

***The Chinese government has set the goal of developing over 13 million hectares of fast-growing plantations over the next decade. How far will this go toward closing the enormous timber supply gap in China?***

Industry analysts are projecting a timber supply gap in China of 90–130 million m<sup>3</sup> by 2010; some see this deficit even growing up to 150 million m<sup>3</sup> by 2015. This widening timber supply gap is fuelled by fast growing domestic demand, as well as exploding Chinese wood product exports.

Timber demand and prices in China have been pushed to record highs as a result of surging demand for logs and sawn wood directed in the production of furniture, wood panels, flooring, millwork and many other wood products. Coupled with this, too, to create these record highs, has been the rising consumption of pulpwood, which was enabled by rapid recent capacity growth in the Chinese paper industry.

On the other hand, Chinese government officials are stating that China has the future goal to become self-sufficient in timber. Self-sufficiency is to be achieved by a combination of increased output from plantations (over 130 million m<sup>3</sup> from 13 million ha of plantations) and the implementation of the following:

- the increased utilization of wood substitutes such as bamboo and straw;
- improved timber recovery;
- greater wood waste utilization;
- investments in production capacity in countries such as Russia; and
- the establishment raw material supply bases in overseas countries.

These activities are expected by Chinese officials to close the timber supply gap in China!

Plantation forests, which already account for over 60% of current Chinese domestic commercial timber harvests, are being supported by radical changes in Chinese government policies. According to government representatives, land ownership, foreign investment, insurance, loans, trade and forest management policies are being revamped to improve opportunities for growing plantations in China.

In addition, growth in plantations is now shifting from the north, where over 7 million ha of hybrid poplar supplies the world leading Chinese plywood industry, to the warmer south, where fast-growing eucalyptus and pine plantations are being established in order to supply fibre for use in pulp, wood-based panels and lumber production. Recent field visits by WOOD MARKETS in China have found that eucalyptus is now being increasingly substituted for imported logs (e.g., radiata pine) – for use by the plywood industry and in the production of lumber.

The bottom line? Change is the only constant in China! Can China emulate Brazil, where about 6 million hectares in plantations produce over 120 million m<sup>3</sup> of industrial logs per year? Will China's investments in plantations affect global timber supply and demand in the future? Will the shifting market dynamics caused by factors such as rising Russian export taxes cause global economics to change? To gain first-hand perspective on these issues, please join us in China for the international wood industry import/export event of the year!

WOOD MARKETS' September **2007 China International Wood Products Summit** in the beautiful and modern port city of Qingdao, north of Shanghai, will provide participants with market intelligence and up-to-date insights into the Chinese plywood and millwork industry. Internationally recognized speakers will address the subject of the current state of the industry, identifying product opportunities and industry threats and providing insight into a future outlook. In addition, speakers will uncover the current status and future implications of fast-growing plantations in China.

Selected plywood and millwork producers as well as other manufacturers will participate in tabletop displays, and will be available to participants for the purpose of networking in an informal atmosphere. Immediately after the conference, the one-week **China Plantation Tour**, which also includes visits to plants and research centers, will provide a firsthand look at the status and potential of Chinese forest plantations; this will give participants an in-depth understanding of the current and future roles of plantations in terms of Chinese plywood and other related wood products. For details, please see website — [www.woodmarkets.com](http://www.woodmarkets.com)

