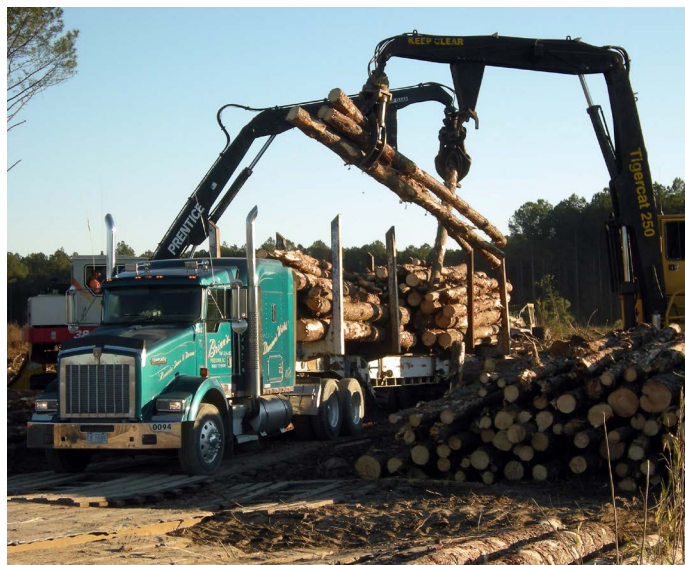


# Economic Contribution of the Forest Sector in North Carolina, 2019

NC STATE

EXTENSION

- North Carolina has about **18.1 million** acres of timberland covering approximately 58 percent of the state's total land area.
- In 2019, the forest sector in North Carolina — including forestry and logging operations, sawmills, furniture mills, and pulp and paper industries — directly contributed **\$21.6 billion** in industry output, which was nearly 2 percent of the statewide economic output. The forest sector employed over **73,600** people with a payroll of \$4.3 billion and a value added (gross state product) of \$6.3 billion.
- Including direct, indirect, and induced effects, the forest sector in North Carolina had a total contribution of **\$34.9 billion** in industry output to the North Carolina economy, supporting more than **148,000** full-time and part-time jobs with a payroll of about \$8.4 billion.
- Compared to 2018, total economic output in 2019 was **up 4.0 percent**, but total employment dropped 1.6 percent. Logging and primary solid wood mills lost about 5,000 jobs collectively.
- The total value added — equivalent to the gross domestic product — grew 2.3 percent to **\$13.5 million**, mainly in secondary solid wood and primary paper and paperboard industries.
- The forest sector continued to be the top employer among manufacturing sectors in the state.



- Every job created in the forest sector resulted in another **1.01** jobs in North Carolina.
- On average, every dollar generated in the forest sector contributed an additional **62 cents** to the rest of the North Carolina economy.
- The forest sector in North Carolina directly generated about **\$266.8 million** in state and local taxes and **\$874.5 million** in federal taxes. Compared to 2018, both state and local taxes and federal taxes increased by 3.2 percent and 3.0 percent, respectively.
- International exports from the North Carolina forest sector totaled about **\$1.41 billion**, down 2 percent from 2018.



**Economic Contribution of the North Carolina Forest Sector, 2019<sup>1</sup> (Values, based on multi-industry contribution analysis, are reported in 2019 dollars.)**

| <b>Contribution</b>                                   | <b>Industry Operation</b>               | <b>Employment<sup>2</sup><br/>(jobs)</b> | <b>Labor Income<sup>3</sup><br/>(million \$)</b> | <b>Gross State<br/>Product<sup>4</sup><br/>(million \$)</b> | <b>Industry Output<sup>5</sup><br/>(million \$)</b> |
|---|---|--|--|---|---|
| <b>Direct<br/>Contribution<sup>6</sup></b>            | Forestry operations                     | 720                                      | 38.48  | 43.49   | 55.45   |
|   | Logging                                 | 5,023                                    | 226.50   | 240.42  | 406.64  |
|   | Primary solid wood mills <sup>7</sup>   | 6,415                                    | 348.54   | 609.86  | 2,046.98  |
|   | Secondary solid wood mills <sup>8</sup> | 43,916                                   | 2,242.25   | 3,110.44  | 9,126.06  |
|   | Primary paper and paperboard mills      | 4,674                                    | 468.69   | 858.28  | 3,580.30  |
|   | Secondary paper and paperboard mills    | 12,884                                   | 957.98   | 1,476.88  | 6,397.60  |
|   | <b>Total</b>                            |  | <b>73,632</b>                                    | <b>4,282.44</b>   | <b>6,339.37</b>                                     |
| <b>Total<br/>Contribution<sup>9</sup></b>             | Forestry operations                     | 937                                      | 48.72  | 62.63   | 88.89   |
|   | Logging                                 | 6,695                                    | 308.93   | 389.68  | 669.51  |
|   | Primary solid wood mills                | 13,911                                   | 768.09   | 1,326.49  | 3,376.71  |
|   | Secondary solid wood mills              | 78,981                                   | 4,173.47   | 6,429.94  | 15,317.66   |
|   | Primary paper and paperboard mills      | 16,351                                   | 1,144.43   | 2,040.68  | 5,822.76  |
|   | Secondary paper and paperboard mills    | 31,196                                   | 1,960.95   | 3,223.51  | 9,667.45  |
|   | <b>Total</b>                            |  | <b>148,017</b>                                   | <b>8,404.59</b>   | <b>13,472.93</b>                                    |
| <b>Change in Total<br/>Contribution<br/>from 2018</b> | Forestry operations                     | 1.2%                                     | 1.7%   | 4.2%  | 2.1%  |
|   | Logging                                 | -19.1%                                   | -14.4%   | -13.9%  | -16.1%  |
|   | Primary solid wood mills                | -20.0%                                   | -20.6%   | -24.7%  | -24.3%  |
|   | Secondary solid wood mills              | 2.1%                                     | 5.6%   | 8.8%  | 11.2%   |
|   | Primary paper and paperboard mills      | 11.5%                                    | 14.0%  | 13.6%   | 15.8%   |
|   | Secondary paper and paperboard mills    | -2.0%                                    | 0.6%   | 1.2%  | 2.4%  |
|   | <b>Total</b>                            |  | <b>-1.6%</b>                                     | <b>1.5%</b>   | <b>2.3%</b>   |

<sup>1</sup> Economic contribution numbers, based on multi-industry contribution analysis, are reported in 2019 dollars. The method of internal adjustments to the IMPLAN software (IMPLAN 2018) was used. More details about the contribution analysis method are available from the **IMPLAN Pro: Multi-Industry Contribution Analysis**. IMPLAN sectors included 15, 16, 19 (partial), 132, 133, 134, 135, 136, 137, 138, 139, 140, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 365, 366, 367, 370, 371, and 373.

<sup>2</sup> Employment includes both full-time and part-time jobs.

<sup>3</sup> Labor income includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.

<sup>4</sup> Gross State Product (value added) is the difference between industry output and the cost of intermediate inputs. It consists of compensation of employees, taxes on production and imports less subsidies, and gross operating surplus.

<sup>5</sup> Industry output is the total annual value of production by industry.

<sup>6</sup> Direct contribution is a series of production changes or expenditures made by producers and consumers as a result of an activity.

<sup>7</sup> Primary mills, such as sawmills and pulp mills consume wood in a round or log form before producing a value added product.

<sup>8</sup> Secondary mills, such as furniture and paper mills, use wood-based products to produce value added products.

<sup>9</sup> Total contribution is the sum of direct, indirect, and induced contribution effects generated by the sector.

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