ROLE OF CONSULTING ORGANIZATIONS
IN FOREST ECONOMICS RESEARCH

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Introduction

Several kinds of consulting organizations are involved in forestry research: a) technical groups within corporations, agencies, and universities; b) independent contractors; and c) associations. Consulting organizations specialize in research that helps their clients solve problems and capture opportunities. Projects tend to be short-term and mission-oriented.

Economic research opportunities for consulting organizations are shaped by the economic trends affecting current and potential clients. In forestry, key economic trends include: a) global movement toward capitalism is increasing timber demand, b) environmental concerns are constraining timber supplies, and c) technological innovations in both forest management and utilization are having major effects on supply/demand for specific kinds of wood.

Opportunities in Forest Economics Research for Consulting Organizations

Economics of Private Timberland Management

Stumpage price forecasts are significant factors in private timberland investment decisions. Investors are willing to pay for research leading to well-justified forecasts. Of particular value are forecasts that consider special factors such as wood quality and spatial/temporal variability. Consulting organizations are often in the best position to evaluate special factors of interest to a particular group of investors.

Research on the economics of forest management systems requires a long-term commitment by teams of technical experts. The consultant's role is usually limited to synthesizing available information and applying it to problems of interest to a client. Information about forest management systems is most valuable when it is integrated with price forecasts. For tract-level analyses, consultants are developing advanced harvest schedule models to evaluate future returns with various environmental constraints and silvicultural options.

Economics of International Forestry

International forestry is a potential growth area for consulting organizations with economic research capabilities. Demand for current assessments for market opportunities and risks will remain strong. The field is dominated by several consulting groups with well-developed international networks and advanced modeling capabilities. Smaller organizations could find opportunities by developing special expertise in particular regions or product groups.

Many forest-based companies in the U.S. are developing a more international outlook in response to growing foreign competition and environmental constraints on domestic timber supplies. Companies

need economic research to evaluate options for responding to these threats. The options may include: a) enhancing competitiveness of domestic operations, b) developing off-shore timber supplies for domestic manufacturing operations, and c) developing integrated offshore operations.

Economics of Public Forestry Policies

Economics research has played a surprisingly small role in recent forest policy debates in the United States. For example, economic information seemed to be on the margin of the spotted owl controversy in the Northwest. The central issues were defined by judges and agency biologists who were interested primarily in owl population trends and old growth.

Now that Ecosystem Management (EM) is the dominant paradigm of federal forestry agencies, it seems appropriate that EM policies be subjected to rigorous analysis. Near-term research opportunities for consulting economists may include: a) rationalization of the public's investment in forest land, b) rigorous cost-benefit analysis of President Clinton's Northwest Forest Plan, c) synthesis of economic research on public policies affecting private forest management, and d) economic assessment of current public investments in forestry research.

Conclusions

Opportunities for consulting organizations in forest economics research will be enhanced by the ongoing revolution in information technology. Corporations and government agencies are expected to use information effectively in making decisions about forest resources. Demand for rigorous analyses of risks and costs/benefits will grow. A consulting organization can benefit if it is effective in bringing research skills and technical information into decision-making processes.