

# Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

## **Increases in Russian lumber exports have not compensated for the decline in log exports that came as the result the implementation of higher log export tariffs by Russia in 2007, reports the Wood Resource Quarterly**

*The Russian log export tax that was implemented in 2007 resulted in a sharp decline of log exportation with the Russian share of globally traded logs falling from 44% in 2006 to 15% in 2013. During the same period, lumber exports have increased but shipments have not compensated for the decline in income from the log exports, according to the Wood Resource Quarterly.*

**Seattle, USA.** In 2008, Russia's president Putin decided to add a tax to logs exported from the country with the goal of reducing exportation of wood raw-material, encouraging investments in domestic processing in wood products, and increasing exports of lumber and plywood. The first objective has definitely been achieved. When log export tariffs of 25% were implemented for softwood logs, all major trading partners reduced their reliance on Russian logs and diversified their log supply sources fairly swiftly. All-time high log exportation in 2006 and 2007 fell by about 30% the first year of the higher log export tax, as reported in the Wood Resource Quarterly (WRQ). By 2013, only one-third of the volume exported at the peak level six years ago was shipped to foreign markets.

With the decline in log exports from Russia, the country is no longer the leading source of logs in the world. In 2006, Russian softwood logs accounted for 44% of all logs traded in the world. By 2013, Russia had fallen behind both New Zealand and the US on the list of top log exporters in the world and Russian shipments only accounted for 15% of total global log trade.

When Russia joined the WTO in 2012, it was forced to take steps to reduce trade restrictions on export logs. This resulted in a lowering of the tariffs on softwood logs to between 13-15%. Even with these reductions, foreign log buyers have not rushed back to Russia to buy logs, and export volumes in 2013 were down four percent as compared to 2012.

The second goal of increasing lumber exports has also been reached, but this increase has been fairly limited and has not compensated in either volume or value for the dramatic reduction in log exports since 2007, according to WRQ ([www.woodprices.com](http://www.woodprices.com)). While the value of softwood log exports have fallen about two billion dollars in six years, softwood lumber export values have only gone up 300 million dollars. As a result, the total value of exported logs and lumber was 27% lower in 2013 than the year before the log export tax came into effect in 2007.

*Global pulpwood and timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, established in 1988 and with subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade and market developments in most key regions around the world. **To subscribe to the WRQ**, please go to [www.woodprices.com](http://www.woodprices.com)*

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