

# Global Timber and Wood Products Market Update

*- a news brief from Wood Resources International LLC*

**Russian lumber exports declined for the second consecutive quarter in the 1Q/16 with reduced shipments to Europe, the CIS countries and Egypt, while lumber demand in Asia was on the rise, reports the Wood Resource Quarterly**

*Russia has increased exports of softwood lumber from seven million m<sup>3</sup> in 2000 to 23 million m<sup>3</sup> in 2015. In the 1Q/16, shipments declined for the second straight quarter mainly because of less demand in Europe and the CIS countries, reports the Wood Resource Quarterly. Lumber export prices have fallen 36% the past two years.*

**Seattle, USA.** Lumber exports from Russia have fallen for two consecutive quarters, with the 1Q/16 shipments being almost ten percent lower than in the 3Q/15. Most of the decline has been in shipments to the CIS countries, including Uzbekistan, Azerbaijan and Tajikistan, but trade with Egypt and some European countries were also down, reports the Wood Resource Quarterly (WRQ). Of the major trading partners, it was only Japan (+33%) and China (+10%) that increased their importation of Russian lumber. However, the first quarter shipments this year were higher than they were in the 1Q/15.

Russian exportation of softwood lumber has trended upward for over 15 years to reach a record high of over 23 million m<sup>3</sup> in 2015 (as compared to seven million m<sup>3</sup> in 2000). The dramatic change in shipments has mainly been the increase in demand for lumber in the Chinese market. From 2005 to 2015, exports from Russia to China were up from less than one million m<sup>3</sup> to almost ten million m<sup>3</sup>, a majority of which was pine lumber from sawmills in Siberia and Russia's Far East.

Europe has become a less important market for the Russian lumber industry over the past ten years. Not only has the European slice of the total export pie diminished, but the total Russian export volumes the past few years have also been lower than in the past. In 2005, one-third of Russian lumber export volumes were destined for Europe (mainly the UK, Germany and Estonia), while only 12 percent of the total exports entered the European market in 2015.

Export prices have fallen quite substantially in US dollar terms the past two years at the same time as values in Ruble terms were close to record high levels in the 1Q/16. The past two years, export prices have declined 36% in US dollars, while they have gone up by about the same percentage in Ruble terms, according to the WRQ ([www.woodprices.com](http://www.woodprices.com)). The price range for exported lumber in the 1Q/16 was quite wide with prices for higher-grade pine lumber destined for Japan being close to \$250/m<sup>3</sup>, while lower-grade lumber shipped to China averaging only \$92/m<sup>3</sup>.

*Global lumber, sawlog and pulpwood market reporting is included in the 52-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](http://www.woodprices.com)*

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