

Forest Products Market Update

- a news brief from Wood Resources International LLC

Global trade of softwood logs has increased in 2010 after having fallen 30 percent in two years, reports the Wood Resource Quarterly

Higher worldwide demand for forest products has increased global shipments of softwood logs by 20 percent in 2010, reports the Wood Resource Quarterly. This year may be a turning point for global log trade, which had fallen 30 percent between 2007 and 2009.

Seattle, USA. August 2010. As a sign of improved markets for forest products in early 2010, global trade of logs increased by almost 20 percent during the first quarter as compared to the same quarter in 2009. An estimated 67 million m³ of softwood logs were traded in the world in 2009, which can be compared to over 95 million m³ in the record-year of 2007.

The biggest rise in softwood log imports occurred in Western Europe and Asia where imports to China, South Korea, Germany and Belgium have gained the most this year. After two years of declining trade, 2010 may very well be the turning point when global log trade will start growing again. However, the growth is not of the magnitude such that global shipments will reach the pre-financial crises levels of 2006 and 2007.

Russia is still the major supplier of softwood logs to the world, but its share of total trade has fallen from almost 40 percent in 2006 to less than 28 percent in the 1Q/10. This decline can be contributed to the 25 percent log export tax, which the Russian government implemented in 2008. Log exporters in New Zealand, the second largest log-exporting country in the world, has benefited from the high costs of Russian logs; New Zealand exports increased by 43 percent during the first four months of 2010 as compared to the same period in 2009. New Zealand Radiata pine logs currently account for approximately 13 percent of globally traded logs. Other major log-exporting countries in 2010 include the US, the Czech Republic, France and Canada.

China is by far the worlds biggest importer of softwood logs, accounting for about a third of globally traded logs in 2010. During the first six months of this year, imports were up 17 percent from the same period in 2009, reaching the highest level on record, reports the Wood Resource Quarterly. Russia and New Zealand are the largest suppliers, together accounting for almost 86 percent of the total imports.

The increase in log imports to China is the result of the higher production levels in the forest industry and the lack of domestic timber resources. Despite the Chinese government's efforts to become more independent on foreign logs by investing in the establishments of large areas of plantations over the past ten years, there are not enough mature forests to meet the ever-increasing need for wood raw-material in the country.

Global timber market reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices in key regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber

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