

Jerry Howard ([00:00](#)):

Welcome to Housing Developments. I'm Jerry Howard.

Jim Tobin ([00:11](#)):

And I'm Jim Tobin. Hey Jerry.

Jerry Howard ([00:12](#)):

Hey Jim, how are you doing, man?

Jim Tobin ([00:14](#)):

I'm doing all right. I'm doing all right.

Jerry Howard ([00:16](#)):

[inaudible 00:00:16] all lumber all the time.

Jim Tobin ([00:18](#)):

All the time.

Jerry Howard ([00:19](#)):

I'll tell you, it's been a rough sludge, but I think we're making progress where we've caught the attention of Capitol Hill and the administration. Now the next step is to keep the pressure up and get them to do something and do it quickly.

Jim Tobin ([00:36](#)):

Yeah, that's absolutely right. Well, first our grassroots, our members have taken up the mantle obviously from their own business perspectives, but also from the industry perspective, and they did a great job during our bringing housing home week. They continue to hold meetings and calls. We have members flying into Washington DC to take time out of their busy days to spend some time with their delegations on Capitol Hill.

Jim Tobin ([01:04](#)):

The message is being received. Members of Congress are responding, grilling members of the Biden administration, whether Secretary Raimondo or USTR ambassador, Katherine Tai, getting responses out of them, which has translated into conversations we've had at the staff level, whether it's in commerce. You and I are going to be talking to the White House again on lumber prices.

Jim Tobin ([01:27](#)):

In fact, Katherine Tai made it a point in the hearing to talk about that she was going to raise lumber with her Canadian counterpart. The press reports were that's exactly what happened. It was the first item out of the box. While the proof is going to be in the pudding and when prices come down, we can hang that mission accomplished banner, but like you said, we're starting to starting to see some attention paid to this important issue.

Jerry Howard ([01:55](#)):

Yeah, and you're right to give credit to our grassroots. I want to thank the leaders of the state reps and the [NAGS 00:02:03]. Mike [Bebel 00:02:04], Steve Martinez for energizing those guys. Your efforts are really paying off, and we're forcing the administration and Congress to the table. To that end, we thought it would be interesting for our listeners today to hear from a saw mill owner, looking forward to his perspective.

Jim Tobin ([02:24](#)):

Looking forward to it.

Jerry Howard ([02:26](#)):

Yeah, Jim. So now let's bring in our guests. We're very fortunate to have with us today, Mr. Alden Robbins, the Vice President of sales for Robbins Lumber in Searsmont, Maine. He's a fifth generation lumber man, which I don't think is all that unusual in Maine. It's a state known for its family owned businesses. Mr. Robbins is the chairman of the Northeastern Lumber Manufacturers Association and the chairman of the Northeastern Lumber Pine Species Subcommittee, and a member of the executive committee. He's also a member of the Maine Retail Lumber Dealers Association, board of directors. He's a guy that understands the industry not only from his own family business and the business that he runs, but from the perspective of a real active trade association guy. Mr. Robbins, we're really glad to have you here. Thanks for joining us.

Mr. Alden Robbins ([03:26](#)):

Well, thank you very much. Honored to be here and nice to talk with you folks about these issues.

Jerry Howard ([03:33](#)):

Why don't you tell us a little bit at the outset about your business? It seems to me that it appears to be a vertically integrated business. You grow your own trees and cut them down yourself, mill them yourself and then sell them, right?

Mr. Alden Robbins ([03:46](#)):

Exactly. We do own some of our own timber land, approximately 27,000 acres in the state. However, the majority of our wood is going to be coming in from independent loggers in this state. Maine is a little unique on the national scale where it's a majority privately owned forests. There's a plus and a minus to that. Plus is we're able to cut them. Obviously with some of the national forest issues, I think that's led to some of these issues that we're seeing in the west with availability of buyers. Policy is dictating what happens on that, not just what is the best prescription for silver culturally or for the economy of the country, but there's a lot of emotions that get dragged into it.

Mr. Alden Robbins ([04:35](#)):

So in Maine, we have a lot of privately owned forest lands. We do own a fair bit, but when you deal with a species of what we do, which is Eastern white pine, significant growth cycles in Eastern white pine, it's not a fast growing species, which is why it has some of the properties it has. But Maine's a big state, we grow a lot of trees. We're currently under utilizing that resource. We're harvesting sustainably. It's an agrarian society that's had the agricultural component move out somewhat. A lot of those fields grew back up the forest, so we're lucky to be one of the more forested states in the nation as a percentage of land area than some other states. So we have a good strong resource and a robust economy.

Mr. Alden Robbins ([05:25](#)):

Forest product is still a very important part of the state's economy. It's about an \$8 billion industry when you take everything in full. It has had some headwinds as of late with the changes in the use of paper in the world. Maine has traditionally been a leader and very strong in the paper industry. With the closure of some paper mills, it's really caused some struggles for landowners, loggers and sawmills, when it comes to some of the residuals and the byproducts that sawmills produce and some of the low grade materials that the land is producing. We've lost a lot of that low grade market, so that's caused an issue in our state.

Jerry Howard ([06:12](#)):

Is the market for construction lumber, how's that right now?

Mr. Alden Robbins ([06:16](#)):

I think you guys know better than I do. It's very strong. It's interesting to see futures where they are. We've seen a little bit of a dip. From a producer side, we look at this. It's a real supply demand issue. Obviously demand is somewhere we've never seen before. A lot of factors to that. You folks, I hear a lot of people have study that.

Mr. Alden Robbins ([06:41](#)):

On the supply side of things, we've seen some constraints. Again, the story's pretty well known. You've got a lot of fiber that's coming out of that Canadian market in the west that isn't there anymore. You've got some issues on the West Coast of the US that's not there anymore. We see fiber coming out of the south east more and more. In fact, I was just talking to a customer of mine up in Toronto, who said we're seeing southern yellow pine in my market. I'm surrounded by a forest of spruce fir and I'm seeing southern yellow pine in my market.

Mr. Alden Robbins ([07:11](#)):

We're seeing growth in the south east, but it's not happening at a fast enough pace to keep track with A, the fiber that's growing down there and the demand that we've seen in this area. Locally and I live in a very rural area, I live in a town of less than 2000 people, but we're seeing houses pop up everywhere. We're seeing existing home stock be depleted, everything's sold. It's sold sight unseen. It's sold via the internet. You hear the stories, we're living it, we're experiencing it.

Mr. Alden Robbins ([07:43](#)):

Even at this reduced rate in the rural area where we are, I can't imagine what's happening in some more urban areas, but we feel it on the demand side, our customers are calling us in a panic, "I just need more wood. I just need more wood." I spoke about that in that article that you folks saw in Slate magazine. It's hard for me as a sawmill, I don't have the labor availability to bring on a second shift. For me, it's not just as easy as starting a second shift. I mean, there's kiln capacity, there's bottlenecks. It's a big infrastructure shift in order to make a real ... To move the needle on production for us, we're pretty much always maxed out on what we can do because we have to be. It's a very mature industry. There were many years where sawmills were surviving on what we could get for our residuals. Obviously we take good times, like now, record years for lumber prices. They help us survive the bad years like we did in 2007, 2008, where we saw a lot of sawmills just lose their shirts.

Jerry Howard ([08:47](#)):

Do you think it would make sense? I understand the demand that you have right now when things are going great. I tell you, some of our listeners would be, I think, distressed to hear that we can't get lumber at a consistent basis here in the United States, and they're exporting it to Toronto. They would have a problem with that, I think.

Jerry Howard ([09:09](#)):

But let me ask you this, given the volatility of the market, would it be beneficial for your business to have the United States government put together a summit, bringing in the entire supply chain of the lumber industry, from the growers to we, the end users, trying to discuss ways to reduce the volatility, make it a more predictable market and see if, for example, I could understand why you're going great right now. The natural question that a kid in business school would ask is, wouldn't it be time for you to invest in more infrastructure and stuff for your plants so you could even do more? Particularly given the fact that this administration is probably going to further limit harvest on a natural resources, national forests, rather.

Mr. Alden Robbins ([10:01](#)):

It's interesting you say that. We actually acquired another sawmill recently, but it's an existing facility. It's not going to solve the issue. The production's already sold. It's just for us in the future growth. We don't look at, as I told my sales staff who were looking for a relief, because honestly at the end of the day, as human beings and as salespeople, we want to help our customers and solve their issues. They don't like to tell people, no, they don't like to tell people their prices are going up. They like to solve problems for their customers, and we've always said that and we tried to instill that in our staff. We want to be problem solvers, we want to listen to our customers. Our customers are independent retail yards in the state of Maine, all the way to large distribution customers throughout the country.

Mr. Alden Robbins ([10:51](#)):

But as far as directly to your question, as far as getting together a summit, I mean, we can always talk. I do, when I hear government, as an independent family business, slightly conservative. Sometimes when government comes in, with all the best intentions in the world, a change here is going to cause an equal and opposite change over here that we may not foresee. I think you can have issues there. Let's talk about the softwood lumber agreement, the largest trade dispute in the world, and it's been ongoing, we're talking about how-

Jerry Howard ([11:35](#)):

A couple of hundred-

Mr. Alden Robbins ([11:35](#)):

Our grandparents dealt with that. I mean, this just doesn't stop. It keeps going. Even in a market like now, which we should be concerned with, how do we get more lumber? There are strong feelings on both sides of the border. I mean, this stuff just never seems to straighten itself out. There are a lot of strong feelings and strong emotions that come into it. Is government the way out? I would disagree. I would hope that the market is going to work itself out eventually, as we're seeing currently in the future, it's coming down.

Mr. Alden Robbins ([12:11](#)):

We are hearing it from our customers. Our customers are saying, "Hey, we've got people that are canceling houses right now because of prices." Are there people waiting in line that are going to take that spot? Maybe, but obviously you're going to get to a point of price fatigue, where that demand will drop.

Mr. Alden Robbins ([12:27](#)):

Now that's painful to some people. Of course, as prices go up and down, that causes panic. People have [inaudible 00:12:35], if they worry about that coming down. But directly to the government stepping in and making a change, I've seen it here locally when government comes in to try and fix an issue, whether that be power or where that be, you name it, the good intentions. Sometimes a lot of people get their hands in the pie, loopholes open up and every time the government opens up a loophole or an opportunity which is artificially created, private enterprise finds a way to exploit it and, and boom, it tends to get over-exaggerated in some of the benefits. Some of the collateral issues that come out of it tend to be counterproductive.

Jerry Howard ([13:23](#)):

Do you think that this increase in price is in any way reflective of the need for lumber producers to fill the void that's left by the lack of supply for the lower grade products like paper? So you're used to, in your bottom line, in your balance sheet seeing a percentage of your profit from a construction lumber and a percentage from paper. In order to make things work since you're not selling the lower grade products, and I'm not saying you individually, I'm saying the industry, is that part of the reason for the price increase?

Mr. Alden Robbins ([14:03](#)):

You know, it's hard to say, Mr. Howard. It could be. Nationally, residuals have been an issue for sawmills and they've been brewing on at horizons. A lot of companies have gone a lot of different avenues to try and solve that issue. We went with the CHP plant because sawmills are very energy intensive. We need that energy and process steam and heat for dry kilns, so it just makes sense.

Mr. Alden Robbins ([14:32](#)):

If more of those plants could be put in place, it would help secure the future of these sawmill facilities, producing facilities. Other sawmills have gone different avenues to solve that issue. Pellets, you see a lot of southern yellow pine manufacturers either building their own pellet facility, their working in conjunction with pellet facilities to export to that European market. They've found different ways to handle that, but what that has done, and I know of cases in the north east, what that's done, it's inhibited investment in sawmill facilities because of the unknown of the residuals market.

Mr. Alden Robbins ([15:13](#)):

So yes, in some ways that probably has added to that supply side constraint, but I think the demand has, and global demand, obviously. I was in, Montreal Wood Convention had a speaker and he was one of the larger producers in Europe who actually just invested in two sawmills in the US. But that fellow was talking about demand in Europe being the same way, out of control.

Mr. Alden Robbins ([15:46](#)):

Typically, you see supply coming from Europe in these times of a really good market. While we are seeing some European supply come in, it's not a wall of wood like you might expect. The wood is flowing to where the money is. To your point in Toronto, why is southern yellow pine going to Toronto? It's following the money, obviously.

Mr. Alden Robbins ([16:07](#)):

With what's going on in Europe, with what's going on with the log export ban that Putin was talking about going into China, the China demand being very strong. All over the world, the wood demand is strong and so that demand has been heightened by COVID because of those demands with people wanting to increase their built environment, using wood. Honestly, I love to see wood prices go up on one aspect because it's showing that the demand for wood is strong. I'm a very pro wood person, obviously. I have been involved in a lot of organizations to help market and promote wood for the carbon sequestering benefits and all the other things, but just for business in general, we are seeing that demand side in Europe and globally grow at such a pace that is just, with the supply constraint heavyweights, it's just outpaced supply.

Jerry Howard ([17:01](#)):

Let me ask you one other question and then, Jim, you need to jump in here. But my other question is, is the industry involved in research and development that would enable you to take some of these byproducts that used to go into paper and find some other use for them that could offset some of these problems that you're facing? You mentioned pellets. Is there anything else for the domestic market?

Mr. Alden Robbins ([17:27](#)):

Yeah, so actually this company right here, TimberHP, that's a wood-based wood fiber insulation. So this company is actually going into Madison, Maine and [inaudible 00:17:41] it's going into the site of Madison paper company. So here's an old paper mill that was there for many, many years. As a site was debunked, it was shut down, jobs lost. This factory is bringing in equipment from Europe to construct a plant to produce wood fiber based, loose fill insulation, [inaudible 00:18:03] and fiberboard.

Mr. Alden Robbins ([18:07](#)):

This is going to be made from sawmill residuals and low grade wood and it's going to be sold to the north American markets. Here's an existing, it's almost a billion dollar industry in Europe right now, but it's not being produced in the United States. Here's a market, and insulation's a tough one to travel because of its bulk and its density. It is expensive to travel. So that's an exciting front and they're planning to expand across the country.

Mr. Alden Robbins ([18:39](#)):

There is the wood cellulose. They're looking at it for, I mean, I saw an article today just zip across my screen. They're going to use it for [inaudible 00:18:48] formation of super [inaudible 00:18:50] and batteries. I mean, they're used for 3D printing media. The applications and the potential for that, yes, it's huge. Will that help? I think it will. As wood products, if you can continue the profitability and the sustainability, it will promote people to keep wood in forest land. When you see up here in Maine, do you have an option where you want to grow trees or do you want to put in a strip mall or something else converted into a solar farm, or whatever it's going to be. The more products to add to the profitability in the longterm, sustainability of timber land is going to benefit the whole industry in the availability and sawmills and products.

Jim Tobin ([19:37](#)):

Alden, this is Jim Tobin. Thank you for joining us and all your comments. One question I have, you mentioned unprecedented building demand these past couple of years. On the grand scale, maybe from a year over year perspective, it's higher, but from a historical perspective, the 2020 building cycle, we built about 1 million single family units. Back in 2005 when we were at peak of the housing boom, you remember those heady days, we built 1.7 single family units. The forest product industry produced 40 billion board feet of lumber. Yet last year, I think it was the industry produced 36 billion board feet. In my mind, and obviously you're the expert here, there's a four billion board feet delta. Now we all know what happened after 2005, in between 2020, the crash. Explain to me where that capacity went. Is it in shuttered mills? Why can't we produce ultimately, four billion more board feet or even two billion more board feet to meet demand today?

Mr. Alden Robbins ([20:54](#)):

I'll take a stab at it. Probably those people that are producing multiple billions of board feet in their companies at a much higher pay grade are able to answer this a lot better. I'm a small family owned business. We're up to 50 million board feet of production now, which is a drop in the bucket. Some of these mega sawmills that you see. But yeah, shuttered mills, that's a big part of it.

Mr. Alden Robbins ([21:20](#)):

After that crash, the lumber prices went through the floor. As it happens in the cyclical industry, those that were doing all right and be the most efficient, were able to survive those times. Obviously you saw lumber prices in the West Coast where they were delivering sawn dried timber cheaper than cheaper than you could buy firewood for. It was unbelievable that that the way that the price came off. So a lot of those mills shuttered not to be restarted again.

Mr. Alden Robbins ([21:53](#)):

The other thing is you have mills that have the capacity to add shifts where they have the infrastructure either with their dry kilns or where their processes where they could add a shift on if it were not for labor constraints. Obviously, depending on where you sit on the political spectrum, because of some of the enhanced unemployment benefits, we've seen some reluctance. You've got to be careful about what you say, I guess.

Mr. Alden Robbins ([22:24](#)):

But it's been tough to find staff. That's the bottom line is finding enough people to staff mills so that they can get to the production levels that they could be. We have trouble finding staff, and we just do a single shift. It's the amount of workers that are coming in for traditional foundational jobs. There has been a little bit of a cultural shift. Obviously working in a saw mill is difficult sometimes and there are other opportunities, and sometimes there are incentives to do other things.

Jim Tobin ([23:04](#)):

The other issue I wanted to raise is OSB. That is, we've talked about framing lumber, and that obviously is up 300 plus percent, but OSB seem to have its own curve here. I was just with some of our southern members, from Alabama in particular, and OSB was their biggest gripe. Can you tell us about the OSB market? I don't know if you're your mill produces OSB. Even plywood, that seems to be, again, we're

seeing prices that are five or 600% higher than were a year ago. Give us some of the market dynamics between those two, between [inaudible 00:23:51] lumber and then those OSP panels.

Mr. Alden Robbins ([23:55](#)):

I am not the person to talk to you about OSB. We don't produce OSB. We actually produce white pine boards, which people, believe it or not, in our neck of the woods will use for sheeting instead of OSB. Lots of times you have owner-operator or small builders, and they prefer the pine boards because they can hand them up to the person up on the roof. They can handle them in high wind conditions better and they're using the pine boards for concrete forming sometimes and they're using it for sheeting.

Mr. Alden Robbins ([24:24](#)):

We're tight Yankees, so we're kind of doing things a different way, but from what I have heard on the OSB side of things, there had been a resin issue due to some constraint and supply constraints on resins. That has caused some supply constraints on the OSB. Yeah, I've heard prices are out of this world and just availability. Projects are being constrained because you just can't get it. You just can't get the material. I have heard that, but I am not an expert in that. We don't produce framing lumber or OSB, but we hear about it. I think you guys probably could-

Jerry Howard ([25:10](#)):

We want to work with you to expand the white pine board market to start making it a national market. You help us and we'll help you.

Mr. Alden Robbins ([25:20](#)):

That sounds great. Yes. As far as my NELMA hat, yes, I want to support the marketing of Eastern white pine.

Jerry Howard ([25:29](#)):

Let me ask you one other question and then we'll let you go. When do you see equilibrium coming back to the market?

Mr. Alden Robbins ([25:36](#)):

I'm just a saw miller up in Maine, man. I would love to tell you. As a pure producer hat, I hope it stays strong for a long time, but as I've told people before I feel for this. The volatility is not great for anyone. Short term, yes, maybe for a producer, but when you see the prices go up like this, people are looking for alternatives. People are saying, we have to do something different and you guys are doing your job and saying, "Hey, we've got a problem."

Mr. Alden Robbins ([26:10](#)):

I like slow and steady. We're going up with inflation, cost of living, whatnot. These price spike things, I don't know, to the whole point about where we are with housing [inaudible 00:26:21], obviously we under built for a lot of years and now those chickens are coming home to roost. When will that even out? I don't know is the short answer, but we'll find out. We're just going to ride that train wherever it takes us.

Jerry Howard ([26:39](#)):



Listen, we appreciate you taking the time. We've had a downeaster from Maine talking to nutmegger from Connecticut and a woodchuck from Vermont, so we've had New England pretty well covered today. Thanks for joining us.

Jim Tobin ([26:53](#)):

Thanks, Alden.

Mr. Alden Robbins ([26:53](#)):

Well, thank you. I wish I could speak more intelligently on some of those national issues, but yeah, we're all in this weird market trying to figure it out and survive. Thank you for the time.

Jim Tobin ([27:05](#)):

Yeah. Thanks, Alden.

Jerry Howard ([27:06](#)):

Our pleasure. Thank you.

Jim Tobin ([27:07](#)):

Take care.

Jerry Howard ([27:09](#)):

All right, Jim, I think Mr. Robbins gave us a very interesting perspective there. It might not be one that our members listen to, but it's certainly, from his point of view, a well thought out and a good argument could be made for what he was talking about.

Jim Tobin ([27:28](#)):

Yeah. I mean, capacity's down, buildings up. But what I didn't like was the notion that that high prices are going to be good for the industry. I know you and I believe that a sustainable housing industry is what's best for the forest products industry. If these high prices continue, they may succeed in cooling off a hot market and wood prices are going to fall because of lack of demand, not because of equilibrium.

Jerry Howard ([27:55](#)):

I agree with that. The other thing that I found interesting is he was very quick to point out that the reduction in profits that they're facing because of the disuse of some of the lower grade and residual wood products that they have produced that went into making paper and other things. It was interesting to hear his reaction to that question and to whether or not they're looking for other products to make.

Jim Tobin ([28:24](#)):

Yeah. Look, [Rob Deeds 00:28:27], our friend and colleague always talks about high prices bring about innovation. Maybe that's where we see it. Maybe a Renaissance in new ways and new building materials. We've talked about steel on our call and whether steel is the alternative to high lumber prices. Maybe it's just different ways to use lumber to make building products. We'll see. If there's a

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buck to be made, someone's going to find a way to do it, and if that brings our lumber prices down, all the better for us.

Jerry Howard ([28:54](#)):

And next week, I think our plan is to have a larger scale producer on and hear what he has to say. I think that this would be a producer that uses our national forest and might have some policy recommendations for us. But anyway, Jim, it's been a pleasure. Get back up on the hill, take a tree with you. If you have to use it for lumber, that's good. If you have to use it, just take a tree. Anyway, that's all for now. I'm Jerry Howard.

Jim Tobin ([29:20](#)):

And I'm Jim Tobin.

Jerry Howard ([29:21](#)):

Bye-bye.

Jim Tobin ([29:22](#)):

Bye.