

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

*- a news brief from Wood Resources International LLC*

## **Importation of logs to China jumped 76% in March with New Zealand and Australia increasing their shipments the most, reports the Wood Resource Quarterly**

*Log arrivals to China surged in March with an increase of 76% over the previous month. This came after almost a year of declining log imports, reports the Wood Resource Quarterly. New Zealand and Australia increased their volumes the most, together accounting for a record-high share of over 50% of the total import volume. Log import prices have trended downward since early 2014 and were in March 15% below the price a year ago.*

**Seattle, USA.** Log import volumes to China typically increase in the month of March every year and 2015 was no exception with a 76 percent jump from the previous month. The softwood log imports reached 2.9 million m3. This is the highest monthly volume since early in 2014, and incidentally, is also higher than the monthly average over the past two years, as reported in the upcoming issue of the Wood Resource Quarterly (WRQ).

With the Russian ruble falling in value by over 50% over the past six months, there were expectations by some market observers that Russian exporters would increase their export volumes substantially in 2015, but that has not yet happened. In the first quarter of 2015, Russia actually exported fewer softwood logs to China than in the previous quarter, and comparatively, shipments were almost 15% below the 1Q/2014.

As indicated in the latest issue of the WRQ, there are numerous obstacles to Russian log exporters increasing export volumes in the short-term. These include inadequate ability to promptly increase timber harvests when opportunities arise, limited access to logging equipment, insufficient infrastructure, lack of loggers and truckers, and logistical bottle necks in the entire supply chain from the forests to the ports. As a consequence, many logging companies and sawmills have had difficulty taking advantage of the improved export market opportunities so far.

Rather than a surge in softwood logs from Russia entering the Chinese market, log exporters in New Zealand and Australia increased their shipments by 250% and 165%, respectively from February to March. Combined, the two countries supplied over 50% of Chinese log imports in March, a record high share for the Oceanian log exporters.

While log import volumes to China surged in March, prices did not. The average import price was actually at the lowest level since 2010. Prices for imported softwood logs have trended downward for almost a year and were in March of this year 15% lower than in March of 2014. North American logs have the highest costs, while Australia and New Zealand are on the lower end of the cost scale.

*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](http://www.woodprices.com)***

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