



## FORESTS OF THE SOUTH

**A**bundant, Sustainable Resources  
and Lower Net Cost.

*Look inside or  
log on to learn  
more.*

# Business Environment

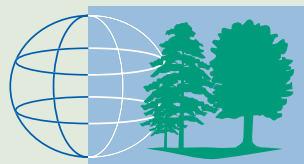
## Resources



## Infrastructure

## Sustainable

## Technology & Innovation



SOUTHERN GROUP OF STATE FORESTERS

[www.southernforesters.org](http://www.southernforesters.org)

*“Our goal is to ensure the growth of healthy forests, today and tomorrow. Forests are a rich natural resource, providing clean water, clean air, wildlife habitat, recreation opportunities, and a myriad of indispensable products – from wood to build our homes and furniture to fill them, to paper and tissue products, sports equipment and renewable fuels.”*

# W elcome to the South



## Sustainable Forests and Worldwide Supply Chain Efficiencies

The Southern forests of the US have a solid history as a leading provider of wood supplies and finished wood products. As the world's greatest value wood and wood products supplier, it is, simultaneously, one of the world's most efficient supply chains and a low-cost supplier. This combination provides a fertile area for investment and great options for supply sourcing, and long-term plant location. The South offers:

- ◆ **Ample Resources** – The Southern US has ample forestland that continues to grow due to sustainable forest management practices and a high percentage of private ownership.
- ◆ **Strong Infrastructure** – Interconnected landowners, loggers, foresters, and value added industries create a dynamic and efficient supply chain. Southern forests are located close to major US markets and have easy access to transportation systems that reach the world!
- ◆ **Advanced Technology** - Southern foresters are at the forefront of utilizing new and innovative technologies such as biomass and liquid fuels.
- ◆ **Innovation** – Infrastructure expansion and cutting-edge research in the South will help reshape the industry in the near future.
- ◆ **Solid Return on Investment** – Favorable terrain facilitates low-cost harvesting, while low utility and labor costs simultaneously reduce other operating costs.
- ◆ **Favorable Business Environment** – Supportive state government policies boost the forest industry and are furthered by a favorable cultural environment.

*Continue reading to discover the opportunities the Southern Group of State Foresters offers. You can also learn more at [www.southernforests.org](http://www.southernforests.org).*



# A mple Resources

## The South is the World's Wood Basket

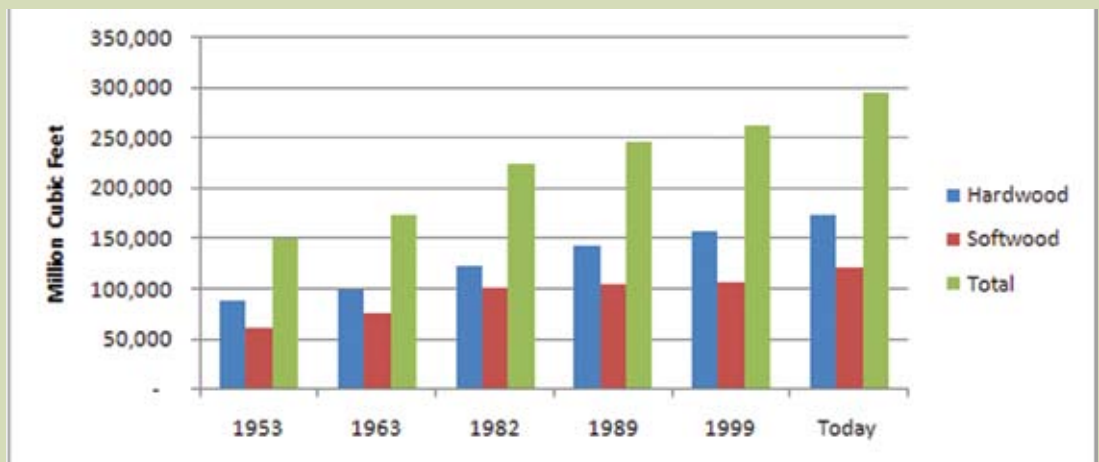
Southern forests are among the largest and most easily accessed forests in the world. Immense stocks of hardwood and softwood provide investors and wood products buyers with all of the resources needed.

*“Everyone knows that the South has the wood. It is the ‘world’s wood basket.’ Oak, pine, veneer, even biomass. They have plenty of it.”*

- ◆ **The region leads the nation in timber harvest volume.** Accounting for over half of US timber production, the South is a leader in the number of acres planted to trees.
- ◆ **Regional growth will continue.** Since 1950, the South’s growing stock has nearly doubled – from 148 billion cubic feet (4.2 billion cubic meters) in 1953 to 294 billion cubic feet (8.3 billion cubic meters) today. The volume of planted softwood will increase about 20%, to 120 billion cubic feet (3.4 billion cubic meters), by 2040. Similarly, natural stands of hardwood and softwood are expected to increase in volume.

The Southern Group of State Foresters website ([www.southernforests.org](http://www.southernforests.org)) contains vast amounts of regional and state-specific data.

### TIMBERLAND GROWING STOCK IN THE SOUTH



# Sustaining the Advantage

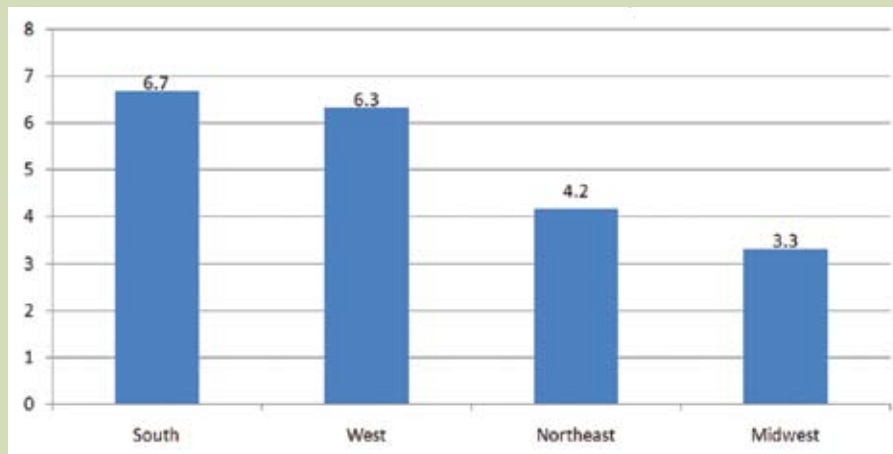


## Expanding Forestland Means Long-term Confidence in the Supply Chain

Southern foresters use sustainable forest management practices that guarantee abundant resource for future generations and protect the environment. Visit the website to learn more about the factors guaranteeing the Southern forests long-term success.

- ◆ **The region is exceptionally well managed.** To ensure that wood and fiber products are purchased from well managed forests, third-party forestry programs such as the Sustainable Forestry Initiative, American Tree Farm, and the Forest Stewardship Council are certifying increasing amounts of forestland in the South.
- ◆ **Customers and investors can rely on the South to be a long-term, stable partner in any endeavor.** Southern states contribute over half of the total US forestland net growth – over 13 billion cubic feet per year – and the amount of forestland is expanding faster than any other region in the US.
- ◆ **Sustainability drives confidence while protecting and enhancing the environment.** The South leads the US in forestland size, net growth, and protection of this valuable resource. These large, sustainable resources are easily accessed through the South's world class supply chain.

NET GROWTH AS PERCENT OF TIMBERLAND, 2007





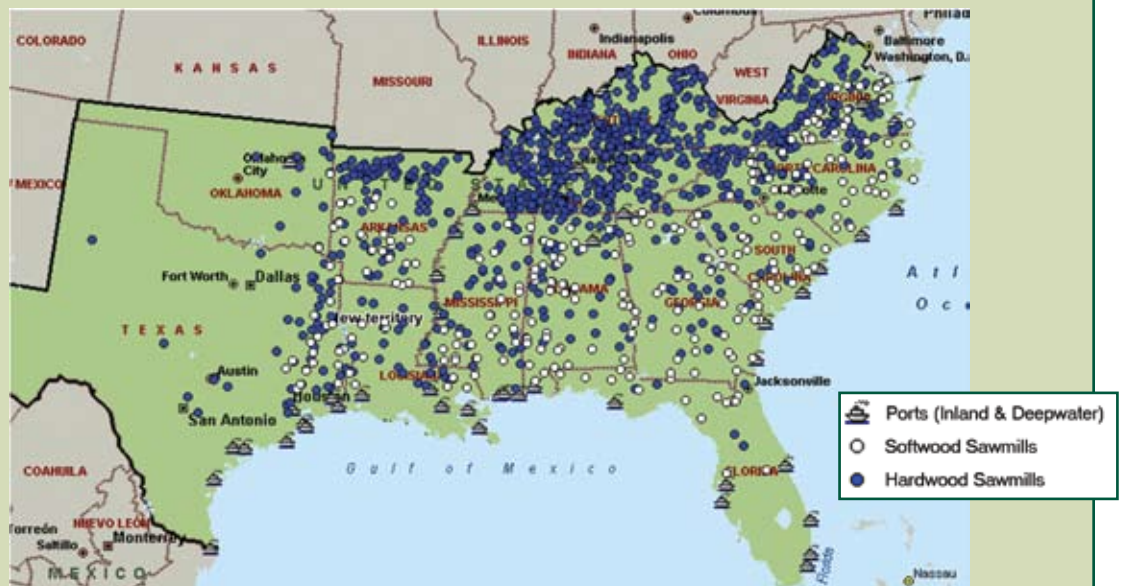
## **S**trong Infrastructure

### Designed to Move Products to the World

The southern United State's 47,000 miles (75,600 km) of railways, 18,000 miles (30,000 km) of interstate roadways, and 47 shipping ports provide the US southern forests with easy, low-cost access to domestic and international markets. An efficient supply chain and an abundance of resources shows why the southern United State's is a global leader in exporting timber and finished wood products.

- ◆ **Efficient supply chain.** Southern landowners, loggers, foresters, industries and others work together to maintain a highly efficient supply chain that increases buyer confidence and minimizes costs. The South's hundreds of wood products mills are located in close proximity to rail stations and port facilities, as shown below.
- ◆ **Economic growth is part of the culture.** The South's business friendly environment, year-round harvesting, and supportive workforce encourage responsible cultivation of the forest resources.
- ◆ **Export Focus.** Southern ports are continually expanding capacity to handle the rapidly increasing demand for wood chips, southern yellow pine, and hardwood.

#### PORTS IN CLOSE PROXIMITY TO MILLS



# Innovation & Advanced Technologies

## Rapid Innovation, New Technologies, and Biomass Expansion



The South is at the forefront of new, wood-based products and emerging technologies that may define the fuel, manufacturing, and other wood products industries for years to come.

- ◆ **Biomass.** The South currently has achieved a sustainable, efficient, low-cost integration of biomass technology. Biomass use in the South is positively impacting the economy as well as the environment through co-firing biomass at existing and new coal facilities. Dozens of new biomass energy projects have been proposed with Southern utility leaders such as Duke Energy, Dominion, and Cleco. Projected use is approximately 50 million green tons (45 million metric tonnes) of biomass annually.
- ◆ **Liquid Fuels.** Southern universities and other research centers are developing technologies and production methods that produce wood based liquid fuels. This will revolutionize the industry and meet surging US and international energy demands by producing fully commercialized cellulosic ethanol and other fuels in a renewable, environmentally conscious way.
- ◆ **Manufacturing innovations.** Dozens of universities and research centers are developing cutting-edge manufacturing processes and other technological innovations for the forest industry. This investment in intellectual capital and increased efficiencies positions the South to better serve domestic and foreign markets for years to come.
- ◆ **Pellet mills.** Dozens of large pellet mills – some exceeding a half million tons of production – have been built in the South and more are planned. Demand for pellets is surging, and the South is in prime position to capitalize on these trends

Visit [www.southernforests.org](http://www.southernforests.org) or contact your state's forestry representative (as shown on the back cover) for information about the groundbreaking work taking place in the South.



# Solid Return on Investment

## Lower Production Costs Yield Higher Margins

Whether you are buying wood as a raw material for a furniture manufacturing company or investing in the land as a long-term resource, the expected return on the investment (ROI) is critical to your decision. The South is a “low-cost producer” for many forest products. Its low-cost position provides manufacturers with an excellent value product stream and investors with positive expectations of returns.

The South will retain its reputation since most factors are based on demographics, the nature of the land itself, or instilled in public policy. There are several other factors that generate such favorable conditions in the South, as shown below.

**Check the website for more detailed information about costs and returns for the region and individual states.**

### LOW PRODUCTION COSTS

#### Land Cost

High levels of private forestland ownership in the South (nearly 90% compared to less than 60% elsewhere) make land acquisition simpler and often less expensive than in other regions. Additionally, flat or gently rolling terrain reduce long-term land management costs.

#### Energy & Utility Costs

Electricity costs in the southern region are 10% to 20% less than the national average.

#### Wage & Tax Rates

According to the US Bureau of Labor Statistics, wage rates are 9% lower in Southern states compared to the rest of the country. Analysis done in 2009 by the Tax Foundation shows that corporate tax rates in the South average about 10% less than some other major US wood producing regions.

# Favorable Environment

## The South's Positive Attributes Minimize Long-term Risk



Investors and wood products buyers view cost and risk from a broad perspective. Desirable features of the region — such as easy access to markets — allow Southern forest producers to remain an efficient and invaluable supplier to the US and the world. The year-round growth and harvest seasons combined with the stability of the Southern United State's position on economic freedom, trade policy, and corporate transparency, along with its history of stable currency and social-business climates, reduces risks that can have long-term bottom-line effects.

The South possesses a number of structural characteristics that position it as the investment and supply leader for the foreseeable future.

### HIGHER RETURNS

<b>Low Risk</b>	Positive government and community support reduces the risk of interruptions of supply.
<b>Access to Markets</b>	The excellent infrastructure easily serves local demand and provides facilities with efficient access to markets outside the region.
<b>Ownership</b>	Lower regulatory and acquisition costs are achieved with 90% of land in the South being privately owned - compared to less than 60% for the rest of the US.
<b>Strong Supply Chain</b>	The strong supply chain reduces expected transportation costs of getting wood products to markets domestically and abroad.
<b>Tax rates &amp; Incentives</b>	Economic incentives and modest tax rates also reduce long-term cost burden.



# Making the South an Easy Choice

**Visit Our Website for more Information on Wood Resources, Mills, and Initiatives.**

The South supplies the world with wood, Due to sustainable forest management practices, a highly efficient supply chain, and a great business environment, it will do so for generations to come. The South is comprised of 13 states – each with its own unique mix of wood resources, manufacturing innovations, and investment opportunities.

## THE SOUTH HAS....

**Resources** – Over 250 million forestland acres (1 million square kilometers), 87% of which are privately owned (the most of any US region)

**Sustainability** – Highest net growth as a percent of timberland in the US (6.7%)

**Capacity** – Over 1,500 mills and a great, business-friendly environment!

**Supply chain efficiency and infrastructure** – Excellent network of roadways, the highest concentration of rail miles (as a percent of square miles) in the US, and more ports than any other US region.

**Technology and innovation** – Dozens of research facilities and innovative manufacturing plants keep Southern foresters on the leading edge of industrial advancement.

**Export capability** – Nearly 60% of all US foreign trade comes through Southern ports.

**Low costs of doing business** – Industrial electricity rates of 5.86 cents per KWH (the lowest of any US region); labor and insurance rates are also low.

**The people to get the job done** - A large, skilled workforce and friendly business environment.

- ◆ **Use the comparative database.** The Southern Group of State Foresters' website features an excellent resource to help to answer your questions.
- ◆ **Find the local resources.** Each state has a department set up to address your specific needs as well as a website where you can get detailed, up-to-date information.

**Go to the Southern Group of State Foresters website for the information you need to take advantage of these opportunities and resources at [www.southernforests.org](http://www.southernforests.org).**

# State Resources

Contact the following state resources in order to learn more about the benefits of investing or buying wood products from the Southern forests.

## **ALABAMA**

Alabama Forestry Association  
555 Alabama Street  
Montgomery, AL 36104-4395  
t: (334) 265-8733  
w: [www.alaforestry.org](http://www.alaforestry.org)

## **ARKANSAS**

Arkansas Forestry Commission  
3821 West Roosevelt Rd.  
Little Rock, AR 72204  
t: (501) 296-1940  
w: [www.arkansasforestry.org](http://www.arkansasforestry.org)

## **FLORIDA**

Florida Division of Forestry  
3125 Conner Blvd, C-19  
Tallahassee, FL 32399-1650  
t: (850) 922-0135  
w: <http://www.fl-dof.com>

## **GEORGIA**

Georgia Forestry Commission  
P.O. Box 819  
Macon, GA 31202-0819  
t: (800) 428-7337 (1-800-GATREES)  
w: [www.gatrees.org](http://www.gatrees.org)

## **KENTUCKY**

Kentucky Division of Forestry  
627 Comanche Trail  
Frankfort, KY 40601  
t: (502) 564-4496  
w: <http://www.forestry.ky.gov>

## **LOUISIANA**

Louisiana Department of Agriculture  
and Forestry  
P.O. Box 1628  
Baton Rouge, LA 70821  
t: (225) 925-4500  
w: [www.ldaf.state.la.us](http://www.ldaf.state.la.us)

## **MISSISSIPPI**

Mississippi Development Authority  
Post Office Box 849  
Jackson, MS 39205  
t: (601) 968-3881  
w: [www.mifi.ms.us](http://www.mifi.ms.us)

## **NORTH CAROLINA**

North Carolina Division of Forest  
Resources  
1616 Mail Service Center  
Raleigh, NC 27699-1616  
t: (919) 857-4844  
w: [www.dfr.state.nc.us](http://www.dfr.state.nc.us)

## **OKLAHOMA**

Oklahoma Forestry Services  
2800 N Lincoln Blvd.  
Oklahoma City, OK 73105  
t: (405) 522-6158  
w: [www.forestry.ok.gov](http://www.forestry.ok.gov)

## **SOUTH CAROLINA**

South Carolina Forestry Commission  
5500 Broad River Road  
Columbia, SC 29212  
t: (803) 896-8800  
w: [www.state.sc.us/forest](http://www.state.sc.us/forest)

## **TENNESSEE**

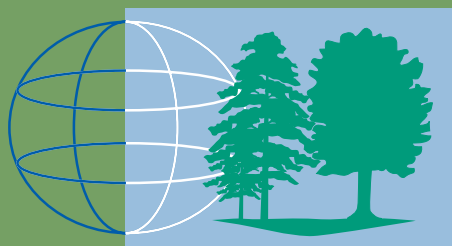
Tennessee Division of Forestry  
440 Hogan Road  
Nashville, TN 37204  
t: (615) 837 5103  
w: [state.tn.us/agriculture/forestry](http://state.tn.us/agriculture/forestry)

## **TEXAS**

Texas Forest Service  
John B. Connally Building  
301 Tarrow, Suite 364  
College Station, TX 77840-7896  
t: (979) 458 6630  
w: <http://txforestservation.tamu.edu>

## **VIRGINIA**

Virginia Department of Forestry  
900 Natural Resources Dr., Suite 800  
Charlottesville, VA 22903  
t: (434) 977-1375 ext. 3515  
w: [www.dof.virginia.gov](http://www.dof.virginia.gov)



# SOUTHERN GROUP OF STATE FORESTERS

**[www.southernforests.org](http://www.southernforests.org)**

Southern Group of State Foresters

PO Box 930

Winder, Georgia 30680

Tel.: (770) 267-9630

Fax: (770) 266-1912

Email: [sgsfexec@zup-co-inc.com](mailto:sgsfexec@zup-co-inc.com)