are directly threatened by the adverse impacts of logging. Further, extensive road building in traditional hunting and fishing areas increases pressure on fish and wildlife resources, often resulting in restriction on seasons or limits. Finally, shellfish and other marine life are adversely impacted by log transfer facilities, which often poison the water of the coves and bays in which they are located.

The Forest Service has blinded itself to the impacts of its logging activities on subsistence, especially the cumulative impacts over the entire Southeast Alaska region. Over and over again, without the benefit of detailed study or even rudimentary research efforts, the agency has maintained that logging does not have significant impact on subsistence. SEACC has appealed the LPK 5-year plan because of impacts on subsistence. Regional subsistence impacts are a major concern with the current APC 5-year plan, as well.

The Forest Service also continually attempts to avoid its duties as manager and responsible agency for subsistence use on Forest Service lands, abdicating this role instead to the Alaska Department of Fish and Game, which manages the fish and game resources, but not the vital fish and game habitat. The Southeast Alaska Regional Council has addressed this issue and has found that all of its 19 Fish and Game Advisory Committees from Southeast Alaska communities unanimously agree that "the 4.5 billion board feet per decade taken through clearcut logging practices . . . will have devastating results on the fish and game resources that Alaskans depend upon." Protection of Southeast's subsistence-dependent rural communities must be undertaken before it is too late. If subsistence is lost, Alaska will be changed forever.

Native Timber Industry Stifled

When ANILCA was being finalized in 1980, conveyances of Tongass National Forest lands to Native corporations amounted to less than 4,000 acres of the 572,520 acres to which they were entitled under the terms of the Alaska Native Claims Settlement Act (ANCSA). By 1984, a total of 465,152 acres had been conveyed.

Since 1980 the production of timber from Native Corporation lands has grown from nonexistence to a full 47 percent of the total regional harvest. Native timber enterprises in Southeast Alaska produced an average annual harvest of 214 mmbf during the years 1982 through 1984. The Forest Service currently estimates that future private harvests will range from 225 mmbf to 350 mmbf.

The highest-quality logs are exported to Japan. The primary market for their pulp quality wood is the two local pulpmills. That market has been hindered by a pulp oversupply from Federal, State, and private lands, and from British Columbia.

Native corporations claim they could provide a steady supply of pulp logs to the local mills. Native corporations have exported a small amount of pulp logs and have left in the woods as much as 20 percent of the timber volume in their harvest areas. Native land timber operators cannot recover operating costs on the sale of smaller pulp-quality logs, so they often leave this timber. This unmarketable wood is not only a deteriorating or wasted asset, but the overall cost of production is significantly increased when the highest-quality timber alone has to pay for an entire

logging operation.

While felled Native pulp logs rot on the ground for want of a market, the Forest Service subsidizes high levels of Tongass clearcutting to supply pulp wood for the mills in Sitka and Ketchikan. The Forest Service subsidy is one big reason the Native corporations have trouble selling pulp-quality logs. The biggest loser, though, is fish and wildlife habitat, and all who depend on it.

In today's view, the TTSF definitely favors the mills over Native corporations. To make matters worse, the 50-year contracts add the burden of unfair competition and limit the Native corporations' options.

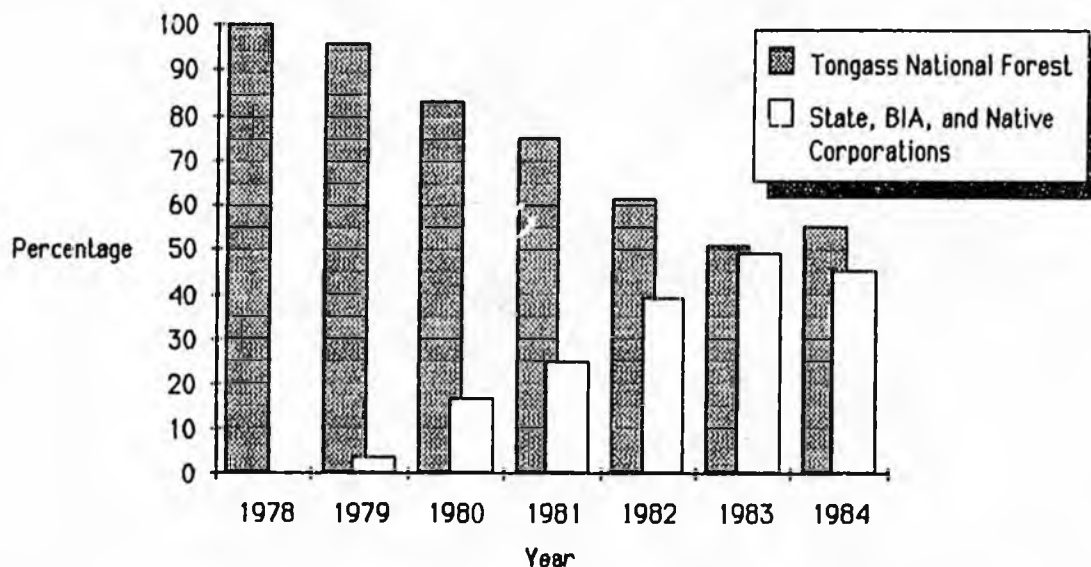
SOUTHEAST ALASKANS OPPOSE TONGASS TIMBER MANAGEMENT

The Forest Service is running into increasing opposition to its logging programs. While the debate over logging truly split Southeast Alaska during Congressional consideration of ANILCA, times have dramatically changed. Now, it is difficult to find a segment of the public, other than the two pulpmills (APC and LPK) and their subsidiaries, willing to defend the Tongass timber program.

For example, in response to Forest Service solicitation of public comments on alternatives for APC's 1986-90 logging operations, the overwhelming majority of public comments supported the alternative of no further logging or the alternative proposed by SEACC which protected many important areas.

Individual communities have also begun to take matters into their own hands: the towns of Yakutat,

Percentage of Southeast Alaska Timber Harvests by Land Ownership



Elfin Cove, Tenakee Springs, Port Alexander, Point Baker, Port Protection, Edna Bay, and Pelican Bay have passed resolutions opposing the current Tongass logging program, especially the 4.5 billion board feet per decade language of Section 705. The town of Hoonah has formulated its own, scaled-down plans for nearby APC logging operations. Hoonah's plans are aimed at protecting subsistence and providing a more even flow of timber than APC's or the Forest Service's cut-and-run alternatives. Public meetings in Juneau and Petersburg have presented the Forest Service with very strong public opposition to timber sales in Berners Bay and the Chuck River.

Finally, SEACC has traveled to towns all over Southeast Alaska and collected a list of critical areas which citizens would like to see deferred from logging. Over 100 areas can be found on this list, which was submitted to the Forest Service for the TLMP amendment process. To date, it is not known if the Forest Service will protect these critical areas.

The State of Alaska has also requested measures to protect critical wildlife habitat in the National Forests. In 1983, the Alaska Department of Fish and Game submitted to the Forest Service a list of critical areas integral to the maintenance of fish and wildlife populations on the Tongass. This Forest Habitat Integrity Program proposed to defer from harvest a mere 8 percent of Tongass lands now open to logging. It is also unknown at this time when, if ever, the Forest Service will address this proposal, but many areas in the State's deferral program have already been slated for logging or roading. Of 68 high-value fish and wildlife habitat areas, at least 20 of these key habitats have been or are planned to be developed by Forest Service plans, including Kadashan, Yakutat Forelands, and Berners Bay.

Even some Forest Service officials are voicing concern from within the agency. These dedicated professionals have taken a risky stance, since criticism of policy is not rewarded in the Forest Service bureaucracy. But they have come forward in the hope that "maybe this will do some good." One such Forest Service official stated,

The only thing I can say about the 450 million board foot cut is that the timber is not there [to sustain that level of harvest.] Everybody knows it, but the Forest Service won't admit it publicly.

Another official explaining the pressure applied to meet this unreasonable harvest schedule said,

We're cutting the best timber and having a harder and harder time meeting the cut. . . . [Our district ranger] gets his marching orders to cut trees, and if he doesn't he'll be walking down the road kicking a can.

A third official expressed

severe reservations that we can sustain 450 mmbf a

year. The trade-offs between timber management and wildlife will be very tough. But even these officials are just voices in the wilderness, as the Forest Service hierarchy is not listening to its own people, either.

The Forest Service has become so entrenched in its logging mandate mentality that public pleas have fallen on deaf ears. The agency has also ignored dynamically changing times and changing situations. Despite the fact that TLMP's assumptions about the health of APC and LPK, about the magnitude of Native logging operations, and about the environmental impacts of logging have all turned out to be very wrong, the agency steadfastly refuses to reassess its logging program. The mandate imagined in ANILCA Section 705 is serving as an excuse for this behavior, the TTSF funds this behavior, the big pulpmills encourage this behavior, and TLMP does nothing to correct this behavior.

Recently, concerned citizens have had no choice but to resort to the courts for help. The City of Tenakee Springs and SEACC sued the Forest Service over construction of the preroad project in the Kadashan River Valley in 1983. A decision on that case is expected from the Ninth Circuit Court of Appeals at any time. In 1985, The Friends of Berners Bay (an ad hoc citizens group from Juneau), the Sierra Club, SEACC, and a local tour guiding company joined together to sue the Forest Service over a plan to road and log Berners Bay, an important recreation and wildlife area. The Federal District Court for Alaska enjoined that plan, but the Forest Service is expected to appeal.

Given the intransigence of the Forest Service regarding its logging program, many more lawsuits can be expected in the future. Litigation, however, is expensive, time consuming, and ultimately a poor substitute for responsible resource management by the Forest Service. It is clearly time for Congress to step in and correct this rapidly degenerating situation.

SOLVING TONGASS TIMBER PROBLEMS: SEACC'S RECOMMENDATIONS

The Tongass today is in grave trouble. The Forest Service's chapters in the report will not tell you that. Nor will the timber industry chapter. But you have read our view of the situation. Look also at the State of Alaska's view, the fishing industry's view, and at the Native corporations' views. We believe it is time that something be done to correct the course Congress set for Southeast Alaska in 1980 through ANILCA. Today, this course is set for long-term disaster.

Much of the ANILCA debate over land allocation in Southeast Alaska revolved around maintaining employment levels at the 1970-76 historic average. During the formulation of TLMP in 1978-79, SEACC offered a balanced alternative management program

that proposed protection of more lands than are currently included in formal Wilderness, yet still maintained timber employment levels at very close to historic levels. This was based upon a 375-mmbf cut by the Forest Service and a 150-mmbf cut on Native lands, for a total annual cut of 525 mmbf. As has been shown, the average Tongass harvest level has been far less, while Native cut has greatly increased and averaged 214 mmbf per year since 1982. The commercial fishing industry has increased steadily and tourism has grown dramatically. The protection of wildlands is proving to be of direct benefit to the region.

Today, the Forest Service's management of the Tongass shows us that more conservative timbering goals are essential to ensuring a positive future for Southeast Alaska. We believe Southeast Alaska needs a scaled-down timber industry and a long-term management program to protect key fish and wildlife habitat and subsistence resources. This will provide for timber employment on a sustainable basis, but not harm more important industries.

SEACC recognizes that long-term employment in the timber industry should continue. However, far-flung road building efforts and extensive cutting in scattered drainages must cease. We cannot support the funding for preroad and below-cost sales. These practices must be replaced by the thinning and harvesting of second-growth forests in areas that have already been logged, and by greatly lowering the harvest level of nonrenewable old-growth forests. The timber industry should be allowed to restructure itself in a free market, unfettered by distorting Government subsidies.

As forest expert Tom Barlow pointed out:

Most of the virgin forest, especially high-volume areas, should remain unlogged for wildlife and fisheries protection. For Southeast, these untouched forest zones on Federal lands will be even more important for habitat as timber harvesting proceeds on private Native holdings. This better future will not come without firm resolve and much hard work. On the course now so firmly set by Congress, the volume of timber cut in the ancient coastal rain forests will mount steadily and the number of acres being clearcut in Southeast will increase year by year. In a few short years most of the best of the world's rarest rain forest will be gone. And the American taxpayers will have paid handsomely to assure its passage to oblivion.

The ANILCA language that allows Forest Service mismanagement of the Tongass National Forest can be rewritten by wise Congressional decisions today. The timber industry that utilizes the public's Tongass trees does not need the present level of timber supply. In fact, the two big mills controlling the Tongass timber industry are the ones who also want to continue control of the supply since they benefit directly

from timber subsidies.

We urge the Forest Service to look back at its long and proud heritage as a conservation agency. The legacy of the Tongass is certainly not a credit to the Forest Service. Even if the agency persists in interpreting ANILCA Section 705 as a mandate, the Chief has the opportunity and ability to petition Congress to grant the Forest Service relief by repealing the Section 705 Tongass Timber Supply Fund language.

It is also time to break the domination of the two large, controlling mills and their outdated 50-year contracts. First Chief Forester Giffort Pinchot's policy for dealing with corporations should be enacted upon. His words ring true in the case of these contracts:

In the administration of the forest reserves it must be clearly borne in mind that all land is to be devoted to its most productive use for the permanent good of the whole people and not for the temporary benefit of individuals or companies.

The Forest Service has the authority to cancel these contracts, and if the agency will not act, Congress should void the contracts in the public interest.

Finally, we hope that Congress will ensure, to mandate if need be, immediate and full compliance by the Forest Service with NFMA and NEPA in the Tongass Land Management Plan. Only through implementation of planning reforms can the Tongass successfully guide its own path.

To bring balanced multiple use to the Tongass, SEACC respectfully recommends that Congress adopt the following measures:

1) *Repeal ANILCA Section 705, thus eliminating the Tongass Timber Supply Fund and references to a 4.5 billion board foot per decade supply goal.* This will force the Forest Service to be more cost effective and accountable. It will allow free markets and other important resource needs to set the harvest level. This will, in turn, stop needless construction of roads and other facilities in roadless areas and stop the subsidy of timber mining. A more responsible timber management program will result.

2) *Cancel the 50-year contracts and replace them by competitive bidding and short-term sales, and repeal Section 1315(e) of ANILCA.* APC and LPK could still buy timber, but would no longer dominate other timber operators or other resources or the Forest Service. APC and LPK would only buy what they could utilize instead of banking timber. This measure would allow greater flexibility for land allocations, competitive bidding, and the protection of key habitat areas and subsistence resources. It would ensure the survival and future of independent timber operations. Independent timber operators believe that abolishing ANILCA Section 705 without cancelling the contracts will not help. The two big mills will then just take the entire allotment.

3) Order immediate full revision of TLMP to comply with NEPA and NFMA and reestablish the applicability of Section 6(K) of NFMA to the Tongass. This would bring Tongass planning into the 1980's. It would give the public its rightful say over public lands, and it would force the Forest Service to be accountable, justify plans, and explain assumptions. The measure would also require the Forest Service to consider economic feasibility when planning timber sales, thereby reducing Tongass timber program losses.

CONCLUSION

The Tongass is our last great rain forest. It is our Nation's largest, most magnificent public forest reserve. It is also the most threatened. Nothing can ever re-create this old-growth forest as we know it today. As biologist O. C. Wallmo so wisely pointed out,

The sooner resource managers face up to that fact and start looking at the long-term impacts on the forest, the better off the public forest resources and the public will be.

Incredibly, the Forest Service contends that Southeast Alaska has not dramatically changed from the days when John Muir first explored this region in 1879. But, the facts and the record do show dramatic impacts. The Tongass National Forest has experienced profound changes since Muir wrote this passage about a special Tongass island:

Wrangell Island . . . like all its neighbors, is densely forested down to the water's edge with trees that never seem to have suffered from thirst or fire or the axe of the lumberman in all their long century lives. Beneath soft, shady clouds, with abundance of rain, they flourish in wonderful strength and beauty to a good old age.

This is hardly the Wrangell Island we see today. Look far across the Tongass. Look from the Alaska

mainland to the distant Forelands of Yakutat and to the islands of Zarembo, Kuiu, Baranof, Chichagof, and Prince of Wales that lie in between. As you look across this forest, you will see that the Tongass is in trouble, threatened by a logging industry that does not fit in with the delicate balance and harmony of life in this region.

The forces of the earth that created this great forest are timeless. But it is not too late to stop the destruction of this land. Congress has the power to turn this troubled National Forest around; to help build a lasting stable economy for all the people of Southeast Alaska; to end waste, fraud, and abuse of public money and resources; to bring balanced multiple-use management to the Tongass; and to ensure maintenance of those uniquely Alaskan qualities that make up life on the last frontier. Now is the time for Congress to act to change the course of the Tongass National Forest for the long-term benefit of the American people.

ACKNOWLEDGEMENTS

The work for this report was researched, compiled, written, edited, and produced for SEACC by the following team of Southeast Alaskans: Dixie Baade, Mary Ellen Cuthbertson, Larry Edwards, Steve Kallick, Julie Kelly, Bart Koehler, Barb Mecum, K. J. Metcalf, John Sisk, and Ted Whitesell.

FURTHER INFORMATION

The following publications produced by SEACC are available upon request: *The Tongass Timber Problem* and the *Citizens' Guide to the Tongass National Forest. A Southeast Alaska Regional Economic Overview 1985*, by T. Whitesell, is also available.

Views of the Southeast Fishing Industry as Represented by the Alaska Trollers Association, United Southeast Alaska Gillnetters, Southeast Seine Boat Owners & Operators Association, and Petersburg Vessel Owners Association

These comments represent the views of the Alaska Trollers Association, the United Southeast Alaska Gillnetters, the Southeast Alaska Seine Boat Owners and Operators, and the Petersburg Vessel Owners Association, the principal fishermen's organizations in Southeast Alaska. Members of these groups form a representative cross section of the salmon fishing industry in Southeast Alaska, and many are active in bottomfish and shellfish sectors of the industry as well. We trust that Congress will carefully consider our positions in its review of those portions of the Alaska National Interest Lands Conservation Act (ANILCA) pertaining to management of the Tongass National Forest.

In passing ANILCA, Congress drastically altered the lands and resources management scheme for the Tongass National Forest, and Southeast Alaska generally. Vast Wilderness areas were created to satisfy national conservation groups. Special enclaves were carved out for multinational mining interests. The huge national and international timber companies got guarantees of timber availability from National Forest lands, with vast subsidies in the form of the Tongass Timber Supply Fund. All of these things were sold as benefits to the people of Southeast Alaska, but are they?

Southeast Alaska conservationists never signed off on the deal, and the region's one long-term, sustained yield natural resource industry—fishing—was not responded to with anything near the attention that it warranted, or that other resources users received. Nonetheless, it is clear that Congress intended that water use in the Tongass be managed with protection of the salmon resource first and foremost in mind. However, this priority has not been reflected in Forest Service cutting plans developed since ANILCA. Had it been, the Forest Service's approach to timber management in areas like the Chuck and Kadashan River drainages, and to U.S. Borax's water extraction plans in the Wilson and Blossom Rivers, would have been greatly revised.

For all intents and purposes, large-scale mining is a thing of the past in Southeast Alaska. Once, the

world's largest hard-rock gold mines operated here, but all that remains on the coast are ruins, tailings piles, and faded memories. Also, the world metal glut, predicted to last into the foreseeable future, mitigates against the ultimate development of the current "hot" mining properties which received so many concessions in ANILCA—Quartz Hill and Green's Creek.

The large-scale timber industry in Southeast is deeply depressed—hanging on only through sale of public timber at scandalously low prices. Even at that, much of the timber being sold is not being cut, but inventoried against hopes of an improved timber market in years ahead. Meanwhile, the Forest Service continues to offer a minimum of 450 million board feet per year for sale, and maintains an ambitious program of preroaded and other presale preparation funded through the ANILCA-provided Tongass Timber Supply Fund. Despite this massive expenditure of public monies, which results in losses to taxpayers of as much as \$175 for every 1,000 board feet of timber sold in the Tongass, the industry is virtually moribund. It should be remembered that the Tongass Timber Supply Fund was provided by Congress for the purpose of maintaining employment. In fact, it merely subsidizes the practice of private inventory of public timber. Timber employment has fallen sharply.

Many people in Southeast are very upset that our national government is willing to so lavishly support an industry which is largely Japanese owned. We are, in effect, subsidizing a foreign company to despoil our landscape and waters in the course of competing with other American timber interests. We are sure that most Americans would be amazed to hear that the U.S. Treasury is underwriting a Japanese company's efforts to gain control of huge tracts of virgin, publicly owned timber through so called "deficit" timber sales. Moreover, this same company, Alaska Lumber and Pulp, was, with Louisiana Pacific Ketchikan, found guilty of predatory business practices designed to drive small, privately owned American firms out of business in the Tongass (the Reid Brothers' lawsuit), and of bilking the Federal and State governments out of timber revenues mounting into

the tens of millions of dollars. Yet, their 50-year cutting contracts remain in effect, subsidized by American taxpayers, while many vitally needed Government programs are being cut or eliminated in the name of deficit reduction.

It might be asked what all this has to do with fishermen. Why do we object? After all, there is no doubt that Southeast Alaska needs large injections of money to broaden its economic base and provide additional employment. Our concern is simply that the Federal monies spent in management of the Tongass National Forest be spent on constructive rather than destructive activities. The 450 million board foot annual timber supply to dependent industry mandated by ANILCA is unrealistic given the available commercial timber base. In order to achieve that level of cut many areas which are clearly unsuitable for logging will have to be included.

A good example of this is the Chuck River drainage, an area of only moderate (at best) timber values, with steep slopes and unstable soils prone to massive landslides. It happens that the Chuck River is also a major salmon stream. The Chuck River was blocked by a naturally occurring slide during the early 1970's which virtually wiped out its pink salmon runs for the better part of a decade. Yet, the Forest Service proposed timber cuts immediately adjacent to that slide zone on soils of proven instability, knowing full well that removal of vegetation aggravates the risk of landslides. This particularly egregious example of Forest Service disregard for environmental concerns and potential for extremely negative effects on another industry has been blocked only through the great efforts of fishermen and other concerned citizens which resulted in the State of Alaska refusing to grant a favorable "consistency" ruling under Coastal Zone Management Act (CZMA) provisions. Failing that, the Forest Service would certainly have proceeded with the despoliation of the Chuck River, putting its important salmon runs in jeopardy.

Unfortunately, the Chuck River is the only example of an ill-conceived timber sale ever being halted in the Tongass, and it was only stopped because it was so flagrantly bad. Meanwhile, literally hundreds of other streams are in danger from timber sales which are planned or which have already happened, placing timber into cutting inventories. The Forest Service argues that fish runs have increased during the last few years, even implying that improved run strength is due to forestry practices. Such statements are worse than misleading. For the Forest Service to take credit for the State of Alaska's much improved management practices, for a succession of exceptionally good years for salmon ocean survival, for the reduction of foreign fleet salmon interceptions on the high seas, and for the catch reductions endured by Alaska fish-

ermen in the name of conservation is an affront to the public and to the Congress. The fact is that much of the currently inventoried timber, and much of that which is scheduled for sale is in areas of both marginal timber values and marginal environmental viability. Only the extremely depressed condition of the world timber market has kept many areas of high potential for fish habitat destruction from being logged.

It should be borne in mind that the Forest Service's analysis of the Southeast Alaska economy presented in justification of the Tongass Land Use Management Plan (TLUMP) implied that timber would be the backbone of the natural resource economy in Southeast, and that fishing had little probability of regrowth to previous levels. In fact, quite the opposite has been true. The various salmon species are renewable on 2- to 7-year cycles, depending on species, and have proven very responsive to improved management and conservation practices. In contrast, there is real question as to whether logging in Southeast Alaska can truly be considered a sustained yield, renewable industry. With regeneration cycles of 125 or more years between cuts, and as much as 450 years to achieve "old-growth" volumes and quality, calling logging a renewable resource industry is questionable. Indeed, some industry observers have likened logging in Southeast to strip mining. Also, the tourist industry has grown rapidly in Southeast, as literally hundreds of thousands of people each year travel by air and by ship to see our islands, mountains, wildlife and historic towns. Make no mistake, they come to Alaska to see country undefiled by man, not to see clearcut timber tracts! Tourism is an essentially non-consumptive use of our forests. It brings in foreign revenues rather than subsidizing foreign destruction of our environment. The same is true of fishing.

Southeast Alaska annually produces large amounts of ling, coho, sockeye, chum and pink salmon for domestic and export markets. In 1984 the Southeast Alaska salmon industry produced in excess of \$72.5 million dollars in ex-vessel value for fishermen. Using a multiplier of 2 to gauge the total contribution to our economy, salmon alone is seen to be worth nearly \$150 million per year. Factoring in the value of other commercial fisheries such as crab, shrimp, bottomfish, and the recreational fisheries, a total economic contribution of at least \$200 million per annum can be forecast. Moreover, Southeast Alaskans are personally very dependent upon the fisheries resource for home consumption. The economic values of subsistence and personal use fisheries are more difficult to quantify, but even conservative replacement values would place direct fisheries resource utilization by Southeast residents in the tens of millions of dollars.

All value comparisons, criticisms of Forest Service management, and concern over U.S. Government

subsidization of foreign industry ultimately must bring us a recognition of the need for change in the Tongass National Forest. Fortunately, there are positive steps which can be initiated by Congress to ensure that the resources of the forest are truly used for the benefit of the people. The fishermen's organizations of Southeast Alaska urge Congress to take the following actions:

- Clearly state that the Tongass National Forest shall be managed in accordance with the National Forest Management Act (NFMA) so as to ensure true multiple use, sustained yield management, with full consideration of all forest resources and values, not just timber. In particular, protection and enhancement of fish habitat should be recognized as a primary economic component of Tongass National Forest management.
- Amend ANILCA to eliminate the mandated 450 million board feet per year timber supply target which so cripples current management practices in the Tongass.
- Revise the ANILCA provisions on the Tongass Timber Supply Fund to provide that such funds be available for the enhancement of all industries dependent upon National Forest resources, including fisheries, tourism, and other nonforest products industries.

- Investigate the appropriateness of continuing the 50-year ALP and LPK timber contracts in light of the court findings in the Reid Brothers case.
- Provide direction to the Forest Service to manage the Tongass with a view to developing small-scale and specialty logging enterprises in lieu of exclusive concentration on large-scale developments.

We thank you for considering the views of Southeast Alaska fishermen, and hope that you will act to bring about a reasoned, fiscally sound, and environmentally responsible management regime for the Tongass National Forest.

Sincerely,

Earl E. Krygier
Executive Director
Alaska Trollers Association

Geron Bruce
Executive Director
United Southeast Alaska Gillnetters

Bruce Wallace
Executive Director
Southeast Seine Boat Owners &
Operators Association

Sig Mathisen
President
Petersburg Vessel Owners Association

Glossary of Terms

Advanced Logging—As used in the Tongass Land Management Plan, advanced logging is the use of logging systems or timber harvest techniques that were not in common use at the time the Forest Plan was developed. These logging systems include helicopter, balloon, multispan skyline, and singlespan skyline with reaches greater than 2,600 feet.

Alaska Regional Fish Management Handbook—A document that provides guidance to facilitate fish habitat management by establishing standards, guidelines and prescriptions.

Alaska Region Wildlife and Fisheries Habitat Action Plan—A 5-year action plan to implement the Wildlife and Fisheries Habitat Relationships program.

Alaska Working Group on Forestry/Fisheries Research—A group to promote interagency coordination among researchers, and timber and fishery managers in planning, initiating, and carrying out a program of cooperative research on issues involving timber and fish.

Allowable Cut Effect—The increase in allowable sale quantity made possible by increasing future growth of the forest. The allowable cut effect (ACE) on the Tongass National Forest is a result of precommercial thinning.

Allowable Sale Quantity—The quantity of timber that may be sold from the area of suitable land covered by the Forest Plan for a time period specified by the plan. Allowable sale quantity (ASQ) is usually expressed on an annual basis as the "average annual allowable sale quantity."

ANILCA 806 and 813 Reports—ANILCA Sections 806 and 813 require the Secretary of the Interior, in consultation with the Secretary of Agriculture, to prepare annual and periodic reports to Congress on the implementation of subsistence management and use.

Appraisal—For National Forest timber, the value of timber on individual timber sales is determined through an appraisal. For the Tongass National Forest, a residual appraisal system is most commonly used. This process starts with the selling value of the end product, and by deducting the cost of logging, road construction, transportation, manufacturing, and profit/risk, calculates the resulting residual value of the standing timber. For long-term sales, the appraisal is completed at the start of each consecutive, 5-year operating period.

Bald Eagle Cooperative Program of 1968—A cooperative program between the United States Department of the Interior Fish and Wildlife Service, Alaska Region, and the United States Department of Agriculture Forest Service, Alaska Region, to manage and protect bald eagle nesting habitat on the National Forests in Alaska.

Bid Price—For National Forest timber sales, the bid price is the offer made by a purchaser for the timber. The minimum bid price is determined by the timber appraisal.

Canopy—The more or less continuous cover of branches and foliage formed collectively by the crowns of adjacent trees and other woody growth.

Canopy Closure—The progressive reduction of space between tree crowns as they spread laterally. Closure occurs when individual crowns are in contact with one another.

Cants—A product to be subsequently remanufactured, produced from a log sawn throughout its entire length on at least two sides. Under primary manufacturing regulations in Alaska, a cant is not to exceed an average of 8 inches in thickness. Due to variation in sawing, individual cants may measure as much as 8¼ inches.

Class I Habitat Area—Watersheds (VCU) identified by the Alaska Department of Fish and Game that have high value for wildlife and/or fish resources.

Commercial Forest Land—Under the Tongass Land Management Plan, commercial forest land (CFL) is defined as land capable of producing 20 cubic feet of wood fiber per acre annually.

Commercial Thinning—Thinning is an intermediate step in even-aged management. Thinning is a cutting made in an immature stand primarily to accelerate growth but also, by suitable selection, to improve the average form of the trees that remain without permanently breaking the canopy. Thinning also can be used to increase herb and shrub production for some species of wildlife. Commercial thinning produces merchantable material.

Cooperative Fisheries Enhancement Planning—A process for identifying fisheries enhancement opportunities on the Tongass National Forest as required by Section 507(a) of ANILCA.

Deferral Areas—Areas of high-value wildlife or fisheries habitat (Class One) that the Alaska Department of Fish and Game has identified, or areas of special interest to the Southeast Alaska Conservation Council or other interested parties where a request has been received by the Forest Service to defer timber harvest/road construction for the remainder of the current Forest Plan planning period (1980-89).

Deficit Timber Sale—Timber sales in which the value of the timber is less than the estimated cost of logging, road construction, and transportation (including an allowance for profit and risk) for a purchaser of average efficiency.

Dependent Wildlife Species—A wildlife species that occurs in a narrowly defined habitat or requires a particular habitat element or combination of elements for continued survival.

Emphasis Species—A specific species of wildlife or fish selected in the Tongass Land Management Plan for special habitat management practices, generally in a particular place for a particular purpose. This management concept preceded the use of management indicator species in early forest planning. See also *Management Indicator Species*.

Enhancement—Planned manipulation of habitat to increase habitat productivity and production of wildlife and fish.

Even-Age Management—Timber management activities that result in the creation of stands in which trees of essentially the same age grow together. Managed even-aged forests are characterized by a distribution of stands of varying ages throughout the forested area. Regeneration in a particular stand is obtained during a short period at or near the time that stand has reached the desired age or size and is harvested. On the Tongass National Forest, clearcutting is the harvest method most commonly used to produce even-aged stands.

Extended Rotation—Under the Forest Plan, harvest of old-growth timber from areas classified with high visual sensitivity, is extended over at least 200 years in Land Use Designation III and at least 120 years in Land Use Designation IV. After the initial harvest, the rotation for the next removal would maintain harvest intervals of 200 or 120 years. See *Normal Rotation*.

Fish Habitat Management Unit—An area of water and associated land having potential to provide high-quality habitat for one or more fish emphasis species or management indicator species. These areas are identified during the planning process to receive habitat management prescriptions under the range of alternatives considered.

Forest Plan—Source of management direction for an individual Forest specifying activity and output levels for a period of 10-15 years. Management direction in the plan is based on the major issues, concerns and resource opportunities identified at the time of the plan's development.

GNP Implicit Price Deflator—A price deflator based on the Gross National Product of the economy used to net out the effects of inflation and convert dollars to the same base year. This permits a valid comparison between dollar amounts in different years.

Governor's Timber Task Force—An Alaskan Timber Task Force formed in October 1984 by Governor Sheffield to determine how to improve the economic outlook for the timber industry in: (1) marketing; (2) rules and regulations; (3) infrastructure; and (4) finance. The Task Force's goals are to improve the economic health of the industry in Southeast Alaska on a long-term basis and to work toward the establishment of a viable timber industry in Interior and South-central Alaska.

Harvest Entry—See *Multiple Harvest Entry*.

Harvest Unit—A harvest unit is a contiguous unit designated for cutting within a National Forest timber sale. National Forest Management Act regulations provide for a maximum size opening of 100 acres for the hemlock-Sitka spruce forest type of coastal Alaska. Exceptions to the maximum size of openings guidelines are provided by the Alaska Regional Guide and involve public review and Regional Forester approval.

High Seas Interception Fisheries—Fish harvesting that occurs beyond the National jurisdictional limit of 200 miles.

High-Value Wildlife Habitat—Areas that provide the best combination of habitat elements to meet the food, reproductive, shelter and space requirements of wildlife and fish during all or part of their life cycle.

Indirect & Induced Effects—The impact of economic activity in one sector recirculating through other sectors of the economy, stimulating additional income and employment effects.

Intensive Forest Management Practices—Timber management practices designed to accelerate establishment or growth of timber. On the Tongass National Forest, these include site preparation for both natural and artificial reforestation, planting, removing undesirable competing vegetation, and thinning very young timber to improve the timber stands spacing and species composition.

Interagency Wildlife/Habitat Technical Committee—An interagency committee, formed in June 1984, with responsibilities for coordinating research and providing recommendations to member agencies on other technical wildlife/habitat matters pertinent to southeast and southcentral coastal Alaska. Representative agencies are the Alaska Department of Fish and Game, the U.S. Fish and Wildlife Service, and the Forest Service (National Forest System and Research).

Interdisciplinary Team—A team of resource specialists and other facilitators, i.e., silviculturalists, soil scientist, biologists, public involvement officers, etc., which recommend alternative plans or project designs that integrate resource information with social and economic effects for decision makers.

Intermediate Deer Winter Range—Habitats used by deer during mild and moderate winters, but do not provide optimal conditions for survival during severe winter conditions. Generally, these are old-growth forest stands located between 500 and 1,000 feet elevation.

Key Deer Winter Habitat—Habitats that provide optimal conditions for deer survival during severe winter conditions. Generally, these are old-growth forest stands located below 500 feet elevation.

Land Use Designation (LUD)—The Forest Plan provides direction for managing the Tongass National Forest under four Land Use Designations:

Land Use Designation I—Forest Service recommended wilderness areas, most of which became ANILCA-designated Wilderness. In general, these undeveloped areas are managed

for solitude and primitive types of recreation, and contain unaltered habitats for plants and animal species. These areas are managed as directed in the 1964 Wilderness Act, as amended.

Land Use Designation II—Lands under this designation are managed in a roadless state to retain their wildland character. Primitive recreational facilities can be built and habitat improvements for fish and wildlife are permitted. Timber harvest on these lands is limited to salvage operations to protect other resources.

Land Use Designation III—These lands are managed for a variety of uses. The emphasis is on managing for both amenity and commodity oriented uses in a compatible manner to provide the greatest combination of benefits. These areas usually have high amenity values in conjunction with high commodity values. Allowances in calculated potential timber yield have been made to meet multiple-use coordination objectives.

Land Use Designation IV—These lands are managed to provide opportunities for intensive development of resources. Emphasis is primarily on commodity, or market resources and their use. Amenity values are also provided for. When conflicts over competing resource uses arise, conflicts would most often be resolved in favor of commodity values. Allowances in calculated potential timber yield have been made to provide for protection of physical and biological productivity.

Log Transfer Facility—See *Terminal Transfer Facility*.

Logging Systems/Transportation Analysis (LSTA)—An inventory analysis designed to identify the most cost efficient logging and transportation network for an area being considered for timber harvest.

Long-term Sale—Three 50-year timber sale contracts made on the Tongass National Forest in the 1950's. Of the three original sales, the Ketchikan Pulp Co. (expiration date 2004) and the Alaska Pulp Co. (expiration date 2011) remain in effect.

Long-term Sustained Yield—The highest uniform wood yield from lands being managed for timber production that may be sustained, under a specified management intensity, consistent with multiple-use objectives.

mmbf—Million Board Feet. A method of timber measurement in which the unit is equivalent to one million square feet of lumber that is one inch thick.

Management Indicator Species—Certain vertebrate and/or invertebrate species are identified and selected in Forest Plans to establish habitat capability goals and to monitor effects of management on wildlife and fish populations. The following categories are used to select species as appropriate: endangered and threatened plant and animal species identified on State and Federal lists; species with special habitat needs that may be influenced significantly by planned management programs; species commonly hunted, fished, or trapped; and additional plant or animal species selected because their population changes are believed to indicate effects of management activities on other species of a major biological community or on water quality.

Management Prescription—A set of standards and guidelines directing management of a particular area on the Forest. A prescription specifies the types and mixes of activities which can take place. Prescriptions deal with all resources.

Multiple Entry Harvesting—Entering an area more than once during a given rotation period for the purpose of harvesting timber.

Normal Rotation—The number of years required to establish (including the regeneration period) and grow timber crops to a specified condition or maturity for regeneration harvest. The normal rotation on the Tongass National Forest is between 100 and 120 years.

Offer—For short-term timber sales, timber which has been fully prepared and advertised for sale is considered "offered." For the long-term sales, this is synonymous with sales that have been prepared, but not released. See *Release*.

Old Growth—Stands of forest trees that have reached a state of stability are self-perpetuating, are usually well past the age of maturity, (200–300 years on the Tongass National Forest) and often exhibit characteristics of decadence. These characteristics may include, but are not limited to: low growth rates, dead and dying trees, snags, and down woody material. The stands are usually characterized by large diameter trees relative to species and site potential, multilayered canopies, a range in tree diameter sizes, and the presence of understory vegetation. The specific attributes of an old-growth stand are primarily dependent on plant associations and forest cover type.

Operability—Forest inventory classification used to designate the degree of difficulty in conducting timber harvest operations. For the Tongass National Forest, the forest land was classified as being either normal operable, marginally operable (requiring advanced logging), or inoperable.

Optimum Sustained Yield—The amount of fish that will provide the greatest overall benefit, particularly for food production and recreation, determined on the basis of the maximum sustainable yield as modified by relevant economic, social, or ecological factors.

Precommercial Thinning—An intensive timber management practice involving the thinning of very young stands (usually age 10–15 years) to improve the spacing and species composition, to optimize growth, and to shorten the time between harvests.

Preroading—Construction of roads through a public works contracts in advance of timber sale award. Several conditions for preroading on the Tongass National Forest were established at the time the Forest Plan was developed. These include: 1) the need to access areas where environmental protection and mitigation require additional investments; and 2) where the value of the timber is less than the cost of road construction. See chapter 1, ‘Expenditures for Timber Sale Road Construction;’ for information on current policy actions.

Present Net Value—The management of timber resources yields a flow of net returns (benefits minus costs) over time. Since these future net returns are delayed, discounting must be used. Discounting simply recognizes the ‘‘time value of money,’’ in that dollars (not the resource) are worth more at present than in the future. The sum of discounted net returns is Present Net Value (PNV), and as used in this report represents the present value of the net returns to the timber resource over a 50-year period.

Profit and Risk Margin—For National Forest timber sales, an estimate for normal profit and risk is included in the timber appraisal when calculating a fair and equitable sale price. Interest and income tax payments are included in the profit and risk margin.

Purchaser Credit—Credit earned by the timber sale purchaser for road construction work. This credit is applied or ‘‘credited’’ toward the value of the timber purchased in lieu of a cash payment.

Rate Redetermination—For National Forest timber sales, major changes in logging or milling plans may take place during the life of the timber contract. These changes, in turn, may affect the premise of the original appraisal. A new appraisal, based on current conditions, may be scheduled or requested (depending on the timber sale contract), resulting in a new timber stumpage rate.

Release—Under the long-term timber sale contracts, timber is not available for harvest until it is ready to be signed over to the timber operator. Long-term timber sale volume that has been ‘‘made available’’ has been fully prepared for harvest. The volume is considered ‘‘sold’’ when it has been formally signed for by the purchaser. See *Sale Preparation*.

Reoffer—Short-term timber sales which have been offered and not sold can be reoffered at a later date. This usually results in no additional investment in timber sale preparation.

Sale Goal—The timber sale goal established in the Forest Plan based on the Allowable Sale Quantity calculation. On the Tongass National Forest, the average annual timber sale goal was up to 450 mmbf.

Sale Preparation—Timber management activities including the preparation of NEPA documents, road design, timber layout, other resource support, and contract preparation (for short-term sales). These activities are done prior to the timber sale contract award for short-term sales and before the sale is released under the long-term contracts.

Second Growth—For timber management, second growth is the regenerated timber stand which occupies the site after the initial timber harvest.

Short-term Sale—Normal timber sale contract made between the Forest Service and a purchaser. Short-term sales can be up to ten years in length, but usually do not exceed five years' duration.

Society of American Foresters/The Wildlife Society Technical Committee—A technical committee appointed by the Governor of Alaska and the Regional Forester to investigate wildlife-logging issues in southeast Alaska. Members of the technical committee represented The Wildlife Society, Society of American Foresters, State of Alaska, USDA Forest Service, and the Sealaska Corporation.

Specified Roads—For National Forest timber sales, specified roads are all roads, including related transportation facilities, which become part of the permanent Forest transportation network after the sale is completed.

State of Alaska Comprehensive Salmon Plan—A 20-year (1980–2000) plan for Southeast Alaska to promote, through sound biological practices, activities to increase salmon production for the maximum social and economic benefit of the users consistent with public interest.

Stumpage—For National Forest timber sales, stumpage is the fee paid by the purchaser for timber as determined in the appraisal process. Stumpage is the value of timber as it stands on the stump and is determined by subtracting the cost of producing a manufactured wood product from the anticipated selling value of the product. See *Appraisal*.

Subsistence Uses—The customary and traditional uses by rural Alaska residents of wild, renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, or transportation; for the making and selling of handicraft articles out of nonedible by-products of fish and wildlife resources taken for personal or family consumption; for barter, or sharing for personal or family consumption; and for customary trade.

Sustained Yield—The level at which a resource use can be managed and sustained over a long period of time.

Temporary Roads—For National Forest timber sales, temporary roads are constructed to harvest timber on a one time basis. These logging roads are not considered part of the permanent Forest transportation network, and have stream crossing structures removed, erosion measure put into place, and the road closed to vehicular traffic after harvest is completed.

Terminal Transportation Facilities—A facility located where the road network terminates. May be used for a number of transportation purposes. For timber harvesting, the terminal transportation facility is where logs are bundled and placed into rafts on the water for towing to local mills. The transfer facility is also called log transfer facility when the facility is used only for logging.

Timber Harvest Schedule—The quantity of timber planned for sale and harvest, by time period, from the area of land covered by the Forest Plan. Under the first period, usually a decade, timber harvest is equal to the allowable sale quantity. Harvest in future periods is shown in the Forest Plan to establish that sustained yield will be achieved and maintained.

Utility Volume—Volume from logs that do not meet minimum requirements for lumber, but have at least 50 percent of the gross volume suitable for woodchip production. Utility volume is not considered part of the allowable sale quantity.

Utilization Standard—Minimum size and maximum defect standard determining which logs must be removed from the sale area and paid for by the purchaser under the conditions of the timber sale contract.

Volume Class—Average timber stand volume usually given as net board feet per acre, Scribner Rule. For the Tongass National Forest, the volume class is used as an indication of productivity.

Wildlife and Fish Habitat Relationships System—The national Wildlife and Fish Habitat Relationships (WFHR) system is the Forest Service's set of habitat planning and analysis tools. The Alaska Region system manages habitat relationships information for all wildlife and fish species occurring on National Forest System lands in Alaska. The Habitat Relationship System develops data bases, habitat models, and other technology needed to plan and manage habitats in the Alaska Region.

Wildlife Habitat Management Unit—An area of land and/or water that can potentially provide high-quality habitat for one or more wildlife emphasis species or management indicator species. These areas are identified during the planning process to receive habitat management prescriptions under the range of alternatives considered.

Yield—For timber management, yield is usually expressed as an annual or periodic average timber volume per acre for a given species or site. It is calculated for either fully stocked (normal yield) or average (empirical yield) stand conditions.

Amendment #1 for CS SJR 51
Senate Resources Committee
Southeast Alaska Conservation Council

Page 2, Lines 1-4

Delete "and 706 have" from line 1 and replace with "has", Replace "Sections" with "Section"
Delete lines 2 through 4 and replace with:

"and serious doubts remain about the workability of the Forest Service's attempt
in the Tongass Land Management Plan to balance competing uses of the Tongass; and"

Rationale: This amendment encompasses the concerns not only of the timber industry,
but all other participants in the 706(b) review process.

Amendment #2 for CS SJR 51

Page 2, Line 6

Delete line 6 and replace with:

"the results of implementation of ANILCA on the Tongass National Forest;"

Rationale: This amendment is an accurate description of the review process taking place.
Section 706 simply calls for this review process and has nothing to do with the implemen-
tation of Section 705.

Amendment #3 for CS SJR 51

Page 2, Lines 8 & 9

Delete lines 8 through 9. beginning from "so that..." and add the phrase "without
hearings in the state;" after the word "amended"

Rationale: It is in no one's interest to amend ANILCA without a proper hearing process.
(Note: Section 706(b) cannot be amended, it only calls for a review process.)

Amendment #4 for CS SJR 51

Page 2, Lines 11 & 12

Delete these lines

Rationale: 14 communities in Southeast Alaska have passed resolutions opposing the 4.5
billion board feet per decade harvest level because it threatens the fish and wildlife
resources on which their livelihoods depend. Not all of Southeast's communities are
dependent on timber harvest for their economy. Only one community, Petersburg, has gone
on record in support of the "450" and this community has an economy based on both timber
and fishing. This would be a blanket statement that clearly does not represent the expressed
interests of many of Southeast's communities. This statement only represents the interests
of the timber industry which supplied 1800 jobs in Southeast in 1984. Commercial fishing
supplied 2800 jobs, tourism 3200 jobs, federal government 2900 jobs, and state and local
government 9800. This statement rides roughshod over the other industries in Southeast.

Amendment #5 for CS SJR 51

Page 2, Lines 18 & 19

Delete these lines after the word "funded" and up to the ";"

Rationale: This language is unnecessary.

705a
708

TESTIMONY OF JAMES F. CLARK
BEFORE THE SENATE NATURAL RESOURCES COMMITTEE
RE SENATE JOINT RESOLUTION NO. 51
FOR THE ALASKA LOGGERS ASSOCIATION

We support this resolution because it supports retention of the timber job protection portions of the compromise worked out in the Alaska National Interest Lands Conservation Act (ANILCA). Several environmental groups have called for the repeal or substantial modification of Section 705(a) of ANILCA. These same groups have said nothing about repealing the wilderness designations in the Tongass which was the other half of the compromise. ✓

The legislative history of Section 705(a) shows that it was one-half of a Tongass National Forest compromise between the environmental and industrial proponents. On the one hand, Congress sought to maximize the amount of the Tongass put into wilderness while on the other hand Congress sought to maintain the level of then existing timber related jobs. Senator Tsongas, who worked closely with environmental groups - especially the Alaska Coalition, during the debate on Alaska lands described the compromise as follows:

"The compromise substitute designates approximately 5.3 million acres of wilderness and deletes the special management areas entirely. Section 705(a) of the committee substitute has been modified to assure the availability of at least \$40 million annually for timber management programs in the

Tongass forest. These funds will be available for the regular costs of sale and road layout and restoration and will also provide moneys for stand improvement, the timber road program, and related capital investments. These funds and the increased timber "base" on the forest will insure that adequate timber supplies will be available to the dependent timber industry in southeast Alaska."

(Emphasis added)

126 Cong. Rec. S11119 (daily ed. August 18, 1980).

Unfortunately, we have lost between 1,500 and 2,000 industry related jobs, because the Forest Service has not fully funded the timber road program referred to by Senator Tsongas. However, to the extent it has been implemented, Section 705(a) has been a big help. Accordingly, to repeal Section 705(a), which was designed to protect jobs, is no more reasonable than repealing the wilderness designations which Congress made. The focus should be, in short, in making the compromise work, not depriving one side or the other of the benefit of the bargain. If, however, one side of the bargain is to be repealed, then the areas of the Tongass which were designated wilderness should be returned to multiple use.

SJR 51 will make it clear to Congress that the State of Alaska supports retention of the compromise. We urge its passage.

Ed Hill



Southeast Alaska Conservation Council

Box 1692 • Juneau, Alaska • 99802 • (907-586-6942)

Statement of Bart Koehler, Executive Director
Southeast Alaska Conservation Council
Before the Senate Resources Committee
Concerning SJR 51
April 28, 1986

My name is Bart Koehler. I am the Executive Director for the Southeast Alaska Conservation Council (SEACC) and I am representing the Council's position today on SJR 51. SEACC is a coalition of 9 conservation groups located throughout Southeast Alaska, in addition we have 600 individual members. The groups and individuals belonging to SEACC include sport and commercial fishermen, sport hunters, subsistence resource users, small timber workers, teachers, guides & outfitters, businessmen, and others throughout Southeast.

SJR 51 is a resolution "relating to the amendment by Congress of the Alaska National Interest Lands Conservation Act as it relates to the timber industry." Before I comment on the contents of the resolution I would like to present some background information which directly relates to consideration of this resolution.

First, Section 706(b) of the Alaska Lands Act (ANILCA) requires that the U.S. Forest Service "review and report to Congress on the status of the Tongass National Forest" within 5 years from the date of enactment of ANILCA. It directs that "this report shall include, but not be limited to, (1) the timber harvest levels in the forest since the enactment of this Act; (2) the impact of wilderness designation on the timber, fishing, and tourism industry in southeast Alaska; (3) measures instituted by the Forest Service to protect fish and wildlife in the forest; and (4) the status of the small business set aside program in the Tongass Forest."

Thus, ANILCA Section 706(b) specifically recognized the importance of the fishing and tourism industries in addition to the timber industry. Nowhere does it say that one industry is more vital than another. Further, by requiring the Forest Service to report on the protection of fish and wildlife in the forest, Congress also recognized the importance of these resources to the livelihoods and lifestyles of Southeast Alaskans.

Second, ANILCA Section 706(c) further directs that "the study required by this section shall be conducted in cooperation and consultation with the State, affected Native Corporations, the southeast Alaska timber industry, the Southeast Alaska Conservation Council, and the Alaska Land Use Council." These named cooperators participated in the study process by submitting separate chapters for inclusion in the Forest Service's report to Congress. In

addition, the Forest Service invited 4 Southeast commercial fishing groups to also participate in the study report. These groups were the Alaska Trollers Association, the United Southeast Alaska Gillnetters, the Southeast Seine Boat Owners and Operators Association, and the Petersburg Vessel Owners Association.

The Section 706(b) report was due to Congress by December 2, 1985, however its release was delayed until just recently. Congressional Oversight Hearings on the report are now scheduled for May 8 & 9 before the House of Representatives Interior Subcommittee on Public Lands. As directed by Section 706(b), these hearings are only to review the management status of the Tongass as seen by the Forest Service and coöperators. Congress will not be considering any amendments to ANILCA at these hearings.

SJR 51 does not represent all of Southeast Alaska because many of the region's communities are not dependent upon the two pulp mills and the large-scale timber industry. In fact, timber harvest can negatively impact the livelihoods of many Southeast residents.

For example, SJR 51 resolves that the ANILCA timber supply goal of 4.5 billion board feet per decade be maintained. However, 14 Southeast communities have gone on record opposing the "450" (as it is called locally). I have supplied you with copies of these 14 resolutions. As you can see, the 14 communities are Angoon, Craig, Edna Bay, Elfin Cove, Gustavus, Hoonah, Hydaburg, Kupreanof, Pelican, Point Baker, Port Alexander, Port Protection, Tenakee Springs, and Yakutat. The lives of the people in these communities are based on the surrounding fish and wildlife resources. These resources can be detrimentally affected by excessive timber harvest. Without exception the communities state in their resolutions that the "450" does not allow adequate flexibility in the management of the forest for all multiple uses. SJR 51 simply rides rough-shod over these communities in our region.

Additionally, 4 commercial fishing groups have gone on record opposing the "450" as a threat to the livelihoods of their members. You have a copy of their statement in your packet. These groups are the Alaska Trollers Association, the United Southeast Alaska Gillnetters, the Southeast Seine Boat Owners & Operators Association, and the Petersburg Vessel Owners Association.

Only one community, Wrangell, has passed a resolution similar to SJR 51 supporting the "450" harvest goal. Petersburg considered the same resolution, but it was voted down.

SJR 51 claims that eliminating the Tongass Timber Supply Fund and decreasing the "450" harvest goal would cause substantial damage to the economy of Southeast Alaska. In your packets you will find 2 pages of graphs depicting employment and earnings by sector in Southeast. These graphs come from pages 21-24 of the Forest Service's 706(b) study report to Congress. What these graphs clearly show is that timber is not the only vital industry to Southeast Alaska.

As you can see from Figure 2.1, since 1981 fishing and tourism have each supplied more direct jobs than did the timber industry. Figure 2.3 shows that since 1981 the timber industry has supplied more indirect jobs than either fishing or tourism. Federal government is also an important source of jobs.

Not to be overlooked is that, on the average, state and local government supplies thousands more direct and indirect jobs than timber, fishing, and tourism combined. Figures 2.2 and 2.4 show that direct and indirect earnings from the timber industry are higher than for either fishing or tourism. Federal government workers earned about the same as fishery and tourism workers, but less than timber workers. Again, state and local government earnings were higher than timber, fishing, and tourism combined.

I have purposely left out the actual numbers of jobs and amounts of dollars earned because that is not what is important here. Rather, what is important, as I stated before, is that these graphs clearly show fishing and tourism to be just as vital to Southeast Alaska's economy as timber. They also show the overwhelming importance to the region of employment by state, local, and federal government. Keep in mind that these graphs do not consider subsistence and its importance to the livelihood of many Southeast residents.

These graphs show that since 1980, jobs and earnings have increased in the tourism sector, and all predictions are that this growth will continue. Now and in the future, tourism will continue to be important to Southeast Alaska's economy. According to the Forest Service report, "Southeast Alaska played host to 205,000 total visitors in 1983, double the number in 1975." To quote further, "The rise in environmental awareness and interest in protecting remaining wilderness coincided with the continued growth in visitation to Southeast Alaska. The single most consistent trend one can follow in the development of the visitor trade in Southeast, has been the persistent demand for the natural scenic beauty of Southeast Alaska."

Abundant wildlife and a quality environment are important to Southeast Alaskans, too. For example, according to a Forest Service survey, the number of resident sport fishermen increased 55% between 1977 and 1983, even though the region's population grew by only 27% over this same time period. A 1983 survey found that the 3 most important attributes to a quality angling experience were "(1) uncrowded environment, (2) wilderness setting, and (3) catching lots of fish." No doubt, these attributes are also important to nonfishing recreationists and hunters.

If you will look at the employment and earnings graphs once more you will note that jobs and earnings in the timber and fishing industries decreased slightly since 1980. This decrease in the timber sector occurred despite the Tongass Timber Supply Fund providing an average of roughly \$46 million annually since 1980 to the timber industry. Also, during this time the Forest Service supplied an average of 490 MMBF of timber per year, 40 MMBF per year more than the Tongass timber supply goal of 450 MMBF. Despite the offering of this much timber, only an average of 243 MMBF per year was harvested.

Something is clearly wrong when an industry claims it cannot operate profitably and loses jobs even though it is so incredibly well subsidized and its product supply is twice what it can use. The fact is that the market has bottomed out since 1980 when the timber industry was at an all-time high. All the timber supply in the world won't help if the demand for timber is not there. Building roads and spending millions in federal subsidy dollars, taxpayer's money, to supply timber that is never sold or harvested simply cannot be justified. Environmentalists and Wilderness designations are not the cause of timber industry woes.

SJR 51 would jeopardize all industries vital to Southeast in an effort to save one which is ailing due to poor market conditions, not lack of federal subsidy or product supply. Advocating excessive timber harvest at the expense of the region's other industries is ridiculous. It is even more ridiculous when you consider that continuing to oversupply the market will make the timber industry even more uneconomical.

The welfare of the fishing and tourism industries, of the subsistence way of life, of sport hunting and fishing, and other forms of recreation are directly dependent upon the preservation Southeast's abundant natural beauty and fish and wildlife populations. Let us remember that timber is not the only industry. A balance in harvest levels must be struck, but this is not the forum for that issue.

SJR 51 advocates maintaining and adequately funding the Tongass Timber Supply Fund. Everyone concerned with the Fund, including the State of Alaska and the timber industry, has complained about its misapplication. While each interest group has complained for various and oftentimes conflicting reasons, no one has been happy with how the Fund has been implemented, except the Forest Service. It will be important for Congress to hear from all viewpoints about the Timber Supply Fund on May 8 & 9.

In closing, SJR 51 is a misrepresentation of the needs and desires of many Southeast Alaskans. For Alaska's Legislature to pass a resolution which represents only one economic sector, but purports to represent an entire region of the state, is grossly unfair. SJR 51 does not reflect the concerns of the 14 small communities in Southeast Alaska who have passed resolutions in opposition to the "450" and who are not tied to the 2 pulp mills.

SJR 51 is not in keeping with the directives of the review process established in ANILCA Section 706(v). The 706(b) review process allows the timber industry the same opportunity as all other interest groups to speak before Congress on the management status of the Tongass. Additionally, the specific language of SJR 51 is inaccurate and misleading. I am prepared to discuss the resolution line by line if you have any questions.

SEACC urges the Committee to kill SJR 51 now before it goes any further. Thank you for the opportunity to speak before you.

MY TURN

Reforming Tongass management: Setting the record straight

By BART KOEHLER

The Southeast Alaska Conservation Council's (SEACC) report, "Last Stand for the Tongass National Forest," has attracted a great deal of attention these days. SEACC welcomes this attention, and with congressional oversight hearings just around the corner this is a good time to set the record straight with the most current information available concerning Tongass management:

The real cost of the current Tongass Timber Program is \$50 million per year to U.S. taxpayers. Since full implementation of the Tongass Timber Supply Fund in fiscal year 1982, expenditures for the Tongass Timber Program have amounted to \$234 million, with stumpage fees returned to the federal government of only \$3 million. Including stumpage fees and all other money the forest service could consider as receipts to the Treasury, the return is still only \$30 million. This is a gap of \$200 million between expenditures and receipts - an average cost to taxpayers of \$50 million a year since the passage of the Alaska Lands Act (ANILCA) to primarily benefit only two pulp mills in Southeast Alaska.

Elimination or phase-out of Section 705(a) (the Tongass Timber Supply Fund and the "450" timber supply goal) will not eliminate the Tongass Timber Program. SEACC recommends repeal of these clauses in ANILCA in order to make the timber program accountable and cost-effective. Monies will still flow for timbering operations, but they will be subject to congressional budget review, which is not presently the case. The Timber Supply Fund is a pork barrel subsidy mainly benefiting only two companies, one of which is a wholly owned Japanese corporation. Elimination of Section 705(a) will result in a more responsible timber program over the long

run.

Perpetuation of the '450' timber supply goal will only serve to waste billions of taxpayer dollars in future decades. Since ANILCA, the forest service has offered almost 1 billion board feet more timber than was actually sold. The market has simply bottomed out and all the supply in the world won't help if the demand for timber is not there. Building roads for this uneconomic industry, at such a high cost to the taxpayer and fish and wildlife habitat, simply cannot be justified.

Even with the Timber Supply Fund in place, forest service figures show that direct timber related employment is 1,800; indirect and derived employment is not more than 900. Thus, the total level of employment credited to timber in Southeast is 2,700 jobs. The forest service's employment statistics do not support Sen. Ted Stevens' erroneous claim that 6,000 jobs, direct and indirect, might be lost without the supply fund.

SEACC's recommendations do not entail a loss of timber related jobs. Repeal of the Tongass Timber Supply Fund would return funding of the Tongass Timber Program to the annual appropriations process, as is the case for every other national forest. Repeal of the "450" timber supply goal would allow the forest service to set annual allowable sale levels in response to demand rather than an inflexible directive. These recommended actions would not limit any Tongass timber operator's ability to purchase ample volumes of federal timber, to operate wood processing facilities, or to employ Alaskans.

The vast majority of the best timber on the Tongass is outside designated wilderness areas. Congressman Don Young has called the Tongass Timber Supply Fund a "wilderness subsidy," claiming that the

"Alaska Lands Act excluded lumbermen from working in much of the best Tongass forests." The facts do not support this claim.

The Tongass encompasses 17 million acres, of which 5.4 million acres are designated wilderness. Only 3 percent of this designated wilderness land contains commercially valuable timber (30+ thousand board feet/acre). Some 84 percent of the wilderness acres is not even considered suitable for timber harvesting, and is mostly rock, ice, muskeg, battered coast, and scrub trees. Admiralty Island is repeatedly cited as an example of "locking up" good timber. The best timber on the island was cut prior to ANILCA, and Admiralty was not in either of the two 50-year contract areas, leaving the pulp mills unscathed.

Only 29 percent of the highest value wildlife habitat is permanently protected under wilderness designation. Only 5 percent of the highest value fish habitat is so protected. This can hardly be termed a balanced approach to multiple use, especially in a region so heavily dependent upon the harvest of fish and wildlife resources. SEACC is seeking more protection for key areas in order to gain a better balance. The Society of American Foresters of Sitka charges that wilderness is "single use management" and has challenged SEACC's proposals for a more balanced multiple use management of the Tongass. Clearly, wilderness offers better protection for multiple uses such as tourism, recreation, watershed, subsistence, hunting, commercial fishing, and fish and wildlife habitat than does the dominant "single use" management for timber with clearcuts and roads.

SEACC believes that the 50-year timber contracts should be terminated because of past anti-trust violations and because they currently conflict with proper for-

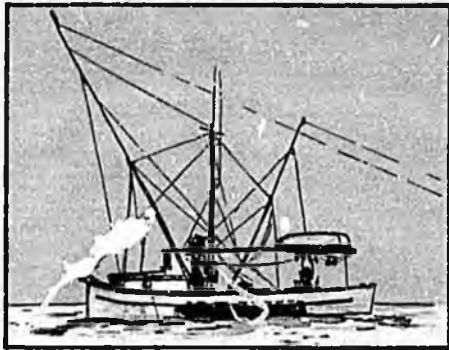
est management. The contract holders "own" the rights to cut our forest lands, and they still monopolize timber operations. They show little or no responsibility for their impacts on other forest resources and other forest users such as the many small non-timber dependent communities throughout Southeast.

SEACC is not alone in urging major reforms of the management of the Tongass National Forest. Currently, our region's major commercial fishing organizations and the Southeast Regional Council of Fish and Game Advisory Committees are also opposed to the "450" timber supply goal. Additionally, to date 13 Southeast communities have gone on record against the "450" and other destructive timber policies on the Tongass. The people dependent upon the fish and wildlife resources of the Tongass, and the special way of life they provide, see their futures threatened by current Tongass timber policies.

This issue will continue to heat up as big timber interests fight to hold on to their monopoly and exploitation of Tongass forest resources. They will continue arguing that the choice is timber jobs or economic ruin. SEACC and its members contend that reform of present Tongass management is essential to prevent the long-term economic ruin of the Southeast Alaska region. The timber industry must be modified and room made for true multiple use of the Tongass in the future. This future includes timber, tourism, subsistence, commercial fishing, sport hunting and fishing, and the protection of important fish and wildlife habitat.

Bart Koehler is the executive director of the Southeast Alaska Conservation Council, the regional coalition of conservation groups in Southeast Alaska.

On new Empire 4/24/80



Alaska Trollers Association

REPRESENTING ALASKA POWER TROLLERS

130 Seward St., No 213
Juneau, Alaska 99801
(907) 586-9400

MAY 6
1986

5/5/86

Representatives Adelheid Herrmann and Richard Schultz,
Co-Chairmen
House Resources

Senator Arliss Sturgulewski, Chairman
Senate Resources

Dear Mr. Chairman:

This letter is to explain the fishery's stand on the CS Senate Joint Resolution #51, and the House CS Joint Resolution #75, the resolution relating to the Alaska National Interest Lands Conservation Act, Section 705, having to do with timber and fisheries.

You will remember from my early testimony that the original version of this Resolution was unacceptable to the fishing organizations for two reasons; (1) we could not agree with the 450 billion board feet per decade timber supply target, and (2) the fishing organizations felt that the Tongass Timber Supply Fund should have its funds made available to the other users of the resource.

It is important to understand that when the various members of the gear types in Southeast Alaska got together to produce the Fishermen's Review to Congress in the 706B Report, that it was only achieved through a long and arduous process of discussion, review, and final endorsement. Unfortunately, the present Resolutions surfaced too late in the session and moved too rapidly to inform, discuss and achieve agreement within our industry to yield a formal endorsement. This lack of concensus within the fishing organizations has been exacerbated by the fact that the leaders of the majority of the organizations were out on a fishing opening. Because of this, I have been personally working to achieve some headway with these Resolutions; trying to achieve a balance that would be palatable to the fishing industry. Though the changes which we have manufactured in these Resolutions are certainly a vast improvement from the original language, they do not meet the qualifications needed to reach consensus within our industry.



**Alaska
Trollers
Association**

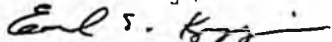
130 Seward St., No. 213
Juneau, Alaska 99801
(907) 586-9400

Although I felt we may have been close to a final acceptable version of this Resolution last Friday, the other members of the fishing committee returned from the halibut fishery and I was able to discuss the headway made on the Resolution, but found that their full acceptance was not forthcoming.

The consensus that I could achieve was that the Representative Sund's version of CS #75 is acceptable except for one clause. The clause is in the "Further Resolved" section of Page 2, it states "4.5 billion board feet per decade timber harvest supply goal". If this clause could be deleted, we could endorse this Resolution and would encourage its passage. Such a Resolution would be beneficial to the timber industry and would allow safeguards to the fishing industry. We have members of our industry who are presently in Washington, D.C., waiting to present the fishing section's report to Congress, and are awaiting the Resolution which emerges from the Alaska House and Senate.

Thank you for the effort expended on this Resolution - it has been greatly appreciated by all parties concerned.

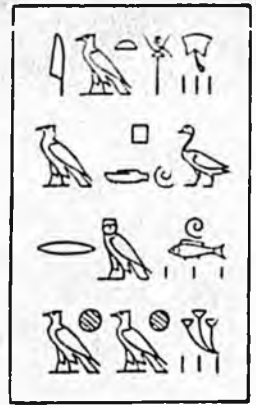
Sincerely,


Earl E. Krygier
Executive Director

EEK/md

THE WILDLIFE SOCIETY

ALASKA CHAPTER



April 29, 1986

Senator Arliss Sturgulewski
Chairman, Senate Resources Committee

Representative Adelheid Herrman
Representative Richard Schulz
Co-chairpersons, House Resources Committee

Re: HJR 75, SJR 51,

Dear Committee Chairpersons;

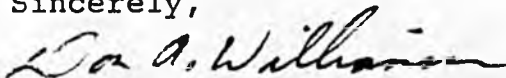
The Alaska Chapter of The Wildlife Society (some 300 Alaskan professional wildlife biologists and managers affiliated with a national professional association) has recently adopted the enclosed position statement on the management of old-growth forests in coastal Alaska. The statement is pertinent to the current deliberations on HJR 75 and SJR 51 by the House and Senate Resources Committee. We urge you to carefully consider the management of all resources provided by the Tongass National Forest as you take action on this resolution.

Old-growth forest stands on the Tongass provide important habitat for fish and wildlife throughout Southeast Alaska. Research over the last 15 years present strong evidence that cutting old-growth adversely affects black-tailed deer populations and may have negative impacts on other wildlife species such as marten, river otter, brown bear, mountain goat, moose, bald eagle, blue grouse, several species of cavity-nesting birds, and some small mammals.

Clear-cutting replaces diverse, uneven-aged stands having high habitat value, with clearcuts and even-aged second-growth stands of low diversity and low value for many wildlife species. Based on present knowledge, it is not possible to significantly enhance second-growth for wildlife; 200-300 years are needed for second-growth stands to acquire old-growth characteristics naturally. Under the present Forest Service plans for the 100-year rotations between harvests, old-growth forests are essentially a non-renewable resource.

We feel that the proposed resolution should contain language to provide for the protection of the valuable fish and wildlife resources.

Sincerely,

A handwritten signature in cursive script that reads "Don A. Williamson".

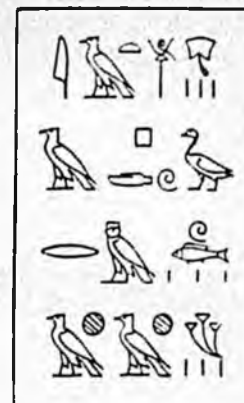
Don A. Williamson
Southeast Representative
Alaska Chapter, The Wildlife Society

THE WILDLIFE SOCIETY

ALASKA CHAPTER

POSITION STATEMENT
OF
THE ALASKA CHAPTER OF THE WILDLIFE SOCIETY
OLD-GROWTH FOREST MANAGEMENT IN COASTAL ALASKA

June 1985



Old-growth forests are a rare, and rapidly diminishing resource throughout North America. Characterized by climax stands with old (more than 300 years), large-diameter trees and snags, productive understories, and structurally diverse overstories, old-growth provides important habitat for many species of wildlife and fish. The coastal forests of southeast and southcentral Alaska represent the last major expanse of old-growth remaining in the United States. In coastal Alaska, over 90 percent of the old-growth occurs on public lands administered by the USDA Forest Service. Most of the remaining old-growth lands are managed by the State of Alaska Department of Natural Resources and private Native corporations.

The 16 million acre Tongass National Forest in southeast Alaska is the largest National Forest in the United States. Approximately 4 percent of the Tongass (635,000 acres) consists of high-volume, old-growth stands with over 30,000 board feet of timber per acre (30 mbf/acre). These stands, commonly found at low elevations and along broad valley bottoms, are high quality habitat for certain wildlife species; they are also commercially important timberland. The balance of the forestland consists of either noncommercial (less than 8 mbf/acre) or lower volume timber stands (8-30 mbf/acre). These lands are less subject to conflict between logging and wildlife because of their relative abundance and low commercial value.

To date, about 360,000 acres of the Tongass, and 40,000 acres of State and private land have been harvested by clearcutting. About 2 million acres of the Tongass, and an undetermined amount of State and private lands are planned for harvest over the next 100 years. Cutting as scheduled will concentrate on high-volume old-growth, with over half of the forest's highest volume class (greater than 50 mbf/acre) scheduled for harvest over the next 40 years.

Old-growth forest provides important habitat for many species of fish and wildlife throughout southeast and southcentral Alaska. Research over the last 15 years in the Pacific Northwest, British Columbia, and Alaska presents strong evidence that cutting old growth adversely affects black-tailed deer populations, and may impact other species such as marten, river otter, brown bear, mountain goat, moose, bald eagle, blue grouse, several species of cavity-dwelling birds, and some small mammals. The importance of old-growth forest as fish and wildlife habitat has been documented in symposia held in Juneau in 1978 and 1982 and has been reported in numerous publications.