

Pulp fact: US China exports strong

Forest product exports from the southeastern US ports have been benefiting breakbulk and box shipping

The southeastern United States, long known for its forest product industries, has seen exports rebounding. The ever-present competition among US ports is epitomised by two container ports: Savannah, Georgia and Charleston, South Carolina, which are close to each other on the south-eastern coast, vying for containerised forest products cargoes.

A spokesman from Savannah explained to *Fairplay*: “Woodpulp and paper-paperboard product comes from mills throughout the Southeast, including Georgia, Florida, South Carolina, North Carolina, Alabama, Mississippi and Tennessee.” Producers include giants such as International Paper, Georgia Pacific and MeadWestvaco.

Both ports are served by the interstate highway network and by Class I railroads CSX and Norfolk Southern.

The state of Georgia (with terminals at Savannah and Brunswick) says the value of 2010 exports reached \$28.7Bn – its highest ever. Among the top commodities were woodpulp (where Georgia led all other US states) and paper/paperboard (where the state ranked second).

US Army Corps of Engineers (USACE) data for 2009, the latest year available, show that Savannah exported more than 2.35M tonnes of woodpulp and 1.36M tonnes of paperboard. Exports of dimensional lumber were just over 272,200 tonnes. According to Piers’ data, Georgia’s ports exported 182,300teu of wood-

Top ten US seaport districts in dollar value of goods handled in 2010 (\$M)

Port district	Imports*	Exports**	Total
LA/Long Beach	269,460	66,646	336,106
Houston/Galveston	105,900	86,067	191,967
New York/New Jersey	128,480	47,310	175,790
New Orleans	71,510	42,413	113,922
Seattle/Tacoma	57,935	19,188	77,122
Savannah	42,745	27,011	69,756
San Francisco/Oakland	37,8834	18,814	56,698
Charleston	30,824	19,362	50,186
Philadelphia	34,712	14,451	49,163
Norfolk/Hampton Roads	28,435	20,644	49,079

*‘Imports’ are CIF & Customs value of US general imports by district of unloading

**‘Exports’ are Foreign Agriculture Service’s value of US exports of domestic and foreign merchandise by district of export

[Source: US Census Bureau Trade Data Branch report FT920, Tables 1 & 6]

pulp and 137,000teu of paper and paperboard.

South Carolina’s state-run terminals at Charleston and Georgetown, reported \$20Bn of exports in 2010, with woodpulp and paperboard also in the top 10. USACE data reports 635,000 tonnes of woodpulp and 725,700 tonnes of paperboard were shipped out of Charleston.

Chinese demand for imported pulp has been rising sharply

Local sources indicated that the majority of these shipments moved in containers. Major carriers include APL, CSAV, Evergreen, Hamburg Süd, MSC, NYK and others.

But not all of the cargo moves in boxes. Grieg Star Shipping,

a carrier specialising in the breakbulk forest product trades, offers multiple services out of the region, linking to the Mediterranean (the route includes Savannah’s Ocean Terminal) to North Europe (with loadings in at the Mayor’s Point facility in Brunswick, Georgia) and to Asia (with loading in Savannah). The Georgia port calls complement routes that include the Gulf of Mexico (Houston, Mobile and Panama City), as well as North Carolina (Wilmington and Eastport).

Underlying dynamics

The make-up of trade at Savannah (also served by major box carriers including CMA CGM, Cosco, Hanjin, Hapag Lloyd, Maersk, OOCL, YangMing and others) reveals the underlying export dynamics. Containerised pulp trade has risen since 2006 (from 1.27M to 2M tonnes), while breakbulk volume has fallen from

725,700 tonnes in 2007 to 362,900 tonnes in 2010. Containerised paperboard exports are similar to pulp – tonnage has doubled since 2006 to 1.81M tonnes since 2006, but breakbulk trades have remained at 2007 levels – around 453,600 tonnes in 2010.

The ports work closely with the big shippers – the Savannah spokesman told *Fairplay*: “We are active in marketing our services to customers, especially our ability to ship both containerised and breakbulk cargo. We have a forest products specialist in our sales team that calls on customer head quarters offices throughout the US.” The port is also active in organisations such as the International Forest Products Transport Association (IFPTA).

While the port data does not provide precise destinations, an IFPTA article suggests: “Chinese demand for imported pulp has been rising sharply, with 1.4M tonnes imported in January 2011 representing a 29% increase from the corresponding year earlier figure.”

A considerable portion moves to China from Brazil, but US mills will also benefit from the trend. The IFPTA adds: “In anticipation of future Chinese demand, many of the major pulp producers raised their prices in April by \$30/tonnes.”

Charleston and Savannah are now engaged in a discussion about channel deepening, as East Coast ports are seeking to capture the increasing trade for exports to Asia.

In coming years, US exporters will be presented with additional containerised services needing to balance outbound trades. Pulp and paperboard could now play an important role in filling up those otherwise empty boxes. ■