



United States  
Department of  
Agriculture



Forest Service

Southern Forest  
Experiment Station

# Research Note

SO-279  
June, 1982

## Southern Wood Chip Exports

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### SUMMARY

More than 424,000 oven-dry tons of wood chips were exported from the South in 1980. Sweden and Japan were the major destinations for southern chips.

**Additional keywords:** Foreign trade, pulpwood exports.

### INTRODUCTION

Trial shipments of wood chips to Europe in the mid 1970s opened a new market for southern pulpwood. These trials culminated in long-term chip supply agreements to Sweden and the development of port facilities to serve overseas markets on a continuing basis. In 1980, more than 424,000 oven-dry tons of wood chips were exported from southern ports.

This note reports wood chip exports from the South by country of destination for the years 1987 through 1980. Data were derived from export statistics collected by the U.S. Department of Commerce for 11 southern customs districts. These districts are: Norfolk, Wilmington, Charleston, Savannah, Miami, Tampa, Mobile, New Orleans, Port Arthur, Galveston, and Houston.

### OVERSEASTRADE

Overseas trade in wood chips began in the mid 1980s when shipments were initiated between Japan and Oregon (FAO 1978). Japan has since been the dominant

force in the world chip trade. In the process of steadily increasing **chip** imports to supply its pulp industry, Japan has diversified its sources **of supply**. Besides the West Coast, other chip suppliers have included Australia, New Zealand, the Soviet Union, Indonesia, Malaysia, **South** Africa, and Canada. Although trial shipments of chips from the South were made to Japan in 1970 and 1974, further trade did not develop until 1980.

In the mid **1970s**, the European pulp industry also began to seek overseas sources of raw material. Western European nations have traditionally relied on the Scandinavian countries to supplement domestic supplies of papermaking: fiber, but booming markets and capacity expansion in **the** early 1970s caused Scandinavian pulp industry requirements to exceed pulpwood supplies. At the same time, a wood chip surplus developed in the South because pulp industry requirements lagged behind rising lumber sales following the 1974-75 recession.

Trial shipments to four European countries from the South in 1975 and 1976 were followed by two long-term agreements for chip sales to Sweden. Conditions in Sweden favored wood fiber imports. Swedish chip prices doubled between 1973 and 1976, making wood chips from the South a feasible alternative (Overgaard 1978). Also, an uneven age distribution in Swedish forests and government policies toward maintaining employment and pulp industry exports motivated use of external raw material supplies (Overgaard 1977).

The long-term contracts provided the assurance generally required to construct chip export facilities. New chip terminals were completed at Lake Charles, Louisiana, in 1976 and Savannah, Georgia, in 1977. Prior trial shipments were made primarily from bulk cargo handling facilities in **Morehead** City, North Carolina.

Table 1 .-Wood chip exports from the South by country of destination, 1967-1980

| Year <sup>1</sup> | Finland                   | France | Italy  | Japan   | Sweden               | Venezuela          | Other <sup>2</sup> | Total                |
|-------------------|---------------------------|--------|--------|---------|----------------------|--------------------|--------------------|----------------------|
|                   | ----- oven-dry tons ----- |        |        |         |                      |                    |                    |                      |
| 1967              | .....                     | .....  | .....  | .....   | .....                | .....              | 290                | 290                  |
| 1970              | .....                     | .....  | .....  | 9,900   | .....                | .....              | .....              | 9,900                |
| 1973              | .....                     | .....  | .....  | .....   | .....                | .....              | 22                 | 22                   |
| 1974              | .....                     | .....  | .....  | 16,212  | .....                | .....              | .....              | 16,212               |
| 1975              | .....                     | 16,026 | .....  | .....   | 77,283               | .....              | .....              | 93,309               |
| 1976              | 17,326 <sup>3</sup>       | .....  | 30,883 | .....   | 37,430 <sup>3</sup>  | .....              | .....              | 85,639 <sup>3</sup>  |
| 1977              | 23,538                    | .....  | .....  | .....   | 231,358 <sup>3</sup> | 8,994 <sup>3</sup> | .....              | 263,890 <sup>3</sup> |
| 1978              | 296                       | 83     | .....  | .....   | 83,431               | 6,445              | 179                | 90,434               |
| 1979              | .....                     | .....  | .....  | .....   | 222,975              | .....              | .....              | 222,975              |
| 1980              | .....                     | .....  | .....  | 109,246 | 315,043              | 42                 | 290                | 424,621              |

<sup>1</sup>No shipments were recorded in 1968, 1969, 1971, and 1972.

<sup>2</sup>Other countries to which small amounts have been exported include the Bahamas, Costa Rica, the Netherlands, Paraguay, Spain, and the United Kingdom.

<sup>3</sup>Volume includes estimated tonnage of chips shipped under nonpulpwood classifications.

## SOUTHERN SHIPMENTS

The volume of wood chips exported from southern ports through 1980 is shown in table 1. For each year, the volume reported by country represents the total shipments from the 11 customs districts. Since the moisture content of green chips will vary, chip export volumes are recorded in oven-dry tons to provide a consistent transaction or valuation unit.

Volume figures for 1976 and 1977 include tonnage estimates for chips shipped under commodity classifications other than pulpwood in chip form. Prior to 1978, wood chips not identified as pulpwood were included with other miscellaneous wood products and reported by value only, since the category lacked a common unit of measurement. Volumes were estimated for sizeable chip shipments in this category and were combined with the volumes reported for the pulpwood chip category. Beginning in 1978, a revision of the export commodity classification system created a single category for all wood chips.

Chip exports surged in 1977 as the new chip terminals began to operate. However, shipments were curtailed in 1978 because of depressed European markets and other difficulties (Patrick 1978). Shipments picked up again in 1979, but still were below levels expected from long-term contracts. Spot sales to Japan helped to boost shipments in 1980. By the end of 1980, the cumulative total for southern chip exports surpassed 1.2 million oven-dry tons.

Eighty-seven percent of all shipments have gone to European destinations, primarily Sweden. Chip exports

to countries other than Sweden thus far have been trial or spot shipments. During 1980, however, Norwegian pulp companies were reportedly seeking a long-term supply agreement for southern pine wood chips. Also in 1980, a significant volume of southern chips-more than 109,000 tons-was shipped to Japan under spot contracts because of escalating prices for chips from the West Coast.

Southern pine chips have made up almost the total volume of shipments. Two deliveries of hardwood chips were made in 1977 and 1978, and small shipments to several countries for uses other than pulping may also have been largely hardwood. Together, the hardwood shipments have made up only about 1 percent of the cumulative total of southern chip exports.

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