

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

With recent pulpmill expansion, China has surpassed Japan to become the world's largest importer of hardwood chips, reports the Wood Resource Quarterly

Major expansion of pulp manufacturing capacity in China the past five years has resulted in a dramatic increase in the importation of wood chips to supply the new pulp mills, and the country became the world's largest importer of hardwood chips in the 2Q/13, reports the Wood Resource Quarterly. Australia, Indonesia, Thailand and Vietnam are the major suppliers of wood chips, with Vietnam accounting for over 50% of the imported supply.

Seattle, USA. Growing demand for paper in China has not only forced the country to import large volumes of pulp to supply the country's paper machines, but also resulted in investments in new pulp production within China. Because of a lack of competitively priced wood fiber in China, the two pulp companies with the largest pulp mills in the country, Asia Pacific Resources International Ltd (APRIL) and Asia Pulp and Paper (APP), are procuring much of their wood fiber needs from out-of-country sources. As a consequence, importation of wood chips to China has surged the past few years.

In just five years, the import value for wood chips has increased from 180 million dollars in 2008 to 1.3 billion dollars in 2012, and this year the estimated import value could be close to 1.5 billion dollars, according the Wood Resource Quarterly (www.woodprices.com).

It has only been a matter of time before China became the largest importer of hardwood chips in the world. In the 2Q/13, China surpassed Japan with the record importation of almost 2.4 million m³ of chips.

Although there have been sporadic shipments of chips from Latin America, Malaysia and South Africa during 2012 and 2013, there are really only four countries that have been supplying China with wood fiber the past few years. Those countries are Australia, Indonesia, Thailand and Vietnam, with Vietnam accounting for over half of the total import volume.

Another interesting development is that the average cost of imported wood chips has declined by almost six percent from the 2Q/12 to the 2Q/13, as reported in the WRQ. The biggest price decline has been in Australian chips, which have fallen over 11 % in one year. Because of this price drop, in the 2Q/13, Australia exported its highest quarterly volume to China since 2010.

With the continued plans to expand domestic pulp manufacturing in China it, can be expected that shipments of wood chips, both softwood and hardwood, is going to increase in the coming years.

*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 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade and market developments in most key regions around the world. **To subscribe to the WRQ, please go to www.woodprices.com***

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