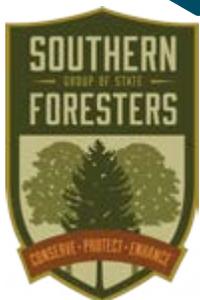


U.S. SOUTHERN REGION

FOREST PRODUCTS EXPORTS REPORT, 2017





U.S. Southern Region Forest Products Export Report,
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Overview: U.S. forest products export (2002-2017)

The U.S. forest products industry exported a total of \$36.3 billion in 2017. This represented an increase of 6.3% from 2016 and a shift in the declining trend observed over the previous two years (Figure 1). It also represented a growth of 79.4% since the beginning of the century (\$20.2 billion in 2002).

In terms of value, U.S. forest products exports followed three major trends throughout this period: between 2002 and 2008, exports grew at an average rate of \$2 billion per year. Then a drop in exports of \$14.6 billion was suffered in 2009 due to the global economic crisis of 2007 and 2008, but international markets quickly recovered in the following two years.

Finally, the period between 2011 and 2017 has observed more variability than in previous years, which has led to negative growth of \$180 million per year in average. Most of the U.S. forest products exports come from three sectors: woodpulp, paper & paperboard and solid wood products, which find the majority of their mills located in 4 regions: Southern, Eastern, Pacific Northwest and Pacific Southwest.

In 2017, forest products exports from the Southern region amounted to \$17.7 billion, whereas those from the Eastern, Pacific Northwest and Pacific Southwest regions corresponded to \$10.6, \$3.4 and \$2.8 billion respectively. Together, these regions accounted for 94.8% of all U.S.

forest products exports in that year (48.7%, 29.1%, 9.4% and 7.7%

respectively). According to the definition used for this study, the forest products industry comprises five sectors: wood chemicals, solid wood products, woodpulp, paper and paperboard products and wood furniture.

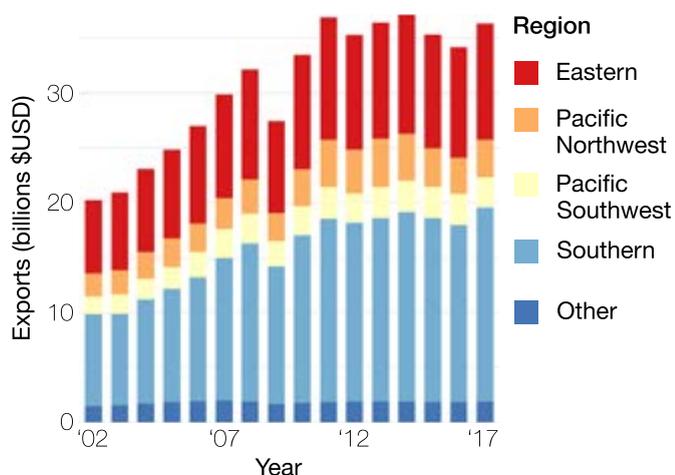
Over the past five years, paper & paperboard,

solid wood products and woodpulp accounted for 95% of all U.S. forest products exports: 44%, 26% and 24% respectively, whereas exports of wood furniture represented 5% and those of wood chemicals amounted to the remaining 1%.

Most of the U.S. woodpulp production from these top five regions is exported to other countries (e.g. 85% in 2017), where its demand is influenced by the strength of the U.S. dollar and foreign competition, along with demand for end products such as paper, paperboard and sanitary paper products [2].

Instability observed on woodpulp exports over the last 6 years is mainly the result of the appreciation of the

Figure 1. U.S. Forest Products Exports by USDA Forest Service Region, 2002-2017



U.S. dollar. The U.S. is the second largest paper manufacturer in the world: approximately 17.3% of this industry's revenue came from international sales^a, which makes the sector highly susceptible to drastic changes in global economy, strengthening of the U.S. dollar and demand for paper commodities

from its trade partners [3].

Much of the decline observed over the past five years in such a globalized market was the result of publishing industries' decreasing use of paper, in part due to changes in consumer preferences: the transition towards digital media, but also due to greater industrialization of foreign paper mills and appreciation of the U.S. dollar in key trade partners.

The bulk of solid wood products exports correspond to three main commodities: lumber, logs and

fuelwood; which together accounted for

73% of the total value of solid wood exports

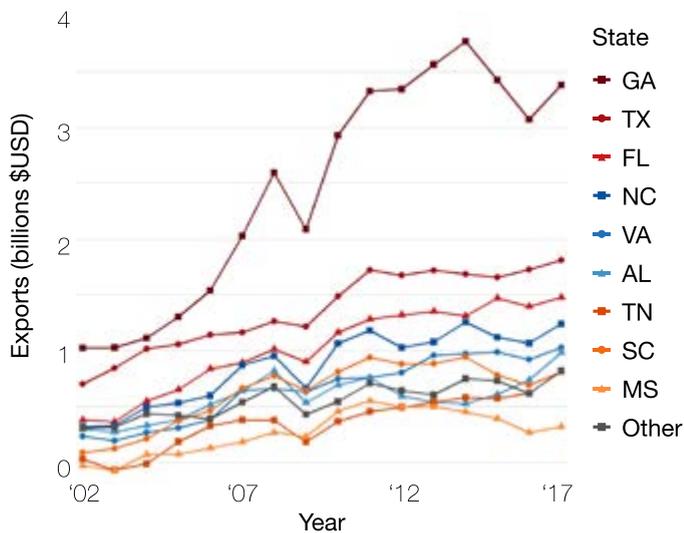
from the U.S. in 2017. Similar to other top sectors,

exports of solid wood products are heavily determined

by the value of the U.S. dollar in major trading partners, but

thanks to stronger demand from Asian markets this sector has been able to sustain a positive trend in exports after 2009.

Figure 2. Southern U.S. Forest Products Exports by State, 2002-2017



\$17.7
BILLION
in forest products
exports from the U.S.
southern region in 2017

The U.S. southern region

Manufacturing, distribution and commercialization of forest products have a profound impact on the economy of the 13 southern states^b. In 2012, this industry generated over 2.7% of the combined region's output and accounted for about 2% of all the jobs in the U.S. South [4]. Over the five years to 2017, exports made a significant contribution to the industry's revenue, in particular to sectors such as solid wood products, woodpulp and paper and paperboard products. These three sectors, together with wood chemicals and wood furniture exported \$17.7 billion to over 50 destinations in 2017^c[5].

Prior to the global financial crisis of 2007 and 2008, the southern forest products industry experienced a period of remarkable growth, resulting in an average increase of \$1.0 billion a year (9.6% a year) and leading to total exports of \$14.4 billion in 2008. After a drop of 13.1% in 2009 exports, the industry observed a two-year period of fast recovery and then six years of relative stability, with exports fluctuating around an average of \$16.8 billion, leading to \$17.7 billion in 2017.

Over the period between 2012 and 2017, almost 60% of exports from the southern region began their international journey in four states: Georgia, Texas, Florida and North Carolina, which represented 23%,

MEXICO, CHINA & CANADA

top markets for forest products from the U.S. southern region between 2012 and 2017

13%, 11% and 10% of the total value of exports respectively (Figure 2). In general, three geographic regions accounted for 84% of exports from the southern states between 2012 and 2017: Asia, North America and Europe, which represented 32%, 30% and 22% of the total value of exports, respectively.

Trade with Central and South America was also notable by amounting to 13% of the total value of exports over this period. Other geographic regions contributed the remaining 4% (Figure 4). At the country level, four countries led exports from the southern states by amounting to almost half of the total value traded: Mexico (19%), China (19%), Canada (11%) and the U.K. (4%). As it can be observed in Figure 5, most of the export growth experienced by the southern forest products industry between 2009 and 2012 derived from increases in demand from Chinese and Mexican markets.

Between 2002 and 2017, paper and paperboard products accounted for 45.9% of the total value of exports from the southern region, whereas woodpulp and solid wood products amounted to 31.5% and 18.0% respectively^d. Exports of wood furniture represented 3.5% and those of wood chemicals amounted to 1.1% over the same period (Figure 3).

The international market for solid wood products from the U.S. southern region is currently being driven by two main actors: China and the U.K. These two countries together accounted for \$1.8 billion, almost 50% of the value of solid wood products exports in 2017 from the

South (\$1.8 billion). From 2012 through 2017, the top products in this sector were lumber, fuelwood (i.e. wood pellets)^c and logs, whose exports corresponded to 42%, 20% and 13% of the total sector's value. Other top markets for this sector are indicated in Table 1.

The combined exports of wood-

pulp from the 13 southern states amounted to \$5.42 billion in 2017, the third highest figure since 2002. Over the five years to 2017, four countries have accounted for almost half of woodpulp exports from the region: China, Mexico, Japan and Italy (26%, 11%, 9% and 5% respectively).

Throughout this period, exports of coniferous chemical woodpulp and dissolving grade chemical woodpulp represented 80% of the sector's total. Finally, wood-

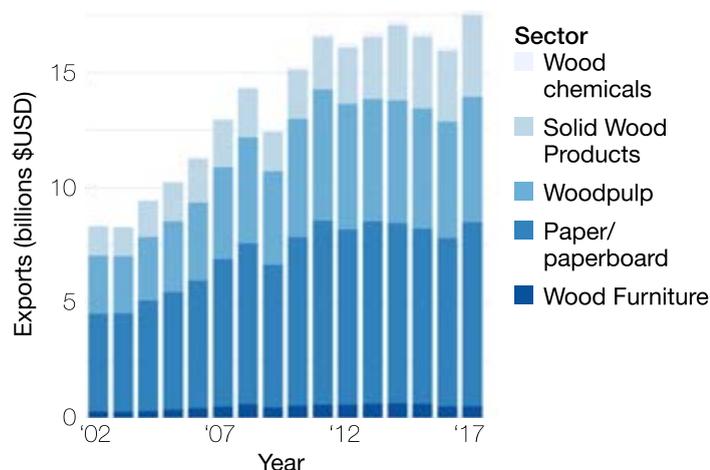
pulp exports from the U.S. South

reached a record high of \$7.97 billion

in 2017, largely due to demand coming from

Mexico, Canada and China, which represented a 50.1% of the total value in that year.

Figure 3. Southern U.S. Forest Products Exports by Sector, 2002-2017



Conclusions

International markets constitute an important source of revenue for forest products from the U.S. southern region and the nation in general, which in turn promotes job creation and higher economic development.

Demand coming from these markets remains dependent on a number of factors and companies need to keep monitoring exports to take advantage of future opportunities in the short and long terms. Special attention should be given to new and emerging markets as they keep exploring alternatives to utilize wood products in a more extensive fashion.

Figure 4. Southern U.S. Forest Products Exports by Partner Region, 2002-2017

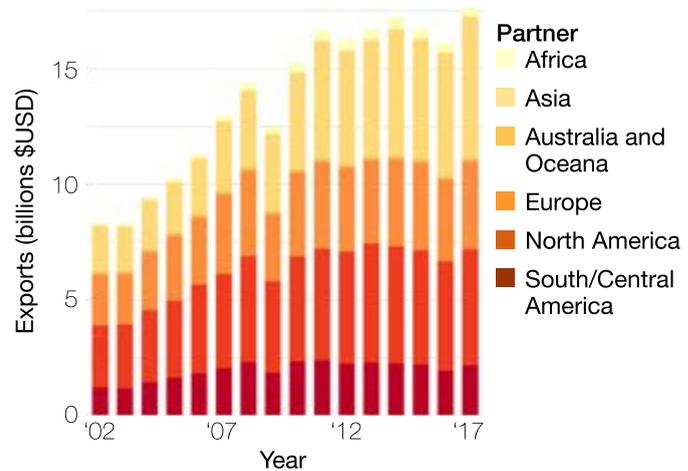
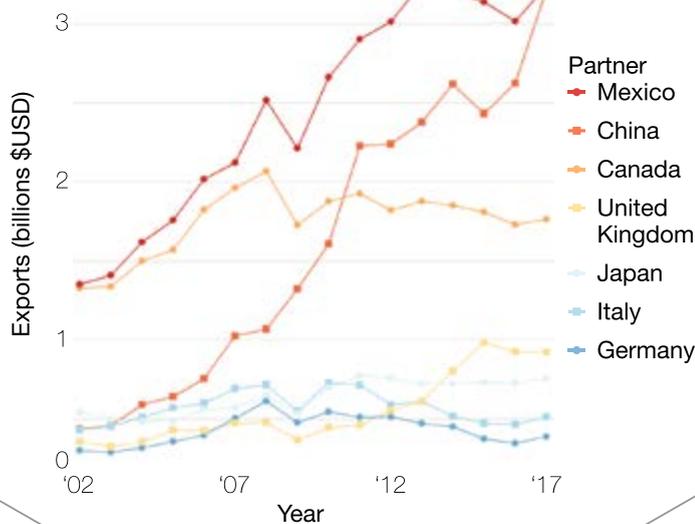


Figure 5. Southern U.S. Forest Products Exports by Top Partner, 2002-2017



49.5%
OF EXPORTS
from 2002-2017 were
paper and paperboard
products

Table 1. Forest Products Exports from U.S. Southern Region in 2017

Top 10 Markets by Sector and Value (millions \$USD, percentages)

Rank	Wood Chemicals			Solid Wood Products			Woodpulp			Paper & Paperboard			Wood Furniture		
	Country	Export		Country	Export		Country	Export		Country	Export		Country	Export	
		Value	%		Value	%		Value	%		Value	%		Value	%
1	Sweden	46	24	China	1102	31	China	1569	29	Mexico	2403	30	Canada	190	36
2	France	38	20	U.K.	660	19	Mexico	556	10	Canada	1207	15	China	53	10
3	Japan	28	15	Canada	249	7	Japan	476	9	China	475	6	Mexico	45	9
4	Finland	26	14	Mexico	239	7	Italy	230	4	U.K.	243	3	Saudi Arabia	34	7
5	China	14	7	Vietnam	182	5	Germany	226	4	Guatemala	238	3	Bahamas	32	6
6	South Africa	6	3	Dominican Rep.	75	2	India	208	4	Italy	228	3	UAE	14	3
7	Canada	5	2	Turkey	70	2	Netherlands	184	3	Japan	222	3	Cayman Isl.	8	2
8	S. Korea	4	2	Bahamas	66	2	Indonesia	152	3	Netherlands	201	3	U.K.	7	1
9	Netherlands	4	2	Denmark	62	2	S. Korea	152	3	Dominican Rep.	163	2	Dominican Rep.	7	1
10	U.K.	3	2	Belgium	61	2	Belgium	151	3	S. Korea	161	2	Jordan	6	1

Africa |
 Asia |
 Australia & Oceania |
 Europe |
 North America |
 South/Central America

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- [2] J. Madigan, “IBISWorld Industry Report 32211: Wood Pulp Mills in the U.S.,” 2017.
- [3] A. Cohen, “IBISWorld Industry Report 32212: Paper Mills in the U.S.,” 2017.
- [4] Southern Group of State Foresters, Mississippi State University, and Southern Regional Extension Forestry, The Economic Importance of Forestry in the South 2013. 2013, pp. 1–2.
- [5] U.S. Census Bureau, “USA Trade Online,” State Export Data (Origin of Movement), 2017. [Online]. Available: <https://usa-trade.census.gov/>. [Accessed: 14-Mar-2017].

NOTES

- ^a Paper and paperboard products are accounted together in the same group, but it should be noted that exports of paperboard products such as cardboard packaging are minimal (1% of the industry’s revenue)
- ^b This study focuses on the Southern Region of the Forest Service, U.S. Department of Agriculture, also known as Region 8, which includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia. Puerto Rico and U.S. Virgin Islands were not included.
- ^c All trade figures offered in this study are sourced from the U.S. Census Bureau’s Origin of Movement Report Series, unless otherwise noted
- ^d For the purpose of this report, the term “forest products industry” is defined as the agglomeration of five main sectors: wood-based chemicals, solid wood products, woodpulp, paper and paperboard products and wood furniture, as defined in the 2018 U.S. Harmonized Tariff Schedule for chapters 38 (3803, 3805, 3807), 44, 47, 48 and 94 (940161, 940169, 940330, 940340, 940350, 940360, 940610) (hts.usitc.gov).
- ^e The “fuelwood” category comprehends: fuelwood in the form of logs, woodchips, wood briquettes, wood pellets, sawdust and wood waste and scraps.



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The goal of this report is to provide timely information on international markets and export activities that are and will be relevant for the development of the southeast U.S. forest products industry. This document offers insights on international trade of southern forest products and the most promising destinations for each product category. Historic trade data is based on the U.S. Census Bureau’s “Origin of Movement (OM)” state export series, which is intended to measure state exports on the basis of transportation, not manufacturing origin [1]. The following figures are presented to offer a perspective on the composition of exports from the southern region by state, on the basis of origin transportation.