

NEWS RELEASE

China's Imports Rebound in 2016 - led by Lumber (+19%) and Logs (+9%)

Chinese wood products production and demand increased in 2016, fuelling log and lumber import gains from Russia, but also from the USA, New Zealand (logs), Australia (logs) and Canada (logs) and Europe (lumber)

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Final year-end statistics for 2016 show that China's imports of logs and lumber have rebounded strongly from the slowdown in 2015. Softwood lumber imports soared to new heights and recorded the highest import volumes ever.

China imported 48.7 million m³ of logs in 2016, an increase of 9% from 2015. Of the total log imports, softwood log imports were 33.7 million m³ (+13% as compared to 2015), while the hardwoods were 15.1 million m³ (+2%). China imported 31.6 million m³ of lumber in 2016, up 19% over 2015. Of the total lumber imports, softwood lumber imports were 21.1 million m³ (+21% as compared to 2015), while the hardwoods were 10.6 million m³ (+15%).

These and other year-end statistics and analysis will be featured in the February issue of WOOD MARKETS' monthly ***China Bulletin*** that will be released after Chinese New Year in February.

With steady to increasing demand in 2016 and with well-balanced inventories, both softwood log imports and prices (in US\$/ m³) increased throughout the year. New Zealand softwood log exports continue to dominate exporters to China and increased by 12% in 2016 at 11.6 million m³. This was followed by Russia (9.2 million m³), USA (4.5 million m³), Australia (3.3 million m³) and Canada (2.8 million m³). The 2016 softwood log import volumes have only been exceeded by the record volume in 2014 of 35.5 million m³.

China's softwood lumber imports ramped up dramatically in 2016 to reach an all-time high. This was fueled by growing market demand for lumber for use in the furniture, door, window and finishing segments and, to a lesser degree, in construction end uses. With rising property values in Tier 1 cities, softwood lumber prices also picked up throughout the year.

Russian softwood lumber imports took off in 2016 from new capacity expansions and installations that were stimulated by high margins from the weak ruble. As well, "squared" logs and cants imports (classified as lumber so that no log export tax is paid) continued to increase. Russian softwood lumber

imports soared by 38% (where WOOD MARKETS has adjusted this volume lower from the official statistics to account for a large error) and totalled 11.6 million m³. This was followed by Canada (5.2 million m³; -6%), Finland (0.95 million m³; +55%); Chile (0.75 million m³; +10%); Sweden (0.69 million m³; +34%); and the USA (0.64 million m³; +8%). Scandinavian exports surged as demand was very strong in the furniture, door and decoration segment. Of the top 10 exporters to China, only Canada (-6%), New Zealand (-18%), and Germany (-6%) recorded decreases in softwood lumber exports to China in 2016.

Further details and analysis on the market highlights in 2016 and trends for 2017 will be provided in the February issue of the China Bulletin. ***The China Bulletin*** has been published monthly since 2007 by WOOD MARKETS and provides analysis, import/export statistics and prices on logs, lumber, panels and other products.

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