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WHAT'S NEW:

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U.S. Imports of Wood Products

Another Record Year in 2004

On a value and volume basis, 2004 was a phenomenal year for U.S. imports of wood products. From 2003 to 2004, total wood imports shot up by US\$6.0 billion to US\$20.0 billion, a rise of 30%. While importers did benefit from housing starts rising by 5.9% and similarly strong repair and maintenance growth, this effect was not enough by itself. Imports also had to displace domestic production, competing on price and taking advantage of their lower raw material and wage costs. On a value basis, the top three wood products imports in 2004 were also the top three gainers: 1) Softwood lumber: US\$8.2 billion (+\$2.7 billion; 33%); 2) OSB: US\$2.9 billion (+\$0.9 billion; 31%); and 3) Hardwood plywood/veneer: US\$1.7 billion (+\$0.51 billion; 31%). ■

(The full WOOD Markets article provides further volume and value analysis of import trends by country for the top six imported wood products in 2004.)

Following up on last year's very successful **China WOOD Markets Export & Import Conference**, R.E. Taylor & Associates Ltd. and its Chinese partners are currently planning the upcoming import/export conference on **October 29–November 2, 2005** at the Garden Hotel in Guangzhou (Southern China).

The conference will feature three distinct events: 1) Two-day global/china conference; 2) Two-day concurrent exhibits of Chinese/international producers; and 3) Two-day industry tour.

This strategic event picks up from our 2004 conference in Dalian and will provide many opportunities for buyers, sellers and other Chinese and international parties to meet, learn and get connected with the expanding Chinese wood manufacturing industry and its growing domestic and export market focus. We expect **more than 50 Chinese companies** to exhibit products and another **200+** to attend to meet with international buyers of finished products and/or sellers of log/lumber raw materials. For more information or to register, please use the China Conference 2005 link at www@woodmarkets.com.

2005 GLOBAL LUMBER/SAWNWOOD BENCHMARKING REPORT

R.E. Taylor & Associates and its global benchmarking partners (PricewaterhouseCoopers and The Beck Group) will release its second annual Sawmwood Benchmarking report in June 2005. Early Bird rates are available on payments received by May 6. Please contact Russell Taylor (retaylor@woodmarkets.com).

The report features:

- Benchmarking of major world wood suppliers' log/sawmilling costs, lumber revenues & margins.
- Same units of measurement for direct comparison.
- Cost analysis of data from up to 200 sawmills.
- Country profiles of major sawn wood-producing regions in North America, Europe and the Southern Hemisphere.
- Detailed benchmarking information and global import/export wood trade, including implications of changes in China and Russia.
- Woodland costs, including stumpage, logging and transportation costs.
- Sawmill costs and breakdown of all direct/indirect manufacturing costs.

U.S. & Canadian Exports A Challenging Proposition

While imports into the U.S. are surging, a reverse trend has emerged over the last seven to ten years for virtually all U.S. and Canadian exports of wood products to offshore markets. Aside from one or two bright spots offshore, the U.S. and Canada remain each other's largest trading partners in virtually all export products — a sign that both countries are losing their export competitiveness (but have been compensated by a strong North American market).

In the last ten years, U.S. softwood lumber exports have fallen from 4.7 billion bf to 1.9 billion bf, declining by an average of 10% per year. The root causes of the long-term decline

in U.S. lumber exports are a high U.S. dollar in the 1990s and the early 2000s, as well as the emergence of lower-cost suppliers, coupled with key markets like Japan moving away from commodity lumber and into engineered wood.

From 1996 to 2001, Canada's offshore lumber exports contracted by 38% to 2.1 billion bf. However, since 2001, Canada's offshore exports have stabilized and even shown a modest recovery thanks to rising shipments to Asia — up 333 million bf to 2.16 billion bf in 2004. In comparison, shipments to Europe (Canada's second-largest offshore destination) rose just 41 million bf to 192 million bf. ■

(The full WOOD Markets article includes further analysis of U.S. and Canadian exports of lumber, plywood, OSB, MDF and particleboard.)

WOOD MARKETS

THE INTERNATIONAL MONTHLY SOLID WOOD REPORT

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Vancouver, B.C., Canada
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Subscription Rates (1 year, 10 issues):

Mail or U.S. — US\$435
e-mail (pdf): International — US\$465
Canada — Cdn\$540 (+GST)

BOTH mail and e-mail: add US\$50/Cdn\$60
Back issues (subscribers only): US\$60

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