



The Economic Impact of Forest Products Manufacturing in Georgia

There are 163 wood product manufacturing facilities located in Georgia, which convert harvested forest materials to valuable products. These mills include 12 pulp mills, 9 engineered-wood product mills, 123 sawmills and 19 other types of producers using logs as a raw material. In addition, there are more than 1200 Georgia companies that further convert manufactured wood products into more valuable products, such as furniture, wood mouldings, paper products, containers, cabinetry, and other goods. All of these companies together provide significant impact to Georgia's economy. The information below describes this impact in terms of dollar output, number of jobs, and compensation to Georgians for the 2007 calendar year.

Direct Impacts

Georgia's forest industry in 2007 had an output of \$18.5 billion, employed 64,192 persons, and paid \$3.4 billion dollars in compensation. The output and compensation levels were 4% higher and -3% lower, respectively, than 2006 levels without considering the effect of inflation. Direct employment in forest product-related industries was reduced by 5%. The pulp and paper sector continues to provide the majority of impacts at 54% of the total. The percentage impacts of all the major sectors are shown in Chart 1.

Table 1 shows changes in specific forest industry sectors from 2006 to 2007, while incorporating the affects of inflation.

Chart 1: Percentage of Output for Forest Manufacturing Sectors in 2007

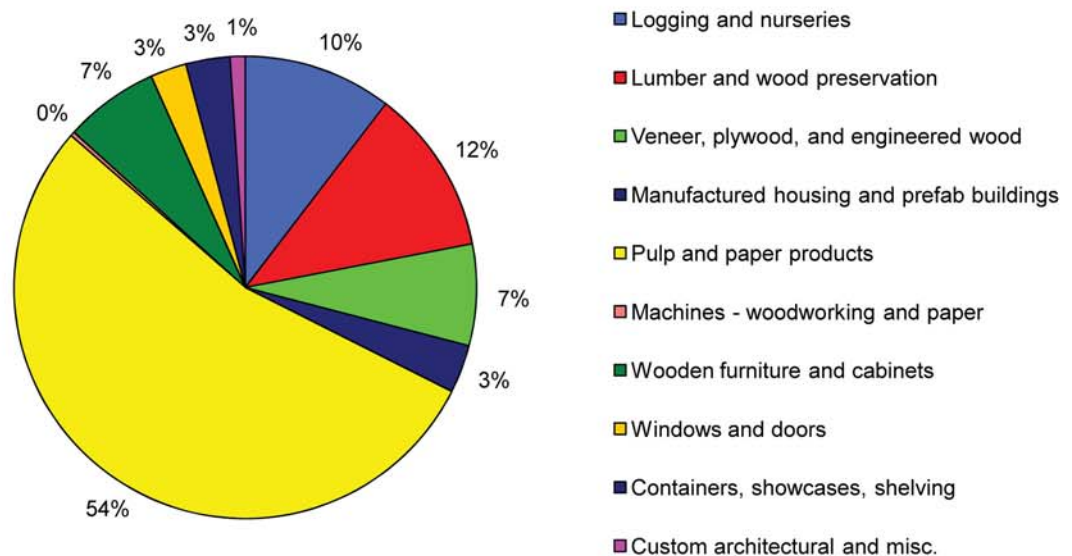


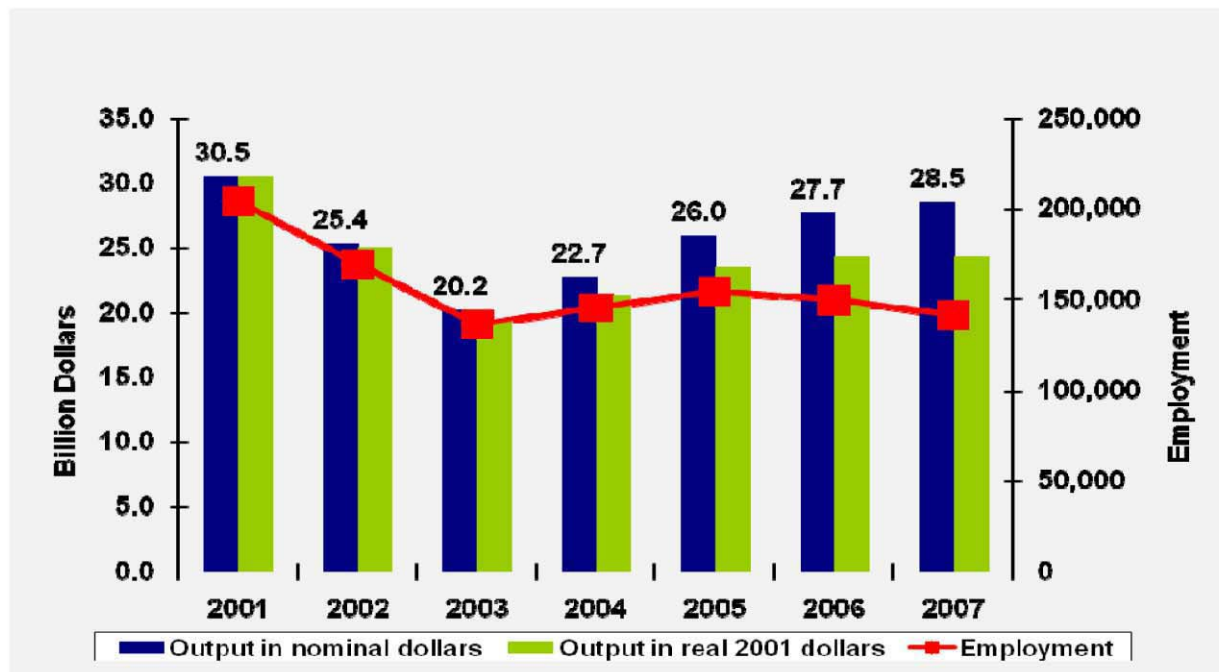
Table 1: Trends in Economic Output of Forest Industry

Sector	Output in 2006 dollars (millions)		Gain or Loss by Sector from 2006 to 2007	
	2006	2007		
Logging and nurseries	1,846	1,757	-89	-4.8%
Lumber and wood preservation	2,057	2,042	-15	-0.7%
Veneer, plywood, and engineered wood	1,260	1,285	25	2.0%
Manufactured housing and prefab buildings	596	509	-87	-14.7%
Pulp and paper products	9,590	9,850	260	2.7%
Machines - woodworking and paper	52	59	7	14.1%
Wooden furniture and cabinets	1,176	1,164	-12	-1.0%
Windows and doors	446	503	57	12.7%
Containers, showcases, shelving	548	607	59	10.7%
Custom architectural and misc.	190	172	-18	-9.4%

Total Impacts

In addition to *direct* impacts, the forest industry activities in Georgia provide *indirect* impacts and *induced* impacts. *Indirect* impacts result from the recirculation of resources caused by purchases of forest products by other industries. *Induced* impacts result from activities in the household sector made possible by household income flowing from the forest industry. Adding direct, indirect, and induced impacts yields *total* impacts. The *total* impact of the forest industry in Georgia in 2007 included **\$28.5 billion in output, 141,155 jobs, and \$6.7 billion in compensation to employees and proprietors** (+3%, -5%, and -1% over 2006 levels respectively). Trends in these indicators since 2001 are reflected in Chart 2. You will notice that total output was essentially flat in real terms (considering inflation).

Chart 2: Economic Impact Trends of the Forest Industry in Georgia



Industry Ranking

The *forest industry* ranks 2nd in Georgia behind *food processing*, when considering compensation to employees and proprietors. While the *food processing* industry totaled \$3.0 billion in compensation, the *forest industry* was slightly less at \$2.7 billion. *Forestry* ranks third behind *textiles* and *food processing* when considering number of employees.

Other Forest Industry Facts

- Forestry activities result in **\$566 million in taxes and other payments to Georgia's state budget**.
- Harvesting 6400 tons of wood each year creates one job in the harvesting and nursery sector of the industry.
- Forty nine (49) of Georgia's counties are considered either moderately dependant, very dependent, or critically dependant on the forest industry because of the proportion of income received by residents from forest product companies within the counties.

References

Riall, Bill; Various reports on the economic impact of the forest industry, 2001-2007; Enterprise Innovation Institute, Georgia Institute of Technology; 2007

Willard, Risher; verbal communication regarding the number of forest product mills determined by a Georgia Forestry Commission survey, 2008