

# Economic Contribution of the Forest Sector in North Carolina, 2022

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Amidst high inflation and increased economic activity, the forest sector in North Carolina continued to surge, with a total economic size of greater than **\$42.5 billion** in 2022. Compared to 2021, the North Carolina forest sector realized a significant gain in 2022—nearly **\$7.3 billion** in total economic activities across the state—predominantly in rural counties.

- In 2022, the forest sector in North Carolina—including forestry and logging operations, sawmills, furniture mills, and pulp and paper industries—**directly** contributed **\$25.8 billion** in industry output, which was nearly 2% of the statewide economic output. The forest sector directly employed about 73,646 people with a payroll of \$4.9 billion and a value-added (gross state product) of **\$7.5 billion**.
- Including direct, indirect, and induced effects, the forest sector in North Carolina had a **total** contribution of **\$42.5 billion** in industry output to the North Carolina economy, supporting approximately **151,700** full-time and part-time jobs with a payroll of about **\$10.1 billion**.
- **Total economic output** in 2022 was up **20.6%**, compared to 2021, and **total employment** rose **8.6%** (12,000 more jobs). Solid wood product industries gained over 9,200 jobs in 2022, compared to a year ago.
- The total value added, equivalent to the gross domestic product, was up 14.9% to **\$16.3 billion**, predominantly in secondary solid wood and paper products industries.
- In 2022, the forest sector was the **top manufacturing sector** in the state, supporting over 2,700 more jobs than the food manufacturing sector in North Carolina.
- Every job created in the forest sector resulted in another **1.06** jobs in North Carolina.
- On average, every dollar generated in the forest sector contributed an additional **65 cents** to the rest of the North Carolina economy.
- The forest sector in North Carolina directly generated about **\$58.1 million** in county taxes, **\$231.9 million** in state taxes, and **\$1.15 billion** in federal taxes. Compared to 2021, the federal tax collection increased by **165%**.
- International exports from the North Carolina forest sector totaled about **\$1.72 billion**, down 1% from 2021.



## Economic Contribution of the North Carolina Forest Sector, 2022<sup>[1]</sup>

Contribution	Industry Operation	Employment <sup>[2]</sup>	Labor Income <sup>[3]</sup>	Gross State Product <sup>[4]</sup>	Industry Output <sup>[5]</sup>
<b>Direct Contribution<sup>[6]</sup></b>	Forestry operations	777	44.12	51.61	69.16
	Logging	4,940	204.82	302.49	503.35
	Primary solid wood mills <sup>[7]</sup>	6,244	441.11	999.77	3,261.63
	Secondary solid wood mills <sup>[8]</sup>	43,517	2,624.08	3,764.95	11,142.38
	Primary paper and paperboard mills	4,661	483.71	804.86	3,606.61
	Secondary paper and paperboard mills	13,506	1,125.60	1,561.47	7,237.36
	<b>Total</b>		<b>73,646</b>	<b>4,923</b>	<b>7,485</b>
<b>Total Contribution<sup>[9]</sup></b>	Forestry operations	1,005	57.19	75.81	112.55
	Logging	6,684	300.89	473.47	815.35
	Primary solid wood mills	15,630	1,072.64	2,074.55	5,292.64
	Secondary solid wood mills	79,788	5,019.86	7,855.35	18,824.20
	Primary paper and paperboard mills	15,237	1,221.03	2,086.62	6,046.21
	Secondary paper and paperboard mills	33,356	2,434.51	3,809.66	11,462.80
	<b>Total</b>		<b>151,700</b>	<b>10,106</b>	<b>16,375</b>
<b>Change in Total Contribution from 2021</b>	Forestry operations	0.1%	-0.7%	3.8%	7.8%
	Logging	-4.8%	-6.5%	15.0%	8.9%
	Primary solid wood mills	23.9%	24.9%	25.7%	42.7%
	Secondary solid wood mills	8.5%	15.1%	18.8%	24.4%
	Primary paper and paperboard mills	5.2%	7.6%	5.5%	11.8%
	Secondary paper and paperboard mills	7.6%	10.8%	7.9%	12.5%
	<b>Total</b>		<b>8.6%</b>	<b>13.2%</b>	<b>14.9%</b>

<sup>[1]</sup> Economic contribution numbers, based on multi-industry contribution analysis, are reported in 2020 dollars. The method of internal adjustments to the IMPLAN software was used, and more details about the analysis method can be obtained from Parajuli et al. (2018). 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 employee compensation, 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.

### Authors:

#### Rajan Parajuli

Associate Professor and Extension Specialist,  
Forest Economics

#### Robert Bardon

Professor and Associate Dean of Extension,  
Forestry & Environmental Resources

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