FORESTRY, TIMBER, PULP AND PAPER, AND FURNITURE

Contribution to GDP R57,7bn in 2019; 12% of Manufacturing GDP; Employment was 175 100 (including furniture) in 2018 and 13% of Manufacturing Employment.

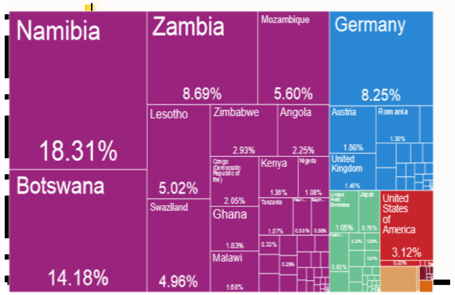
Furniture

Sector Overview:

Sector is one of the most labour intensive and was prioritised in the Job Summit October 2018.

The South African Furniture Industry is relatively small and contributes less than 1% to the manufacturing GDP, with approximately 26 000 employees. In 2018, the furniture manufacturing industry in South Africa had a total turnover of ZAR20,44 billion and retail sales of furniture for households including appliances, was ZAR 86,958 billion in the same year (Statistics SA, 2019). The industry remains a net importer, with 2018 Exports and Imports at US$415 485 and US$772 404, respectively. The furniture sector is characterised as:

- Low capital requirements .
- High market concentration.
- Diverse raw material requirements.
- www.furniture.org.za



Over 66% o of Total export goes to SADC Region.

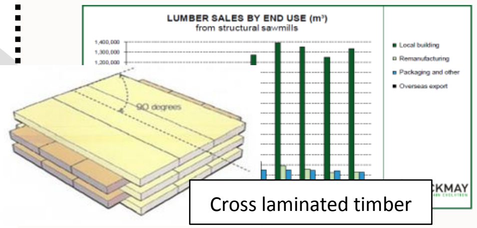
Timber

Sector Overview:

Sawmilling sector is labour intensive and low capital requirements whilst the board manufacturing is high capital requirements.

Sector employs >30 000 people; contributes R14bn to Manufacturing GDP. Constraints in wood processing are:

- Low recovery rates (< 50%)
- Low diversity in products: 75% structural lumber; 20% industrial lumber (pallets, packaging, furniture); only 5% export (SADC & Indian Ocean).
- Access to raw material
- Insufficient promotion of timber in built environment
- Structural constraints undermine growth of board manufacturers sector
- www.timber.co.za



Cross laminated timber

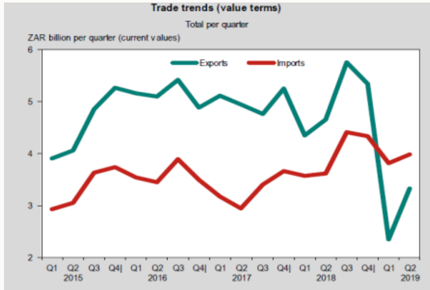
Timber and wood

Pulp and Paper

Sector Overview:

Pulp and paper sector sits on positive trade balance of R1.8bn (2019), contributed 4.1% to Manufacturing GDP and 21% to the Agricultural GDP in 2019.

- Dissolving wood pulp contributes more than 60% of exports. Tissue and packaging paper products also on growth trajectory.
- Security of raw material supply key.
- Made major strides in technology and waste beneficiation.
- Biorefinery initiatives being commercialised (e.g. Xylitol, rheology, lignosulphonate)
- Infrastructure development and investment in rail is critical to improve competitiveness.
- www.thepaperstory.co.za



Pulp d paper Balance of Trade 2007-2019

OPPORTUNITIES

CROSS SECTOR OPPORTUNITIES

Competitiveness enhancement includes investment in rail and industrial infrastructure, skills development, access to funding, improved recovery efficiencies, skills development and production solutions.

New product and market development through promotion of wood culture, furniture export drive and designation are some **demand driven interventions** that can be explored.

Streamlined access to DFI funding will lead to **industrial funding** and creation of jobs in marginalised industries.

Biorefinery, Innovation and Transformative technologies – transformative technologies promote novel and strategic uses for wood fibre and its many products and derivatives.

Furniture, Timber, Pulp and Paper Industries

Opportunity	Required outcome	Interventions
Improved Competitiveness & Market Access	Improved opportunities market share for local manufacturers. Retailers purchasing more from PDFs and SMEs. Government and large businesses purchasing from local furniture manufacturers	**Enhance Competitiveness, develop market access, enterprise & supplier development programmes.** - Establish market access programme that include online platforms for the marketing of locally manufactured furniture, the current retailer market access, designation and export promotion. - Establish Furniture manufacturing hubs to provide shared facilities and access to information, markets and finance. - Establishment of technical infrastructure around the standards, and illegal imports.
Promotion of Wood Culture	Increase the per capita use of wood in South Africa. Promote the construction of Timber structures. Local manufacturing of CLT and OSB Boards.	**Wood Culture/ Processing Strategy** - **Research and Product development** for localisation of timber construction material. - To increase the utilisation of wood products per capita through **Awareness and Education** – to promote use of timber structures in public buildings and strengthen Supply-side through incentives - Industrialisation and manufacturing of timber structures - OSB and CLT and localisation of the roof trusses.
Biorefinery Biomass/Log Optimisation	Improve the recovery rate from 43% to 55%. Waste Beneficiation to produce xylitol, Pine Gel etc. Further Beneficiation of Dissolved Wood Pulp and Cellulose	**Bio-Refinery, Biomass/Log Optimisation and Beneficiation** - Log optimisation initiative in the sawmilling sector through recapitalisation and new products from waste and off cuts. - Beneficiation of DWP, sludge and biomass for new product development and provide wood for industrial purposes from aviation to textiles, paper to pharmaceuticals to personal hygiene. - Fibre recycling and working with municipalities to recover paper from industries and homes.

Measurable objectives

Le... artments: the dti, SASA

Improved access to markets & finance for smaller firms / projects

Collaborative, public-private partnership

Provide access to otherwise absent capital

Ensure productivity-enhancing linked support