

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

China has become the major destination for Eucalyptus chips from Australia with record-high shipments in 2015, reports the Wood Resource Quarterly

Australia has increased exportation of Eucalyptus chips by 58% in three years to reach a record-high in 2015, according to the Wood Resource Quarterly. Shipments to pulp mills in China have gone up substantially and the costs for chips landed in this growing market have increased the past two years to practically equal those of chip costs delivered to Japan.

Seattle, USA. Eucalyptus chip export volumes from Australia were up 15% in 2015 year-over-year to reach a record-high of 5.2 million tons, valued at almost one billion Australian dollars. Shipments have increased for three consecutive years and were in 2015 about 58% higher than they were in 2012.

The major development in wood chip trade during past few years has been the increase in exports of hardwood chips to China. Back in 2010, chip shipments to China only accounted for about 13% of the total export volume from Australia. In 2015, however, more than half of the chip exports were destined for China and the country has surpassed Japan as the major destination for Australian Eucalyptus chips, as reported in the Wood Resource Quarterly (WRQ).

In the past Japan was the major consumer of hardwood chips from Australia, accounting for 80% of the export volume as late as 2010. Over the past five years, export volumes have fallen from about 3.6 million tons in 2010 to an estimated 1.9 million tons in 2015.

Australia has not only increased shipments the past few years, but the country has also been climbing from being the world's fourth largest exporter of hardwood chips in 2012 to trail only Vietnam in 2015 in terms of total exports. About a third of the world's traded hardwood chips are currently originating from Eucalyptus plantation forests in Australia. Other major chip-supplying countries include Vietnam, Chile, Thailand, South Africa, Indonesia and Brazil.

Another noteworthy development is how the costs for Australian chips delivered to pulp mills in China and Japan have changed over the past few years. During much of the period from 2011 to 2013, the price discrepancy for chips landed in China were about US\$50/odmt lower than chips delivered to Japan. However, since early 2014 the delivered costs converged between the major consuming countries of Australian hardwood fiber, and they have remained practically the same since then only changing marginally in 2015.

Global lumber, sawlog and pulpwood market reporting is included in the 52-page quarterly

*publication Wood Resource Quarterly (WRQ). The report, which was established in 1988 and has 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***

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