

# WOOD MARKETS



HIGHLIGHTS

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Featuring Lumber, Panels and Wood Products Analysis



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## The China Book: Part 2

### Surging Lumber Imports A Requirement for China!

**W**OOD MARKETS' latest report on the timber and solid wood industry in China, the *China Book — Outlook to 2015*, was released in July. This report provides a detailed assessment of China's growing need for imports of solid wood products during the next five years. The Part 1 article (June/July 2010 edition) outlined China's rising demand for domestic logs and log imports; this second portion addresses the dynamics of domestic lumber and panelboard production/imports.

#### LUMBER SUPPLY AND DEMAND

Chinese lumber consumption is forecast to rise from 41.6 million m<sup>3</sup> in 2009 to more than 70 million m<sup>3</sup> (almost 45 billion bf, nominal) by 2015 (70+%, or a 12+% annual growth rate from 2009). The rapid expansion in lumber demand and consumption over this period is based on steadily growing demand for concrete

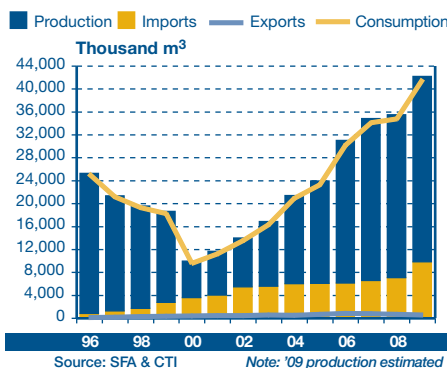
forming lumber for new housing and general construction, in combination with improving export markets for finished solid wood products (e.g., furniture, flooring, doors, etc.) that require feed stock.

China is expected to be the fastest-growing lumber producer, importer and consumer nation in the world over the next half-decade, with an average annual increase in lumber consumption of 5.1 million m<sup>3</sup> (over three billion bf, nominal per year). This fast-paced consumption growth should have a strong impact on global wood demand, particularly as the major global economies begin to emerge from the current economic recession.

#### DOMESTIC LUMBER PRODUCTION

Despite the fact that China has a simple, unsophisticated and labour-intensive sawmill industry, the country is ranked as the world's third-largest lumber producer (after the U.S. and Canada), with over 28 million m<sup>3</sup> of reported sawn lumber production in 2007 and 2008, and 32.3 million m<sup>3</sup> (20 billion bf, nominal) in 2009. Due to the nature of China's sawmill industry — thousands of very small sawmills producing lumber for furniture factories, local builders, interior finish, packaging, construction, etc. — it is likely that official sawn lumber production is grossly understated. The total volume is estimated to be as much as 40 or even 50 million m<sup>3</sup> per year.

Figure 1  
CHINA: LUMBER SUPPLY & DEMAND



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## GLOBAL PRICE TRENDS

International WOOD MARKETS Group Inc. is pleased to provide you with an overview of our monthly 12-page WOOD Markets newsletter. The excerpts displayed in this two-page summary showcase why, since 1996, WOOD MARKETS has been the leading report addressing strategic issues and global topics that impact the solid wood products sector.

WOOD MARKETS (full 12-page report) is available by annual subscription for US\$530 (international US\$565) or Cdn\$565 per year. Call 1-604-801-5996, by e-mail at [info@woodmarkets.com](mailto:info@woodmarkets.com), or visit [www.woodmarkets.com](http://www.woodmarkets.com).

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WHAT'S NEW:

## Pages 2–3

## The China Book: Outlook — Part 2 (cont'd)

## Surging Lumber Imports a Requirement for China!

China's domestic lumber production is expected to exceed 50 million m<sup>3</sup> (~32 billion bf, nominal) by 2015. Lack of low-priced Russian softwood logs has forced China to increase lumber imports (they almost doubled between 2000 and 2007 and will do so again by 2010, reaching nine million m<sup>3</sup> (5.7 billion bf, nominal), with the main beneficiaries being Canada, Russia, the U.S., New Zealand and Chile). Canadian shipments to China in 2010 may reach 13% of total softwood lumber exports, and B.C. exports to China will represent some

20% of total B.C. lumber output.

China's plywood industry reached nearly 42 million m<sup>3</sup> in 2009, changing it from a plywood importer to a world-leading exporter.

Almost all MDF, fibreboard and particleboard capacity in China is consumed domestically in furniture and flooring.

China is one of the largest wood products producers and consumers in the world. Meeting the needs of its growing middle class will require huge raw material imports over the next five years. ■

(The full WOOD MARKETS article provides further details, graphs, and analysis that are highlights from *The China Book — Outlook to 2015*.)

## Pages 4–5

## Europe &amp; Russia: Softwood Lumber Trends

## All UNECE Regions Impacted by the Global Recession

The UNECE is comprised of Europe, the U.S., Canada, Russia (and CIS) and Israel, and has 20% of the world's population but 75%–80% of all softwood lumber output.

European softwood sawmills curtailed output for the second year in a row, reaching just 92.9 million m<sup>3</sup> (59 billion bf, nominal). Germany remained the largest market for sawn softwood in the UNECE European region. European exports to the U.S. plunged from 2006–2009 and into 2010; exports to Japan are almost flat. Sweden became the leading exporter to

Japan (+24%). Low exports to the U.S. and Japan have led European shippers to expand into North Africa, Asia and the Middle East, where exports have soared.

The building boom in Russia came to an abrupt halt following the global recession. Despite falling output, the CIS countries recorded a 5.5% growth in softwood lumber exports in 2009. With sawn softwood now exported to China to replace highly taxed logs, China's importance to Russian softwood exports will become even greater. ■

(The complete WOOD MARKETS article provides further details, graphs, and analysis.)

## NOW AVAILABLE:

## China Book • Outlook to 2015

## Wood Products Industry and Market Review

- Outlook on wood products industry, exports & imports.
- Log, lumber and panel price trends/softwood forecast.
- Full brochure available at [http://www.woodmarkets.com/p\\_chinabook.html](http://www.woodmarkets.com/p_chinabook.html).

## Global Wood Products Industry/Market Conference

- Westin Bayshore Hotel, Vancouver, B.C., Tuesday, May 10, 2011. Save this date!
- Assessing the Inter-Connectiveness of Global Supply Chain Dynamics and Emerging Market Opportunities and Constraints.
- In conjunction with the Global Forest Leadership Summit 2011, May 8–11, 2011.
- [www.woodmarkets.com/conf\\_conferences.html](http://www.woodmarkets.com/conf_conferences.html).

## NOW AVAILABLE: B.C. Interior: Mountain Pine Beetle Attack

## Impact and Outlook on B.C. Timber Availability and Wood Products Production

- A proprietary modeling of B.C. timber fibre availability and production and the impact on supply/demand.
- An annual projection of supply of wood residuals (for pulp, MDF, particleboard, bioenergy and wood pellets).
- Order form and pricing details can be viewed at [http://www.woodmarkets.com/p\\_specialreports.html](http://www.woodmarkets.com/p_specialreports.html).

## Upcoming Publications/Event

- *U.S. Moulding & Millwork Outlook to 2015*...coming in October
- *WOOD MARKETS 2011 — Outlook to 2015*...coming in November
- 2010 China–ASEAN Timber and Wood Products Exhibition, November 19–22, 2010, Nanning city, Guangxi province

For additional information, please contact Ms. Wang Xiaolin at [cawoodexpo@126.com](mailto:cawoodexpo@126.com) or visit the conference website at [www.cawoodexpo.org](http://www.cawoodexpo.org)

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