

South Carolina Forest Products Export

Based on information gathered from 2009 to 2012



Forest Products: A Growing Industry

- South Carolina exports about \$1.4 billion in forest products annually.
- The forest industry's economic impact on the state's economy is more than \$17 billion annually.
- Forestry ranks #1 among the state's manufacturing industries in jobs (90,624) and payroll (\$4.1 billion).
- Timber is South Carolina's #1 rural commodity at \$759 million annually.

Export Trends

Overall, South Carolina forest product exports have experienced positive growth since 2003 (Figure 1). From 2003 to 2008 South Carolina saw tremendous growth, then faced a slight dip in 2009 due to the global recession, but quickly returned to new highs by 2010.

Most of South Carolina forest products leave the state via vessels, with ground transportation remaining steady in recent years. Forest products (wood pulp, paper and paperboard, logs, and lumber) remain the number one export moved through the port of Charleston. Less than 1% of all forest products were exported by air.

SC Forest Products Exports - Method of Transportation (2003-2012)

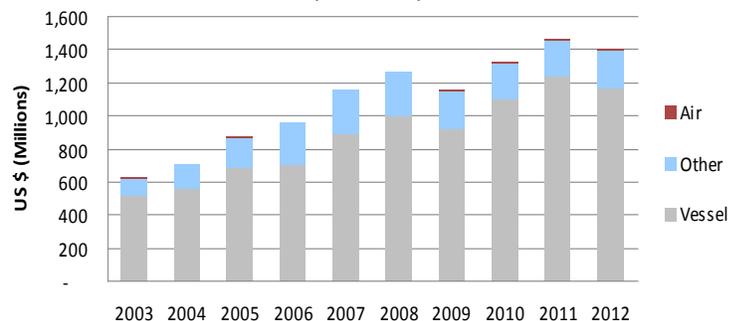


Figure 1

Global Demand on the Rise for S.C. Products

South Carolina forest products remain in high demand around the world. Our customers are well diversified across many countries, illustrated by the fact that the top five foreign destinations for forestry products account for only 36.4% of the total forest products exports to foreign nations. Expand to the top ten foreign destinations and these markets only consist of 57.6% of total exports, showing the high international value for South Carolina products across many markets.

The top total importer of South Carolina products, as seen in Figure 2, during the year of 2012 was China with about \$146 million worth of product surpassing Canada as the top importer of South Carolina forest products. Exports to Canada (\$140m), Germany (\$90m), Mexico (\$85m) and Italy (\$81m) complete the list of the top five export destinations. The emerging market of India has seen amazing growth in total exports, with 2012 valued at about \$75 million. This value is a 45% gain over the 2010 export numbers, showing the tremendous potential of exports to India in the near future.

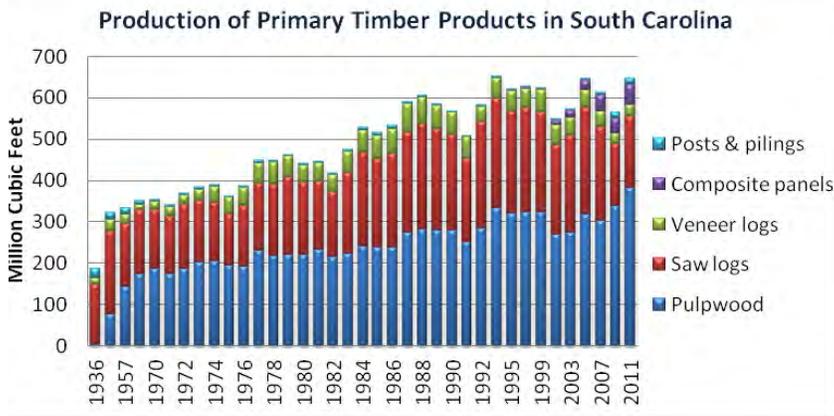
Rank	Paper/Paperboard	Wood Pulp	Wood and Articles of Wood	Wood Furniture	Prefabricated Buildings	Wood-Based Chemical Products	Pulp/Paper Processing Machinery
1	Canada (0)	China (+5)	Canada (0)	Finland (n/a)	Canada (0)	United Kingdom (+4)	China (+5)
2	Germany (0)	Italy (-1)	China (+1)	Germany (+3)	Brazil (n/a)	China (-1)	Italy (-1)
3	Mexico (+2)	India (+6)	Japan (-1)	Lithuania (+11)	France (+11)	Korean Republic (+1)	India (+1)
4	United Kingdom (+4)	Korean Republic (0)	Australia (0)	Russia (-2)	Germany (+2)	France (+24)	Korean Republic (-1)
5	China (+2)	Japan (0)	India (+13)	Canada (+6)	Taiwan (+10)	Finland (-2)	Japan (+2)
6	Taiwan (+10)	Netherlands (-4)	Korean Republic (0)	China (+2)	Spain (+17)	Thailand (+5)	Netherlands (+4)
7	Turkey (-3)	Mexico (+3)	Vietnam (0)	Panama (-6)	Tanzania (n/a)	India (+2)	Mexico (+1)
8	India (+7)	Germany (-5)	United Kingdom (+2)	Italy (+19)	Tunisia (n/a)	Canada (0)	Germany (-6)
9	Belgium (+8)	Malaysia (+11)	Thailand (+5)	Ukraine (+31)	United Kingdom (+4)	Colombia (+6)	Malaysia (+15)
10	Ecuador (+1)	Colombia (+2)	Taiwan (+5)	Lebanon (+29)	Turks/Caicos Islands (n/a)	Mexico (+2)	Colombia (+3)

■ North America
 ■ Asia
 ■ European Union
 ■ South America
 ■ Middle East
 □ Other
 * Top Markets represent countries which account for the most commodity sales in 2012
 (+/-): amount moved up or down in ranking from 2010 to 2012, (n/a): no exports in 2010

Figure 2

*This study includes export figures for the following major forest products: paper and paperboard, wood pulp, wood products, wood furniture, wood-based chemical products, pulp and paper processing machinery and prefabricated buildings.

Pulpwood Remains South Carolina's Leading Forest Product



Production of primary timber products in South Carolina has largely recovered from recent recessionary levels and total timber product output is near record levels. The total value of timber delivered to forest products mills was \$759 million in 2011. Pulpwood is South Carolina's leading forest product as measured both by volume processed and value (\$371 million for pulpwood vs. \$271 million for sawtimber). Production of OSB (oriented strand board) panels and energy products (electricity, steam, pellets) is expanding as international demand grows.

Figure 3

Wood-Related Products Contribute To Global Success

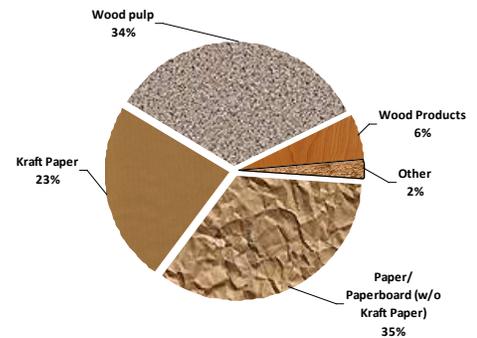
South Carolina's forest products exports have increased by 20.6% in the last five years, from \$1.16 billion in 2007 to \$1.40 billion in 2012. The forest products industry saw a slight decline of almost \$66 million in South Carolina forest exports from the 2011 high of \$1.46 billion. Paper and paperboard exports, as well as other wood products such as lumber, saw a small decline of about \$28 million. However, the decline in exports of the prior products was mitigated some by the growth shown in the wood-based chemical product exports sector and other emerging sectors.

The pulp and paper export sector dominates South Carolina's forest products exports, approximately \$1.27 billion. Identification of subsectors within pulp and paper are useful to gain more clarity on specific product areas. Wood pulp and paper/paperboard have retained the majority of the export market share at 69%, with each showing a growth rate of over 20% during the 2009-2012 period. Kraft paper has remained steady as the third largest sector, showing a small 3% growth over this period. Although the pulp and paper export sector has seen some short-term losses, the long-term trajectory looks bright. The emerging markets of India and China remain two of the largest purchasers of South Carolina pulp and paper, and during the 2009-2012 period they have increased their average demands of these products by 217% and 188% respectively. A return to growth, as well as new record numbers in exports should be expected from this sector in the coming years.

The wood products sector has seen tremendous growth of 190% from 2009 export values of \$49 million to almost \$93.8 million by the end of 2012. Growth is driven by carpentry wood, particleboard and pallets with each sector seeing over 200% growth over the 2009-2012 period. Lumber remains the largest component of the wood products sector with exports reaching approximately \$33 million in 2012, equaling 180% growth since 2009. Wood products, although small in current size, show the potential for extensive growth into the future as South Carolina exports continue to grow.

Through 2012 there have been a number of emerging South Carolina export sectors. The wood-based chemical sector has grown nearly 300% during the 2009-2012 period. Exports totaled over \$16 million by 2012 jumping from \$5.5 million in 2009. Wood pellets show promise as a market in its infancy, having a little over \$410,000 exports with 2012 being the first record year of exports. The wood pellets market has potential for more South Carolina exports as a strong customer base in Europe and one growing in China are available. In addition to the wood products mentioned above, particleboard exports are experiencing significant growth recently. From 2009 to 2012, exports of this product have more than doubled, growing from \$4.6 to \$10.9 million.

Top SC Forest Products Exports (Total 2009 - 2012)



Wood Products Top 5 Products

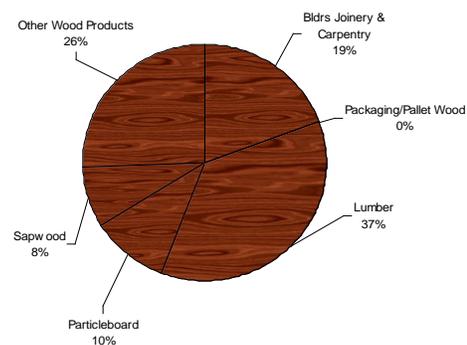


Figure 4



South Carolina Forestry Commission
 PO Box 21707
 Columbia, SC 29221
 Phone 803.896.8800 Fax 803.798.8097
 www.trees.sc.gov

Forest data provided by:
 South Carolina Forestry Commission,
 South Carolina Ports Authority and
 ECI-Find New Markets
 December 2013