

Forest Products Market Update

- a news brief from Wood Resources International LLC

US and Canadian log and lumber exports to China up over 150 percent in 2010, reports the Wood Resource Quarterly

The value of softwood logs and lumber exported from North America to China reached over 1.6 billion dollars in 2010, which was 150 percent higher than the previous year and more than ten times as much as in 2006, reports the Wood Resource Quarterly.

Seattle, USA. China has come to the rescue for many sawmills and timberland owners in the US and Canada the past year. The value of softwood logs and lumber shipped from North America to China is estimated to reach over 1.6 billion US dollar in 2010, which is up dramatically from just a few years ago. In 2008, total exports were valued at 350 million dollars, while they were only 125 million dollars five years ago.

The increased demand for both wood raw-material and processed forest products in China has, to a large degree, benefited the forest industry in British Columbia and the states of Washington and Oregon in the US. It is interesting to note that the two countries have chosen different paths over the past few years. In Canada, sawmills historically shipped over 90 percent of their exports to US markets, but this changed as demand for lumber fell when the housing bubble burst in 2008. In the 3Q/10, less than 70 percent of exported lumber was destined for the US market. On the other hand, lumber shipments to China have gone up seven-fold the past three years and are expected to reach almost four million m³ in 2010, reports the Wood Resource Quarterly. This makes Canada the largest softwood lumber supplier to China, having surpassed Russia in the 4Q/10.

Another factor that has had an impact on the higher Canadian lumber exports to China is the abundant supply of low-cost beetle-killed timber in British Columbia. Sawmills in the Interior of the province have increased their production levels lately, ending up almost 20 percent higher in the 3Q/10 as compared to the same quarter in 2009. Much of the additional volume has been low-grade lumber targeted for the construction market in China. An estimated 16 percent of the BC lumber production in 2010 was exported to China.

While Canada has drastically raised lumber shipments to China in recent years, the US has instead expanding exportation of logs to Chinese sawmills and plywood manufacturers. In 2007, the US exported less than 100,000 m³; in 2010 an estimated 2.4 million m³ was exported. The US is now the third largest softwood log supplier to China, after Russia and New Zealand. The strong export market has caused sawlog prices in the US Northwest to go up more than in any other region of North America the past year, according to the Wood Resource Quarterly.

Global timber market reporting is included in the 52-page publication Wood Resource Quarterly. The report, established in 1988 and with subscribers in over 25 countries,

tracks sawlog, pulpwood, lumber and pellet prices and market developments in most key regions around the world.

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