Global Timber/Sawmill/Lumber Cost Benchmarking Report
2016 Annual Basis & Q1/2017

A profile of the major sawn wood-producing regions in North America, Europe, Russia, the Southern Hemisphere, and China.

Benchmarking of delivered sawlog and sawmilling costs, lumber yields, lumber and by-product revenues, and margins for more than 29 key countries or regions.

Includes full-year costs/revenues for 2016, with a timely update on cost structures occurring in Q1/2017 (just before the release date).

Assessment of transportation on delivered costs to the U.S. market by exporting country, with exchange-rate scenarios.

Cost summaries and analyses based on information gathered directly from sawmill visits.

Comparisons of each country or region categorized by cost and revenue (in US$, Cdn$, and euros) per m³ and Mbf.
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Understanding regional and global competitiveness in terms of delivered log costs, sawmilling costs and delivered lumber prices is essential to a company's business plan in terms of local markets; traditional “national” markets; key export markets; and competitiveness against imports. As global markets improve and sawmills begin to adjust capacity, it is more important than ever for timber and sawmill companies to understand the costs and margins of their own industry as well as their many competitors, and the variances between the many producing regions. To that end, International WOOD MARKETS Group Inc. has joined forces once again with The Beck Group to offer clients the eighth biannual Global Timber/Sawmill/Lumber Cost Benchmarking Report • 2016 Annual & Q1/2017 covering more than twenty-nine countries or regions on six continents, based on cost/margin data collected from sawmills in all countries/regions.

Obtaining and analyzing timely cost information on competing regions is becoming a more critical part of any company’s operational and strategic planning going forward, especially as many global regions continue to recover, and because volatile currency-rate fluctuations can change the competitive landscape almost overnight. Against this background, the lumber benchmarking project provides cost data on actual 2016 annual and estimated Q1/2017 results.

**KEY ATTRIBUTES**
- Unique strategic report presents cost details on the competitiveness of major production regions within the global timber, sawmill and lumber industry.
- Log and sawmill manufacturing cost summaries presented by major producing country/region for “average” and “top-quartile” mills.
- Ranking of results to profile “best” or lowest-cost/highest-margin producing countries or regions in 2016 and Q1/2017.

**TIMBER & SAWN WOOD COST BENCHMARKING DETAILS**
- All costs are summarized on the same currency basis (e.g., US$/m³ net; US$/Mbf) for direct, relevant comparisons to other regions (for Europe, €/m³ will be included).
- Timber costs include stumpage fees, logging and delivery costs to mills.
- Sawmill cost details include direct costs (energy, operating and maintenance supplies), labour, and all mill overhead costs, plus depreciation.

**KEY QUESTIONS ADDRESSED**
- Where are the low-cost lumber producers today, how is that changing, and how does it compare with previous years?
- Will the highest-margin region in North America in 2016/2017 be Western Canada, the U.S. West or the U.S. South?
- What is the break-even price range for European suppliers to the U.S. market? And how do fluctuating currency-rate scenarios change the result?
- Are the lowest-cost sawmills still in Europe?
- Are mills in the Baltics and Eastern Europe still competitive?
- How do Russian costs compare at current exchange rates?
- Are the highest-cost producing regions still in the Southern Hemisphere, where some still have favourable margins?
- How will China’s massive imports impact the log and lumber prices of importing countries/regions? What about Russia’s lowered delivered costs to China?
- How does the diminishing, older mountain pine beetle-killed timber impact the B.C. Interior’s sawmilling costs?

**ABOUT THIS REPORT**

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GLOBAL BENCHMARKING REPORT

International WOOD MARKETS Group Inc.
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As international wood products consultants and publishers of strategic industry reports (including the WOOD MARKETS Monthly newsletter and the China Bulletin), WOOD MARKETS (www.woodmarkets.com) provides leading-edge business, industry and market intelligence services to the global wood products sector. The firm specializes in solid wood business plans, along with industry and market analysis, forecasts and strategies. WOOD MARKETS produces the report and provides costs on all regions except the U.S. For this report, The BECK Group provides costs for the U.S. region only.

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