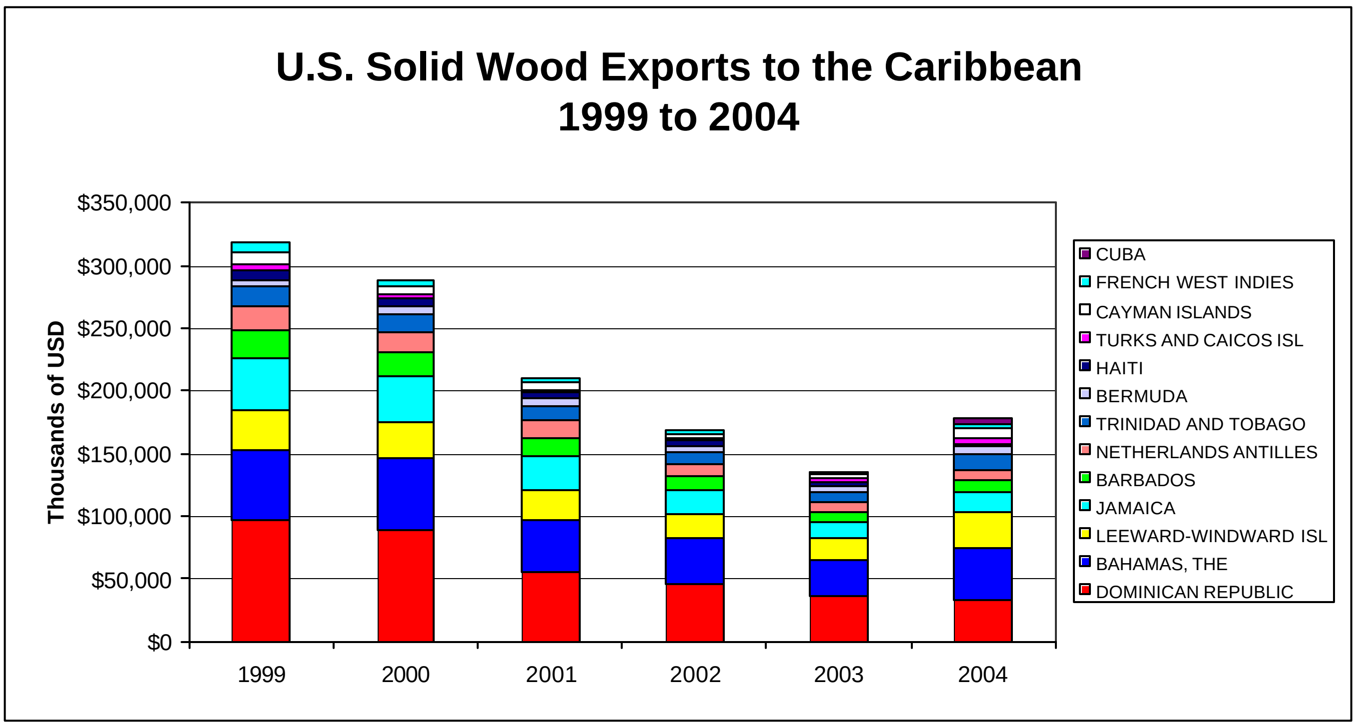
PIERS Data Analysis
U.S. Solid Wood Shipments to the Caribbean in 2004 (Jan-Oct)

This report briefly summarizes observations made from an analysis of Port Import Export Reporting Service (PIERS) data for U.S. solid wood products (HS Chapter 44 products) to the Caribbean region. PIERS data provides company specific information on each individual shipment made aboard seagoing vessels. This analysis focuses on a review of the companies shipping solid wood products to the Caribbean, the frequency of shipments made by individual companies, the ports used, and a quick review of the wood products shipped. The analysis also involves a comparison of PIERS data for shipments in 1999 and similar data for the first ten months of 2004.

Summary of Observations and Findings

Trade Overview

The Caribbean market is a large but shrinking market for U.S. solid wood products. Although U.S. solid wood exports are up in 2004 as compared to 2003, wood sales to the Caribbean have declined by $150 million (48 percent) since 1999.



More than 40 percent of the drop in U.S. exports to the region can be accounted for by the decrease in U.S. solid wood exports to the Dominican Republic (DR), which are down more than $64 million since 1999. Moreover, U.S. solid wood exports have fallen in every Caribbean market except Bermuda, Cuba, and the Turks and Caicos Islands.

Specific reasons for the decrease in U.S. solid wood exports to the Caribbean are not entirely clear. The decline has generally been blamed on poor economic conditions, and an overall decrease in demand for solid wood products. It is difficult to confirm that solid wood consumption has in fact decreased since 1999 because import and consumption data for individual Caribbean countries is not readily available. However, since domestic Caribbean wood production is minimal, and since several of the United States' key competitors in the region, Brazil, Canada, and the EU, have collectively increased solid wood sales to the Caribbean by only $20 to $25 million between 1999 and 2004, far less than the drop in U.S. exports, Caribbean wood product consumption may have fallen.[1]

Analysts have also suggested that the decrease in Caribbean demand for solid wood products resulted in part from decreased U.S. travel and tourism following the attacks on the United States in 2001. In nearly all of the Caribbean markets, tourism accounts for a significant share of the economy. In markets such as the Bahamas, tourism accounts for as much as 60 percent of GDP and more than one-half of employment.

Nonetheless, this may not fully explain the decrease in U.S. solid wood exports to the region, and further information regarding key Caribbean markets is needed. It should be noted, that while U.S. wood product exports to the Caribbean have dropped each year since 1999, total U.S. exports (general merchandise – exports of all goods of all types) to the Caribbean have risen between 10 and 20 percent. It should also be noted that declines in U.S. solid wood exports to the region began well before the drop off in tourism from the United States.

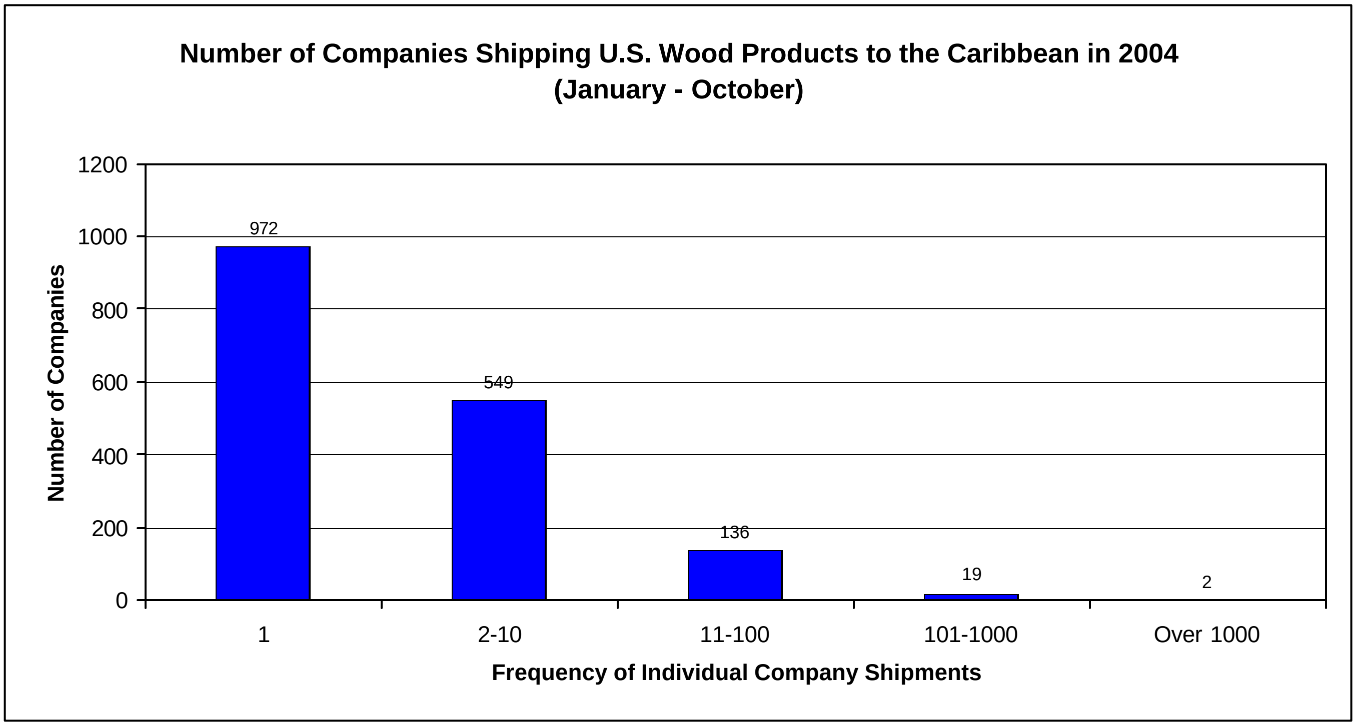
Despite declines, the Caribbean market remains very important to the U.S. solid wood industry, especially producers of southern yellow pine. The Caribbean remains the third largest U.S. market for softwood lumber (mostly southern yellow pine) by value after Canada and Japan, and the third largest market by volume after Canada and Mexico.

Market Concentration or Lack Thereof

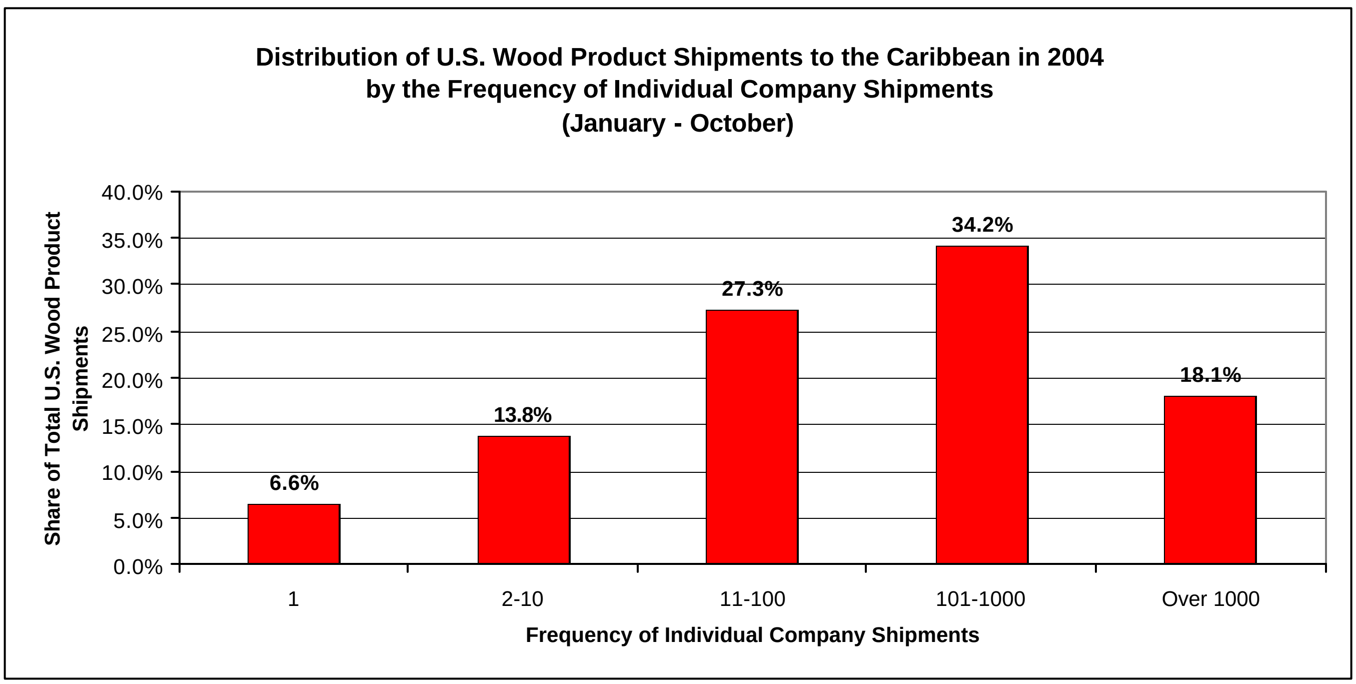
There are a large number of companies (1,678 through Oct in 2004) shipping U.S. solid wood products to the Caribbean. Many companies have shipped only once (972 companies), however, 175 companies have shipped at least ten times, or an average of once a month. The top 18 companies represent only 50 percent of the total shipments, and the top 100 companies represent roughly three-fourths (74 percent) of the total wood product shipments.

Additionally, a large portion of the trade appears to be conducted through companies whose main business is probably not wood products. While the most frequent shippers appear to be wood product companies, there are a significant number of building products supply companies and companies that may specialize in other wood products such as flooring materials, doors and windows, roofing supplies, etc.

[1] Honduran solid wood exports to the region may also have increased by as much as $30 million. However, comparable data for 2003 and 2004 is not readily available.



Despite the broad range of companies involved in the regional wood products trade, there are at least a few that may focus or specialize in the region. The top five wood product exporters each shipped more than 500 times, representing slightly more than 30 percent of all shipments. Most of these companies appear to focus on lumber and plywood, although they also exported a significant number of doors, windows, shingles and "roofing supplies".



A cursory review of products shipped by companies that shipped only a few times reveals that most of these sales are probably special requests or for somewhat unique products. Although these companies also shipped a large volume of lumber and plywood, a proportionately larger number of other wood products were shipped. Some of the items exported include: molding, roofing materials, doors & windows, flooring materials, treated lumber, caskets, used barrels, shutters, mouse traps, dock doors, empty wood boxes, police barricades, wood organizers, wood tools, hangers, roofing trusses, panels, and lumber.

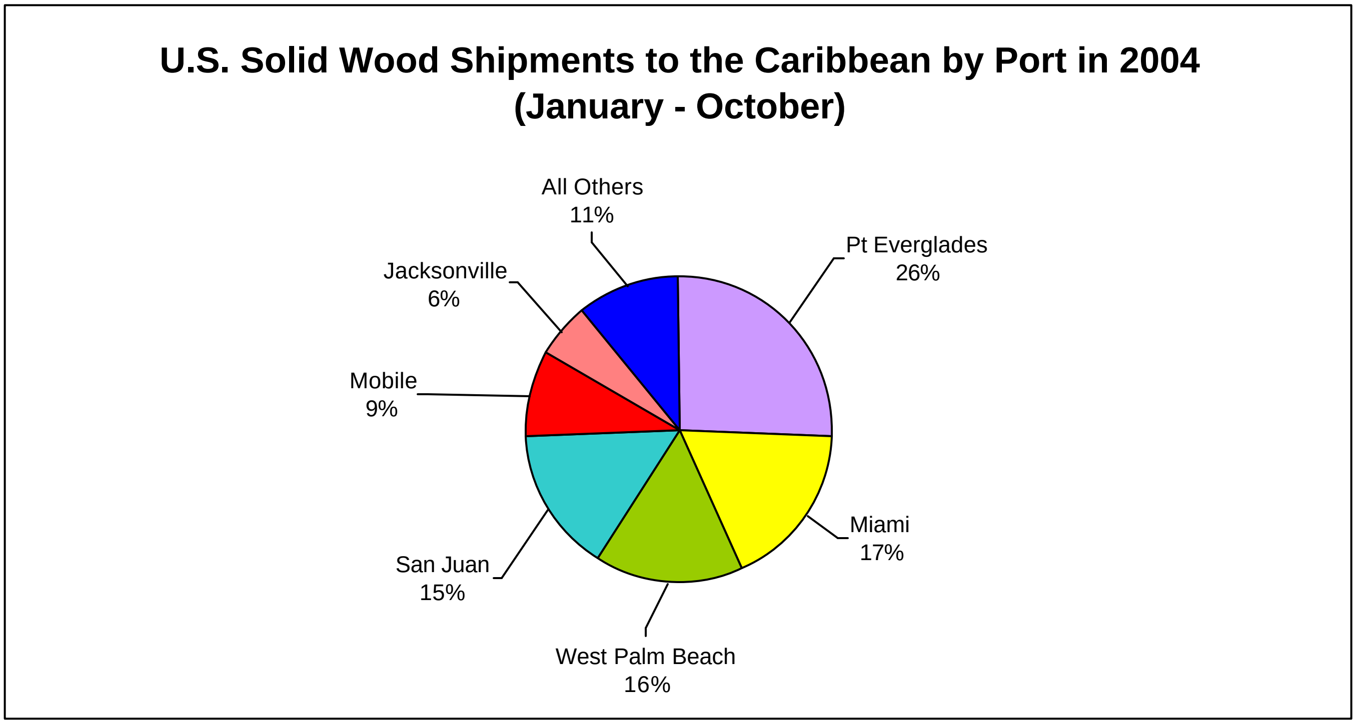
The Dominican Republic is More Concentrated

Each Caribbean market is somewhat different. However, the DR appears to stand out more than others. The DR was the largest Caribbean market for U.S. wood products until 2004, but also accounted for the largest drop in U.S. wood product exports to the region. However, the DR is also unique as one of the most concentrated in terms of shipments. Of the major markets, the DR accounts for the fewest number of shipments, representing 1/10 of the number going to the Bahamas. Through October 2004, 802 companies made 5,855 shipments to the Bahamas whereas only 106 companies made 514 shipments to the DR, despite the fact that the DR and the Bahamas are roughly the same size markets for U.S. wood products. U.S. wood product exports to the DR and the Bahamas are projected to reach $31 million and $39 million, respectively, in 2004.

Additionally, the DR market is also more concentrated in terms of product mix. U.S. solid wood exports to the DR are dominated by southern yellow pine (60%), and treated lumber (11%), with all other product categories accounting for less than five percent of U.S. sales. In contrast, U.S. exports to the Bahamas are divided between softwood lumber (21%), softwood plywood (13%), “other” wood products (12%), treated lumber (9%), joinery (7%), wood doors (7%), and hardwood plywood (5%). This difference in product mix may partially explain the differences in the concentration of shippers/shipments, although other explanations related to culture, geography, income, availability of credit, etc. may be equally or more important.

Ports and Shipping Routes

Most U.S. wood exports are shipped through ports in Florida, although a significant amount is shipped through San Juan, Puerto Rico (15.1%), and Mobile, Alabama (9.3%). However, while most shippers use a variety of ports, one very active company appears to export nearly everything from Puerto Rico. This single company accounts for nearly all of the Puerto Rico shipments recorded in the PIERS database. Additionally, exports through/from Puerto Rico are concentrated on the Leeward and Windward Islands, the Netherlands Antilles, and the French West Indies.



Although one would naturally expect Gulf and Florida ports to dominate trade to the Caribbean, the scale of dominance from Florida ports (especially south Florida ports) is still surprising. It should be noted that most of the wood products exported to the Caribbean are not produced in Florida and must be trucked a fair distance to many of the Florida ports. Thus it would be logical for other Gulf and East Coast ports to account for a slightly higher share of exports than they do. One possible explanation for Florida's overrepresentation is that a significant share of U.S. wood exports may be consumer driven due to the small size of many of the Caribbean islands (i.e. there may not be U.S. company representation in certain Caribbean markets). In such cases the typical transaction may be driven by Caribbean based builders or developers who simply seek out the nearest supplier (i.e. in Florida).

Other Observations

In each of the largest markets, three or four of the top ten exporters in 1999 were no longer among the top ten in 2004, however, the largest shipper remained the same. In the Bahamas, and the Leeward and Windward Islands, four of the top ten in 1999 were no longer among the top ten exporters in 2004. Three of the top ten exporters to the DR in 1999 were no longer among the top ten in 2004.

The values of individual shipments reported in PIERS vary widely, ranging from zero to hundreds of thousands of dollars. Likewise, the number of containers reported for individual shipments was often zero. Although a clear pattern was not evident, it is likely that many wood product shipments to the Caribbean are not full containers.

It is also apparent that a large number of lumber sales are misclassified. The number of shipments recorded as "non-coniferous wood NESOI", 440799, is much larger than U.S. export figures would suggest. While U.S. exports of all hardwood lumber amounted to less than four percent of U.S. solid exports to the region (approximately $5.1 million through October, 2004), the category 440799 was the most frequently used product description in PIERS, accounting for 27 percent of wood shipments recorded. In contrast, U.S. softwood lumber (440710) exports make up 34 percent of U.S. solid wood sales to the Caribbean, but according to the PIERS data account for only 15 percent of total wood product shipments. It appears that whenever inadequate detail is provided for lumber products (i.e. when the product description is “lumber”), the category for miscellaneous hardwood lumber, 440799, is used as the default category regardless of the actual product shipped.

U.S. Wood Exports to the Caribbean by Port
(January - October 2004)

Port of Export	No. of Shipments	Percent of Total
Port Everglades, Florida	3,792	25.7
Miami, Florida	2,572	17.5
West Palm Beach, Florida	2,325	15.8
San Juan, Puerto Rico	2,222	15.1
Mobile, Alabama	1,370	9.3
Jacksonville, Florida	876	5.9
New York, New York	382	2.6
Fernandana Beach, Florida	340	2.3
Salem, New Jersey	184	1.2
Tampa Bay, Florida	178	1.2
Fort Pierce, Florida	113	0.8
Pascagoula, Mississippi	71	0.5
Savannah, Georgia	54	0.4
New Orleans, Louisiana	47	0.3
Houston, Texas	36	0.2
Chester, Pennsylvania	29	0.2
Mayaguez, Puerto Rico	28	0.2
Norfolk, Virginia	26	0.2
Charleston, South Carolina	20	0.1
South Louisiana, Louisiana	19	0.1
Gulfport, Mississippi	18	0.1
Manatee, Florida	10	0.1
Port Canaveral, Florida	8	0.1
Baltimore, Maryland	3	0.0
Boston, Massachusetts	3	0.0
Los Angeles, California	3	0.0
Seattle, Washington	2	0.0
Long Beach, California	1	0.0
Newport News, Virginia	1	0.0
Total	**14,733**	**100.0**

U.S. Wood Exports, Population and Gross Domestic Product

Market	U.S. Wood Exports (Millions)	U.S. Wood Per Capita	Population (Thousands)	GDP	GDP/Capita
Antigua and Barbuda	$5.68	$83.31	68	$750	$11,000
Aruba	$3.55	$51.24	69	$1,940	$28,000
Bahamas	$38.39	$126.49	304	$5,099	$16,800
Barbados	$8.83	$31.82	278	$4,496	$16,200
Bermuda	$5.45	$84.21	65	$2,330	$36,000
British Virgin Islands	$3.83	$191.50	20	$320	$16,000
Cayman Islands	$10.02	$276.14	36	$1,270	$35,000
Cuba	$3.21	$0.28	11,282	$31,590	$2,800
Dominica	$1.78	$25.29	70	$380	$5,400
Dominican Republic	$27.69	$3.19	8,693	$52,160	$6,000
Grenada	$3.91	$44.43	88	$440	$5,000
Haiti	$2.49	$0.33	7,613	$12,180	$1,600
Jamaica	$21.94	$8.17	2,687	$10,210	$3,800
Martinique	$0.04	$0.09	425	$6,117	$14,400
Montserrat	$0.22	$25.79	9	$29	$3,400
Netherlands Antilles	$5.96	$27.73	215	$2,450	$11,400
St. Kitts and Nevis	$4.43	$115.00	39	$339	$8,800
Saint Lucia	$3.37	$20.54	164	$886	$5,400
St. Vincent and the Grenadines	$1.26	$10.78	117	$339	$2,900
Trinadad and Tobago	$10.38	$9.40	1,104	$10,600	$9,600
Turks and Caicos Islands	$5.51	$228.99	24	$231	$9,600
Total / Average	$167.94	$5.03	33,369	$6,865	$11,862