Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Can changes in forest management regimes in British Columbia mitigate the sharp reductions in timber harvests caused by the mountain pine beetle?

Timber harvests in British Columbia plunged by over 40 percent between 2005 and 2009, but have since recovered and were close to the 25-year average in 2011. As a consequence of the infestation of the mountain pine beetle, long-term log supply is estimated to be about 20 percent below historical levels unless different management regimes are implemented.

Seattle, USA. Timber harvest in British Columbia reached a record 90 million m3 in 2005 but fell dramatically the following four years to a 25-year low of just over 52 million m3 in 2009. Reduced demand for lumber in the US market, relatively high manufacturing costs, export tariffs for shipments to the US and deteriorating sawlog quality were the major reasons that consumption of sawlogs declined by over 40 percent in a relatively short period of time.

Since the bottom in 2009, harvests have gone up thanks to a substantial increase in exports of logs and lumber China, reports the Wood Resource Quarterly. In 2011, harvested volumes reached 70 million m3 or close the average annual harvest before the forests in the Interior of the province were hit by the mountain pine beetle infestation.

The beetle has infected just over 18 million hectares of forests and an estimated 710 million m3 of pine trees (53 percent of all pine volume in the province) are dead or dying. Over the next 3-5 years, it is possible for harvest levels to increase in the Interior of the province because of the availability of beetled-killed trees that need to be utilized before the quality has deteriorated to the point when it can be used only for making pulp or for energy generation, including the manufacturing of wood pellets. Long-term, harvest levels are likely to be approximately 20 percent below historical levels.

In a recent study by the BC government, it was noted that the Annual Allowable Cut (AAC) in four Timber Supply Areas (TSA) in the Interior of the province could be reduced by almost 40 percent by 2020 as compared to the pre-beetle AAC. However, the report also discusses opportunities to mitigate the sharp reduction in available supply by:

A. Investing in harvesting and mill equipment able to harvest small-diameter trees in stands that are currently considered being uneconomical.

B. Intensifying silviculture management and increasing stand fertilization.

C. Harvesting in areas currently managed for non-timber values such as biodiversity and wildlife habitat.

The report predicts that by utilizing smaller trees, investing in intensive forest management and harvesting stands managed for non-timber values, future "mitigated-AAC" may be only 10 percent lower than the pre-beetle AAC. This may of course never happen, since the public will see the suggested changes in forest management regime as quite controversial.

Global pulpwood and timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices and market developments in most key regions around the world. ***To subscribe to the WRQ, please go to www.woodprices.com***

Contact Information

Wood Resources International LLC
Hakan Ekstrom
info@wri-ltd.com
www.woodprices.com