

## 1.0 A Gathering Storm

A 'perfect storm' with the potential to shift the U.S. forest products industry dramatically is on the horizon. Increasingly the world is looking at the forests in the southern United States as integral to the solution for the economic, environmental and social ills caused by rising oil prices, environmental change associated with global warming, and homeland security.

- European countries are eyeing the southern U.S. as a major source of renewable energy to help meet commitments to reduce greenhouse gas emissions under the Kyoto Protocol.
- A reduction in our dependence on foreign oil, critical to homeland security, is driving U.S. policy and budget toward development of alternative fuel technology. At the same time, the sustainability of using food crops as raw material for ethanol production is under scrutiny here and abroad. As a result, there is a push to find a commercially viable method for ethanol production using non-food plant raw material.
- Rising oil and natural gas prices are forcing a shift to wood as fuel for many.
- An increased awareness of the environmental consequences of greenhouse gas emissions has moved individual states, regional associations and private industry voluntarily to reduce their carbon footprint through carbon offset projects.

At the center of this storm, the burgeoning cellulosic ethanol market is poised to soar. Political and social pressure to find a cleaner transportation fuel has propelled legislative dollars toward development of new production facilities and technologies. Inevitably, the confluence of these forces will have a profound and lasting effect on the industry. They will give rise to new opportunities and expand existing ones beyond our borders.