

The Vital Role Of Forestry In South Carolina's Economy

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Wood trusses used in construction are a prime example of a value added product that represents the future of South Carolina's forest economy.

By: Darla Moore

One of the first steps we took at the Palmetto Institute in our effort to make South Carolina more competitive in the global economy was to retain Professor Michael Porter of Harvard, a world-renowned, leading expert on regional competitiveness, to develop a long-term strategy for economic development in South Carolina.

His basic message was simple: The long-term key to building a more prosperous economy must be based on our ability to create competitive advantages through the innovative support and growth of our existing assets.

No longer could we rely solely on the strategy of attracting manufacturing operations to South Carolina based upon an

abundant, low-cost workforce, high financial incentives, and low taxes.

The emergence of low-cost competition from around the world demanded that we find ways to build upon our own assets.

Yet, today, when many of our policymakers talk about the keys to economic development, they fail to even mention one of our critical economic engines. I am speaking of the South Carolina forestry and timber industry, which plays a substantial role in our State's economy. Forestry and agriculture, combined, is the number one cluster within the State. The forest industry generates \$14 billion annually to the State's economy. Timber, with a delivered value of \$835 million, is the State's most valued agricultural crop, and

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the forest products industry employs more than 30,000 individuals, with a payroll of over \$1.24 billion.

Despite these impressive figures and their substantial economic impact, there must be recognition that to remain competitive and grow its economic strength, the forestry and timber industry must be able to add value and find new uses for its products and to expand its markets far beyond our borders. It simply cannot accept the status quo.

As Michael Porter said in his recommendations, "Prosperity is the result of continuous innovation, continuously upgrading the business environment, and helping companies become even more productive."

A recent article in this magazine's annual edition described the challenges the Southern forest industry is facing: Slow growth and overcapacity in the pulp and paper industry, markets depressed by Canadian imports, and high fuel costs. Yet, the author was encouraged because, "We've got trees!"

Yes, we do have trees but the question is whether we can add value to those timber assets in order to be competitive. In today's global economy, just having assets is not enough. It is what you do with those assets that will determine your future. That is why the Palmetto Institute and its partners have launched a mapping project of the State's existing agricultural, forestry, and bio-energy assets and identification of emerging opportunities for agribusiness. We want to find new and innovative uses for your products.

We will use the results of this work to develop an aggressive plan of action for the forestry and agribusiness cluster in South Carolina, along with identifying and supporting the production of existing and emerging feedstock for alternative, renewable fuels, the processing of such feedstock into biofuels, and the marketing of such fuels within the State.

Moreover, this market assessment will also allow us to develop an integrated, market-based, value-added plan to create economic

opportunities for the forestry and agribusiness cluster. It will allow us to assess existing and potential species and products, review the viability of the distribution and marketing infrastructure, and evaluate regional, domestic, and global markets of opportunity.

Our research will require collaborations and stakeholder interaction in timber-reliant communities and compel us to address environmental, political, work readiness, and structural impediments. We will also be able to look at the "best practices" so that we can exploit specialty niches and to determine if companies are competitive in the markets they serve.

Although it is important that we continue doing the "public good," we must all understand that real success comes from "enlightened self-interest." As Adam Smith, the father of conventional economic theory, has written, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest."

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We need your support. The time for a statewide strategic focus on forestry is now. We believe our study and your involvement can make a difference to our state. More importantly, it will also demonstrate to our policymakers the real value and commitment of the forestry and agribusiness industry in South Carolina, and the role you can play in building our economy.

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