How Competitive Is the Wood Supply Chain in the U.S. South?

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Abstract: Fiber is the largest component of cash manufacturing costs. As such, fiber availability and cost have large impacts on industrial profitability. We examine wood supply chains across the world’s major wood producing regions, including U.S. South, Canada, Brazil, Chile, Sweden, and Australia. We evaluate the effectiveness of particular systems based on information about their structure, stumpage costs, and delivered wood costs. The delivery process includes procuring, harvesting, and transporting fiber to the production’s facility woodyard and processing there. Using the linerboard sector as an example, we also examine the impact of using virgin fiber vs. recycled fiber on manufacturing costs. These regional comparisons are used to identify strategies that should be considered by the industry in the U.S. South for improving wood supply chain efficiency. A special emphasis will be placed on what policy makers and wood processing mills can do to improve the wood supply chain efficiency, both in terms of reducing costs and improving fiber availability, including policies associated with truck weight limits, scheduling, equipment, and contracting.

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