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## PRESS RELEASE

### China's Imports Soar in 2010 - led by Logs (+22%) and Lumber (+49%)

*Chinese wood products production increases 20%, fuelling imports from Russia, Canada, New Zealand and the USA*

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Final year-end statistics show that China's imports of logs and lumber have soared to new heights in 2010 as compared to 2009.

China imported 34.3 million m<sup>3</sup> (US\$ 6.1 billion) of logs in 2010, an increase of 22% by volume and 49% by value from 2009. Of the total log imports, softwood log imports were 24.3 million m<sup>3</sup> (+20% as compared to 2009), while the hardwoods were 10.0 million m<sup>3</sup> (+46%). China imported 14.7 million m<sup>3</sup> of lumber (US\$ 3.8 billion) in 2010, up 49% by volume and 65% by value over 2009.

These and other year-end statistics and analysis are featured in the just-released February issue of WOOD MARKETS' monthly *China Bulletin*.

Russian log exports to China were 5% lower in 2010 at 14 million m<sup>3</sup> (as forecast in WOOD MARKETS' *The China Book* - released in June 2010). This was followed by New Zealand (5.9 million m<sup>3</sup>), USA (2.8 million m<sup>3</sup>), and Papua New Guinea (2.5 million m<sup>3</sup>). Log imports from New Zealand increased by 35% in 2010, reaching 5.9 million m<sup>3</sup> and the log import volumes from US and Canada were up dramatically in 2010, or by 266% and 217%, respectively, compared with 2009.

China lumber imports increased in 2010 due to growing market demand for raw materials as well as to offset against decreasing log import volumes from Russia. A quickly recovering and expanding economic scenario in China during 2010 has created a bull market for exporters to China.

Russia still dominated lumber imports, supplying 4.4 million m<sup>3</sup> in 2010 (+40% increase from 2009). This was followed by Canada (4.0 million m<sup>3</sup>; +65%), the USA (1.43 million m<sup>3</sup>; +54%), Thailand (1.41 million m<sup>3</sup>; +38%), and New Zealand (413,000 m<sup>3</sup>; -1%).

It is expected that Canada will overtake Russia in 2011 as the largest lumber supplier to China. In the last four months of 2010, Canada exceeded Russian export volumes for the first time and this trend is expected to continue in 2011.

Over the next five years (China's 12th five-year-plan, 2011-2015), China GDP growth is targeted at 7% per year and personal income increase also is targeted at the same rate as GDP growth. It is expected that China's demand for raw wood materials as well as finished wood products will increase at a rate of 8-10% per year due to the growing consumer purchasing power and increased personal expenditures. It is expected China will become a more important markets for those international companies who can meet the quality and price expectations for Chinese timber and wood products over the next five years.

Some of the other 2010 results from the ***China Bulletin*** include the following:

- China's GDP reached almost US\$ 6 trillion in 2010.
- China's GDP growth jumped 10.3% year-over-year in 2010, boosted by a faster-than-expected 9.8% expansion in the fourth quarter.
- China's forest industry production value reached US\$ 316 billion in 2010 - a 20% increase as compared with 2009.
- China wood-based panel production volume – already the largest in the world - is estimated to have reached 138.7 million m<sup>3</sup>, up 20% compared with 2009.

***The China Bulletin*** has been published monthly since 2007 by WOOD MARKETS and provides analysis, statistics and prices on logs, lumber, panels and other products.

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