

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Steady increase in global trade of wood chips the past ten years; Japan and China imported 83 percent of traded hardwood chips in 2012, reports the Wood Resource Quarterly

The global pulp industry has increased its importation of wood chips the past ten years, reaching the second highest import levels on record in 2012, reports the Wood Resource Quarterly. Japan, China, Finland and Turkey were the largest importing countries last year.

Seattle, USA. Wood chips are one of the few forest products commodities that have seen a steadily increasing trend in globally traded volumes the past decade. With the exception of 2009, when global production of pulp fell by about ten percent and the demand for wood fiber was down, international trade of wood chips has increased every year from 2000 to 2011, as reported in the Wood Resource Quarterly.

From 2009 to 2012, global chip trade increased by 6.5 million tons to just over 31 million tons, valued at over five billion US dollars, slightly below the all-time high reached in 2011. Much of the increase in chip imports has been because of the expansion of MDF production capacity in Turkey and due to major investments in pulp capacity in China.

The top ranking of chip-importing countries has changed quite considerably the past five years. Although Japan is still, by far, the largest chip importer in the world, import volumes have declined from a record-high of almost 15 million tons in 2008 to just over 11 million tons in 2012. China, on the other hand, has gone from being a net exporter of chips less than ten years ago to become the second largest importer of wood chips in the world. With the expansion of pulp production capacity in China and the lack of domestic fiber sources, it is likely that China will surpass Japan as the world largest chip importer within 2-3 years. Japan and China are the two dominant consumers of globally traded chips. Their dominance is particularly accentuated for hardwood chips, where they imported 83 percent of the world's total imports in 2012.

Pulp mills in Finland, the third largest chip importer, have for a long time relied on residual chips from Russian sawmills with close proximity to the border and on chips from the Baltic States, as reported in the Wood Resource Quarterly. This trade has increased in recent years. The fourth on the import ranking list for 2012 is Turkey, which has become a major chip destination in just the past few years.

It is likely that global trade of wood chips will continue to go up in the coming years for two main reasons because 1) there are limited forest resources in some of the countries which are expanding industry capacity and 2) some forest companies are making the strategic decision to diversify their supply sources and import wood chips rather than procure marginal fiber supplies locally.

*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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