SC FOREST PRODUCTS
INDUSTRY EXPORT REPORT

IN SOUTH CAROLINA:

- $18.6 billion economic impact
- Number 1 industry in manufacturing jobs and payroll
- Number 1 harvested crop
- Number 1 industry in volume of exports
- Among top 5 industries in value of exports
- 2014 Exports Value: $1.5 billion
- 2009-14 Exports Value Growth: 4.8%/year

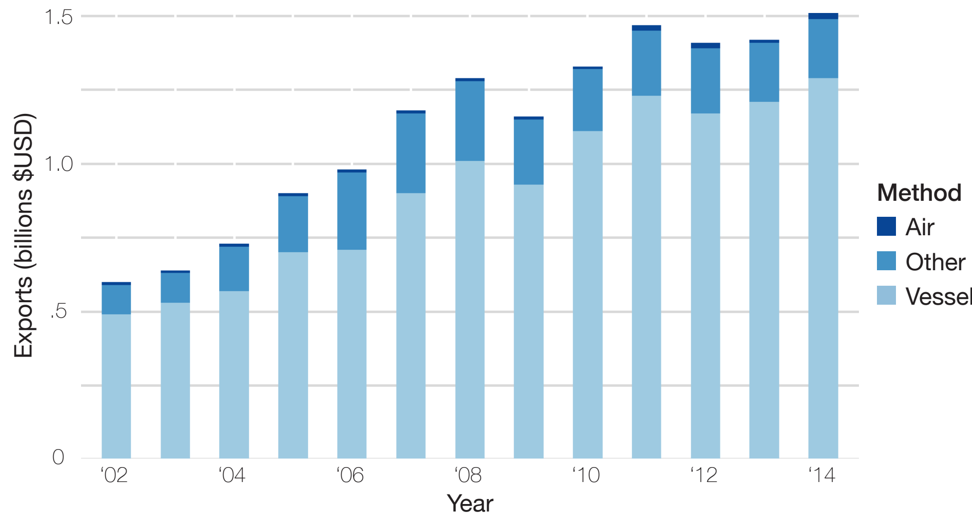
South Carolina Forestry Commission

Industry Performance Overview

South Carolina's forest products export has experienced sustained growth in the last 12 years, from $0.6 billion in 2002 to 1.5 billion in 2014. This represents a 250% increase *(Figure 1)*.

Through this period, almost 80% of forest products export left South Carolina via vessels from the port of Charleston, whereas 18% was shipped by truck and rail. Air transportation was used for the remaining 1%.

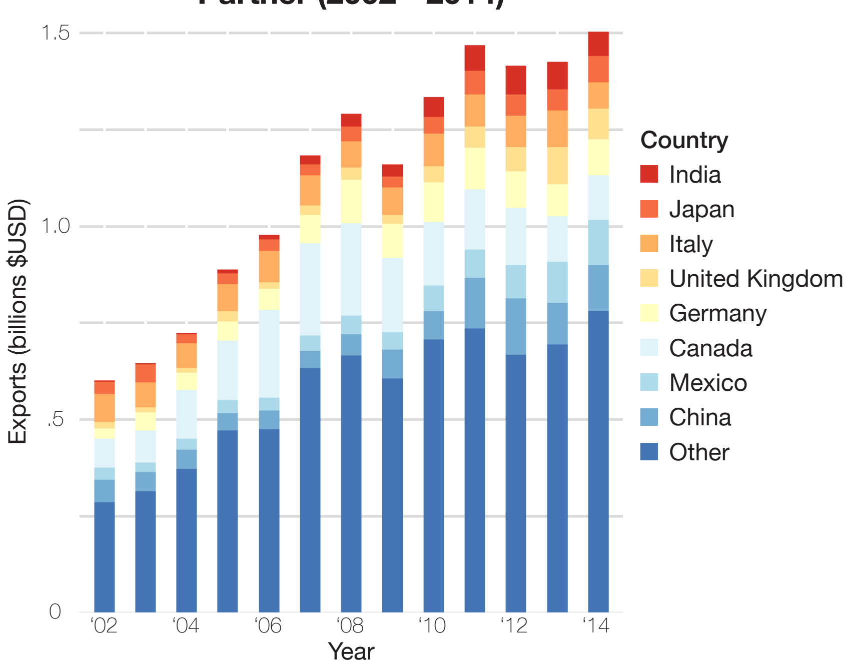
Figure 1—SC Forest Products Exports by Transportation Method (2002 - 2014)



The market for South Carolina's forest products is fairly diverse: a total of 181 countries have imported from the state in the last decade. The top trading partners for South Carolina in 2014 were China, Mexico, Canada and Germany: together they accounted for 30% ($445 million) of the year's exports *(Figure 2)*.

According to the U.S. classification system for internationally traded products (Harmonized Tariff Schedule or HTS), forest products correspond to six main groups or chapters[1]: Wood-based Chemical Products (38), Wood and Articles of Wood (44), Wood Pulp (47), Paper & Paperboard (48), Pulp/Paper Processing Machinery (84)[2] and Furniture (94)[2]. In the last 12 years, paper & paperboard products have accounted for 57.5% of the forest products exports from South Carolina, becoming the number 1 commodity in importance *(Figure 3 on next page)*. In second place, exports of wood pulp products represented 32.1% of the industry's exports for this period. These two groups combined have driven approximately 86.4% of the South Carolina's forest products exports between 2002 and 2014. The remaining 10% corresponded to exports of wood products (7.0%), wood furniture (1.7%), pulp/paper processing machinery (0.9%) and wood-based chemicals (0.7%).

Figure 2—Forest Products Exports by Trading Partner (2002 - 2014)



All these groups within the South Carolina's forest products industry have grown consistently throughout the last decade.[3]

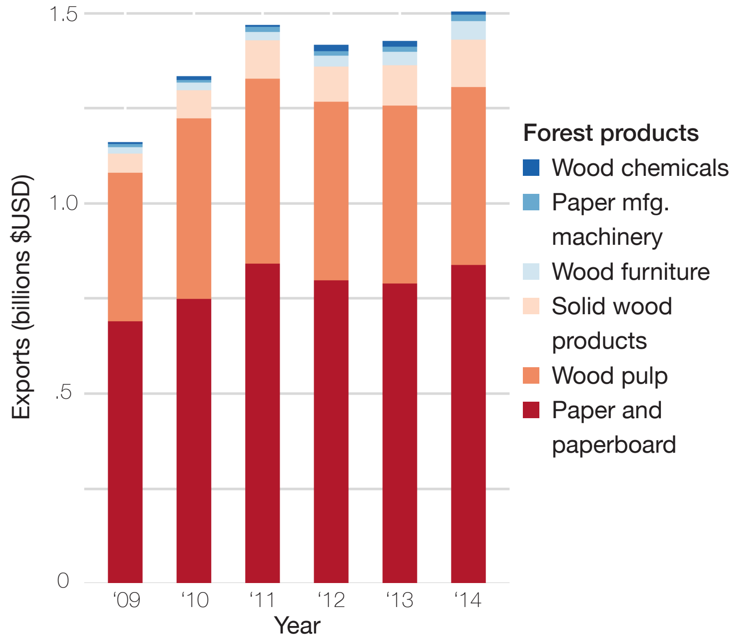
After the recession in 2009[4], paper & paperboard and wood pulp products have grown at an average of 2 to 3% per year, leading to exports of $839.3 and $465.8 million in 2014 respectively. Other groups showed even more pronounced growth during this period: wood products, furniture, pulp/paper processing machinery, and wood-based chemicals grew at average rates of 27%, 34%, 26% and 16% per year, respectively, leading to a combined total of $200 million in 2014.

Products and Markets

PAPER, PAPERBOARD AND WOOD PULP

The paper and paperboard industry has led the export of forest products from South Carolina over the past 12 years. This sector's export revenue grew 153% between 2002 and 2014, from $331 million to $839 million, mainly driven by key products such as kraft paper, uncoated paper & paperboard (e.g. used for writing and printing), and coated paper (e.g. used for magazines). As of 2014, the top trading partners were Germany, Canada, Mexico and the United Kingdom *(Figure 5 on next page)*; which accounted for 35% of the sector's export that year ($590.7 million). A total of 21 countries accounted for 81% of the paper and paperboard exports from South Carolina in 2014, which puts in perspective the tremendous diversity of the market. In second place, wood pulp has experienced an increase in exports of $276 million, also in the past 12 years, which translated into a 246% improvement. This sector alone exported $466 million in 2014; almost half of it (48%) to top trading partners such as China, Japan, Mexico and South Korea.

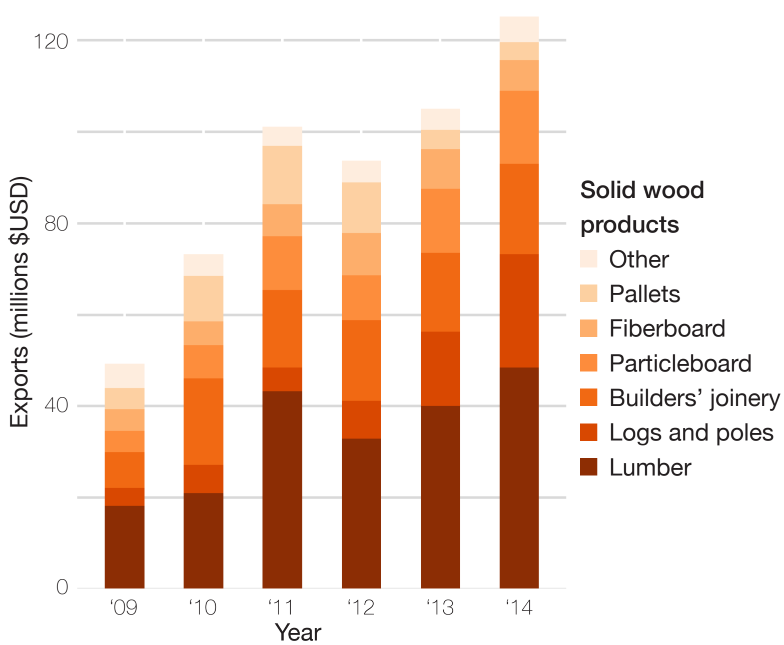
Figure 3—SC Forest Products Exports by Sector (2009 - 2014)



SOLID WOOD PRODUCTS

The solid wood products sector has experienced a remarkable growth of 154% during the post-recession years *(Figure 4)*, from $49 million in 2009 to $125 million in 2014, thanks to fast recovery observed in key products such as lumber, builders' joinery products (e.g. wood flooring, doors, windows), logs, poles and particleboard; which accounted for 87% of exports that year. Lumber continues to dominate this sector's international trade, driving 38% of exports during the last 5 years, and with total sales of $48 million in 2014 –almost half of these distributed among China, Vietnam and Taiwan (27%, 14% and 9% respectively). Logs and poles stood as the second most important wood product in 2014, with sales of $25 million, mostly distributed (80%) among top customers such as India, China and Vietnam ($12 million, $6 million and $2 million respectively). Builders' joinery also represented a significant source of revenue from international markets in recent years: in 2014, this sector alone exported $20 million to a total of 15 countries, with Japan, Australia and Canada driving almost 90% of these sales.

Figure 4—Solid Wood Products Exports by Product Category (2009 – 2014)



EMERGING SECTORS

Emerging sectors are playing a key role in South Carolina forest products industry's growth. In the last 5 years, export of wood furniture increased 181%, from $17 million in 2009 to $49 million in 2014, thanks mainly to demand coming from Canada, Russia and Germany, which accounted for 27%, 18% and 16% of exports during this period, respectively. Non-traditional product categories such as prefabricated buildings, grew from $2.9 million in 2009 to $4.8 million in 2014 for a 66% increase. Demand for wood-based chemical products from South Carolina has fluctuated between $6 million and $16 million per year through the last five years, amounting to a total of $60 million in exports also during this time frame, out of which 65% was driven by demand coming from China, the United Kingdom and South Korea.

Figure 5—Top 10 SC Forest Products Markets in 2014

(2012-14 Ranking Change in Parentheses)

Rank	Wood-based chemical products	Solid wood products	Wood Pulp	Paper and paperboard	Paper manuf. machinery	Furniture	Prefabricated buildings
1	Korea, South (+2)	China (+1)	China (0)	Germany (+1)	Malaysia (+7)	Russia (+3)	Pakistan (NA)
2	Sweden (NA)	India (+3)	Japan (+3)	Canada (-1)	Mexico (+2)	Canada (-1)	Canada (-1)
3	China (-1)	Canada (-2)	Italy (-1)	Mexico (0)	Poland (+15)	Germany (-1)	Haiti (NA)
4	Japan (NA)	Vietnam (+3)	Mexico (+3)	United Kingdom (0)	Canada (-3)	Pakistan (NA)	Colombia (NA)
5	Thailand (+1)	Chile (+6)	Korea, South (-1)	Turkey (+2)	Germany (-3)	India (+5)	Qatar (+6)
6	Brazil (NA)	Japan (-3)	Poland (+9)	China (-1)	Australia (-1)	Panama (+7)	France (-3)
7	Belgium (NA)	Australia (-3)	India (-4)	Spain (+14)	Colombia (-1)	Thailand (+12)	Germany (-3)
8	India (-1)	Korea, South (-2)	Netherlands (-2)	Ecuador (+2)	Chile (+6)	Malaysia (+20)	Antigua & Barbuda (NA)
9	Switzerland (NA)	Taiwan (+1)	Malaysia (0)	Italy (+2)	Brazil (+7)	Egypt (-4)	Jamaica (NA)
10	Mexico (0)	United Kingdom (-2)	Colombia (0)	Netherlands (+5)	Russia (-1)	Indonesia (+15)	Slovakia (NA)

Asia | Europe | South America | North America | Oceania | Africa

NOTES

1 Chapter numbers in parentheses.

2 Only some products within this group are wood-based.

3 With the exception of pulp/paper processing machinery, which declined between 2005 and 2009.

4 End of last U.S. recession according to U.S. Bureau of Labor Statistics.