

## **Global Timber and Wood Products Market Update**

*- a news brief from Wood Resources International LLC*

### **Wood chip exports from Australia fell in 2011 to their lowest level in 11 years and Vietnam took over as world's largest chip exporter, reports the Wood Resource Quarterly**

*Vietnam has taken over Australia as the world's largest supplier of wood chips to pulp mills in Asia. In 2011, Vietnam exported 5.4 million tons, triple that in 2007, as reported in the Wood Resource Quarterly. The good news for wood chip exporters in both Vietnam and Australia has been the steady increase in demand for hardwood chips from China.*

**Seattle, USA.** Wood chip trade flows in the Pacific Rim have changed substantially the past five years. Vietnam, Chile, Thailand and Uruguay have all been increasing their shipments of chips, while Australia and South Africa have been losing their market share as fiber suppliers to the pulp mills in Japan, China, Taiwan and South Korea.

Exports of hardwood chips from Australia fell eight percent in the second half of 2011 compared to the first half, making 2011 the slowest year for chip exports since 2000, as reported in the Wood Resource Quarterly ([www.woodprices.com](http://www.woodprices.com)). Japan was a major importer of wood chips from Australia for many years, but shipments fell almost 30% in 2011 as compared to 2010, reducing Australia's market share has declined.

The good news is that Australian chip shipments to China picked up during 2011. Total exports reached a record high of almost 700,000 ton, which was up 12 % from 2010 and more than three times as much as five years ago. With the expansion of pulp capacity in China, it could be expected that Australian exports to China will continue to increase. There is, however, a substantial difference in the average value for chips going to China as compared to chips for pulp mills in Japan. In 2011, the premium for Japan-bound chips was almost US\$60 per ton.

Australia has been the largest wood chip supplier in the world for almost 20 years, but in 2011 Vietnam overtook this role with shipments accounting for about 20% of globally traded chips. Exports of Eucalyptus and Acacia wood chips from Vietnam have increased at a phenomenal pace the past ten years. In 2001, the country exported only 400,000 tons of wood chips; in 2011, a new record of 5.4 million tons was reached. Last year's shipments were 36% higher than the previous years and a tripling from 2007.

The biggest boost to the establishment of fast-growing hardwood plantations and chipping facilities in Vietnam has been the expanding pulp industry in neighboring China. With limited domestic resources in China, the country will continue to rely on neighbors to supply wood raw-material in the future.

*Global timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly. 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](http://www.woodprices.com)***

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