

# **Global Timber and Wood Products Market Update**

*- a news brief from Wood Resources International LLC*

## **Global trade of wood chips was up in 2010 after a sharp decline in 2009 with China becoming a major importer, reports the Wood Resource Quarterly**

*Global trade of wood chips was up 25 percent in 2010 because of increased production of pulp and paper products worldwide. China showed the greatest growth in chip imports with an increase over 400 percent in the past two years, as reported in the Wood Resource Quarterly. Australia continues to be the major exporter and shipped 11 percent more in 2010 than in the previous year.*

**Seattle, USA.** The international financial crisis in 2009 had a major negative impact on worldwide demand for pulp and paper products. As a result, the consumption of wood chips and pulpwood for pulp production was lower, and global trade of wood chips fell accordingly. However, in 2010, pulp markets improved and global shipments of wood chips were up substantially.

Wood chip trade had increased on average five percent per year between 2002 and 2008, reaching an all-time high of approximately 33 million tons in 2008. This upward trend was broken in 2009, when trade fell 17 percent from the previous year. In 2010, wood chip shipment volumes went up by 25 percent to reach a new high. This was primarily thanks to a substantial increase in demand for wood chips in China, as reported in the latest issue of the Wood Resource Quarterly.

China has evolved from being a net exporter of chips five years ago, to being a major chip consumer, having quadrupled imports in just two years. The country now imports over 28 percent of all chips traded in the Pacific Rim and is the world's second largest importer of wood chips after Japan.

Trade of wood chips is still the highest in the Pacific Rim, accounting for almost 60 percent of the total global trade and over 95 percent of water-borne trade. The major exporting countries in 2010 have not changed much from previous years, with Australia being the biggest exporter followed by Chile, Vietnam, the US and Thailand. These five countries together export just over 19 million tons, or 22 percent more than the previous year, according to the WRQ. A majority of the shipments are Eucalyptus wood chips destined for pulp mills in Japan and China.

Trade of wood chips is likely to increase in 2011 as the global economy slowly recovers, and as a consequence, the demand for most forest products will improve. In addition, many energy companies in Europe are searching for new sources of biomass, which will further expand the overseas trade of wood chips, biomass chips and wood pellets.

*Global timber market reporting is included in the 52-page quarterly 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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