

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Roughly half of all hardwood chips traded in the Pacific Rim have been destined for Chinese ports in the 1H/17 with Vietnam and Australia being the major suppliers, reports the Wood Resource Quarterly

Pulpmills in China and Japan continue to rely on large volumes of imported hardwood wood chips from a number of countries around the Pacific Rim. The biggest changes in trade over the past five years, according to the Wood Resource Quarterly, have been the increase in chip exports from Vietnam, record import volumes to China and a shift in Australian export shipments from Japan to China.

Seattle, USA. Shipments of hardwood chips in the Pacific Rim have increased for six consecutive years and reached a record-high of 22.9 million odmt in 2016. Last year was also the year when China took over Japan's role as the world's largest importer of hardwood chips - roughly half of all hardwood chips traded in the Pacific Rim were destined for Chinese ports in 2016. Based on import volumes to China in the first nine months of 2017, it is likely that Chinese imports will hit a new record high of over 11.5 million odmt in 2017, according to the Wood Resource Quarterly (WRQ).

There have been a number of alterations in the trade flows of hardwood chips in the Pacific Rim over the past decade based on price fluctuations, chip quality preferences and changes in business relationships. In the latest issues of the WRQ we have chosen to highlight how the chip trade has evolved from 2012 to 2016 as an example of the shifting market that exists in this part of the world. The major changes over the past five years have been Vietnam's expansion in exports to both China and Japan, Australia's increase in shipments to China (equal to Vietnam's volumes in the 2Q/17), Chile's diversion of volumes from Japan to China, and Japan's increasing reliance on hardwood chips from Vietnam and South Africa, at the expense of Australia and Chile.

The top-five trade flows of hardwood chips in 2016 were (more details in the WRQ):

1. Vietnam – China
2. Australia – China
3. Vietnam – Japan
4. Chile – Japan
5. Australia – Japan

During the first half of 2017, hardwood chip shipments from most of the major supplying countries in the Pacific Rim have gone up with the notable exceptions of Australia, Thailand, Brazil and Uruguay, which reduced their export volumes by between four and twenty-one percent as compared to the first half of 2016. The biggest increases in chip supply to Japan and China year-over-year have been from Chile and Indonesia. Chilean chip exports are likely to reach a new all-time high in 2017 and the country will remain the third largest chip exporter in the world.

*Global lumber, sawlog and pulpwood market reporting is included in the 56-page quarterly publication Wood Resource Quarterly (WRQ). The report, which was established in 1988 and has 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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