Exploring Georgia's Wood Products

GEORGIA FORESTRY COMMISSION

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Report Reveals 2010 Economic Impacts of GA Forest Industry

Economic Benefits of the Forestry Industry in Georgia: 2010, a new report from Georgia Tech, demonstrates the vital role of our forest industry to the state's economy. Among the highlights of this report:

Total State Economic Impact — In 2010, the forest industry supported almost $23.6 billion in output in Georgia, sustaining 108,112 jobs with a total compensation of $5.4 billion (Figure 1).

Economic Activity — The forest industry generated almost $14.5 billion in revenue in 2010, directly employed 43,425 people, and paid over $2.6 billion in wages and benefits to its employees (Figure 2).

Pulp and Paper — As in previous years, the pulp and paper sector dominated the industry in 2010; Georgia's 12 pulp mills represented 65% of total revenue, 40% of employment, and 54% of compensation (Figure 3).

State Tax Revenue — 2010 total tax payments from the forest industry totaled $448 million. Net revenues to the state of Georgia totaled over $165 million.

The full report will be available soon on the GFC web site at:

http://gatrees.org/ForestMarketing/EconomicImpactsofForestIndustry.cfm

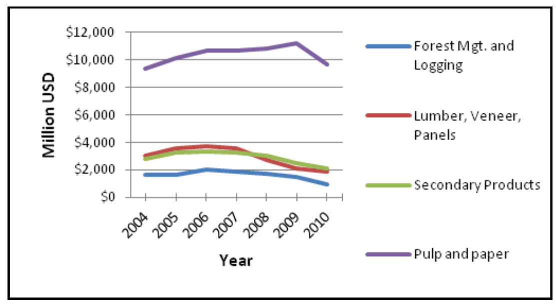


Figure 1. Direct economic activity generated by forest industry sector in 2010 dollars, 2004—2010.

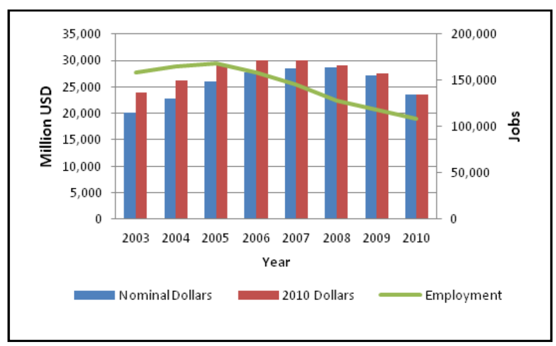


Figure 1. Total employment and economic output of the forest industry in nominal and 2010 dollars, 2003—2010.

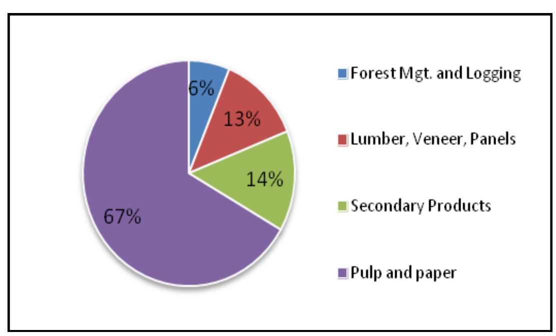


Figure 3. Total revenue share by forest industry sector in 2010 real dollars.

Forest Certification and Wood Markets in SE US

The demand for sustainable wood products is growing in the marketplace. This creates a need to show that wood products have been grown, harvested and manufactured with minimal impacts to the environment. The Sustainable Forestry Initiative (SFI), Forest Stewardship Council (FSC) and the American Tree Farm System (ATFS) have all developed forest management certification systems to meet this need.

Foresters working in the South may be most familiar with SFI, which is designed to ensure proper practices are used by corporate landowners and landowners with large acreage in North America. The ATFS works well with non-industrial private forest owners with less acreage. FSC originally targeted questionable forest harvesting in developing countries, but is now applied globally. The "family forest" standards within the FSC can also work well for small landowners. Both ATFS and FSC encourage a group certification approach in areas with many smaller landowners to reduce the costs of the certification audit process.

Several recent actions indicate the growth of forest certification in the South. The State of Mississippi has enrolled 480,000 acres of school trust lands into the ATFS. The Alabama Treasure Forest Association lands are now FSC eligible, which involves over 782,000 acres. These certifications are supported by the pulp and paper industries in their area.

The GFC Utilization foresters have been contacted by developing wood pellet industries that are seeking potential mill locations based on the amount of "certified" forests in the area. After providing general information on the acreage involved with Certification by county and providing references to larger landowners who have SFI certification, our next recommendation is that the companies contact forestry consultants and wood suppliers in the area. These foresters, working locally, have the best opportunity to develop forest certification groups that can provide the wood needed by these industries.

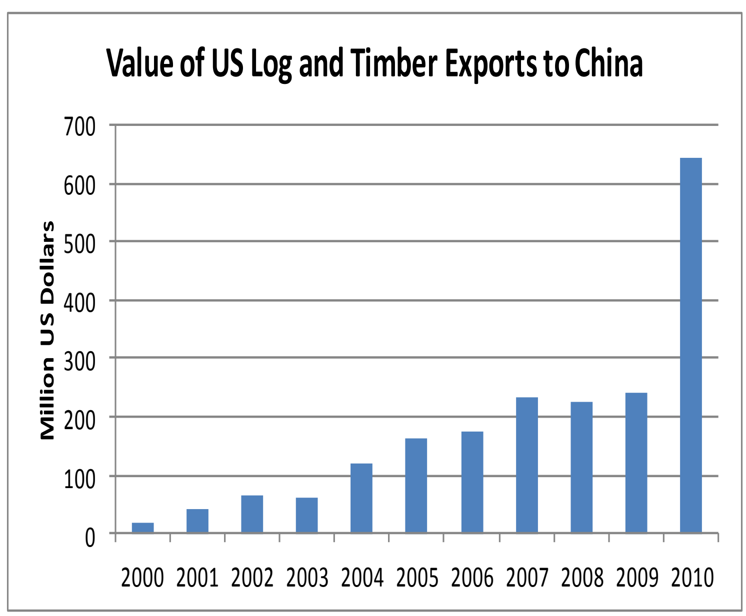
More information on forest certification systems can be found by visiting the system websites: ATFS, FSC, and SFI

Log Exporting to China: A New Opportunity for GA?

According to Urs Buehlmann, Professor of Wood Products at Virginia Tech, the Chinese demand for wood will increase to a level that will require 150 million m^3 of wood imports by 2015. This volume level is approximately 170 million tons, or 4 ½ times Georgia's annual wood product output.

Wood export brokers interested in sourcing pine logs for export to China have recently contacted the GFC for information on log supplies. While the export of logs does not allow processing for Georgia industries, it may lead to future sales of lumber and other added-value products. The export of logs also requires a logistical system that includes harvest, transportation to port, phyto-sanitary operations (fumigation or heat treatment) and a credible transaction method.

The GFC is developing a list of companies interested in log exporting to facilitate contacts within the industry. Log exporters and log suppliers should email Nathan McClure, for more information.



SPIB Proposes to Reduce Design Values for Visually-Graded Southern Pine Dimensional Lumber

In October 2011, the Southern Pine Inspection Bureau (SPIB) announced their proposal of new design values for visually graded southern pine dimension lumber. The design values proposed by SPIB are pending approval by the American Lumber Standard Committee (ALSC) Board of Review.

The proposal comes as a result of test data that indicated a significant reduction in mechanical properties for four of the six basic lumber properties: Bending, Tension parallel-to-grain, Compression parallel-to-grain, and Modulus of Elasticity.

SPIB did not study why these observed changes were observed in southern pine lumber; however, changes in the timber resource composition is one variable that can effect the strength of structural lumber (e.g., fast-growing timber with increased juvenile wood).

Southern pine lumber products affected by this proposal include site built construction and lumber remanufactured products, such as trusses, solid sawn I-joist flanges, header framing, wall framing, etc. If the SPIB proposal is finalized, design values for visually graded pine lumber could be lowered by 25-30%**.**

These new design values could result in increased demand for mechanically-graded lumber which only a handful of Georgia sawmills produce. Other potential impacts may include reduced maximum spans for joists, higher grades and larger sizes of lumber may be required for structures, and end users may experience increased costs associated with using more lumber or using alternate products.

ALSC is soliciting written comments from all interested parties, to be submitted 10 days before their next meeting on January 5, 2012 in Washington, DC. Comments should be sent to Tom Searles, ALSC President by fax to (301) 540-8004, or by e-mail to alsc@alsc.org.

For more information, please contact staff member Risher Willard or visit the following web sites:

www.southernpine.com
www.alsc.org
www.spib.org
www.sbcindustry.com

Photo Credit: Risher Willard