

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The value of logs and lumber exported from North America to Asia fell by 33% from 2013 to 2015, with the 2016 export value on pace to reach the lowest level since 2010, according to the Wood Resource Quarterly

The major wood products exports from the US Northwest (logs) and British Columbia (lumber) to Asia have fallen in value by 18% during the first half of 2016, reports the Wood Resource Quarterly. The biggest decline has been of softwood lumber from BC to China, which is on pace to be down by 50% in 2016 as compared to 2014.

Seattle, USA. Exportation of wood products from the North American west coast to Asia was fairly uneventful up until 2010 when shipment of particularly logs from the US and lumber from British Columbia took off to levels not seen for almost 20 years. From 2009 to 2013, the value of logs and lumber shipped over the Pacific Ocean surged from 1.7 billion dollars to 4.9 billion dollars. Since the record high in 2013, the total export value has fallen quite substantially and was just over 3.3 billion dollars in 2015.

Customs data for the first six months of 2016 show a continued decline by 18% in the exportation value for Canada, while US exports were up three percent year-over-year, as reported in the *Special Report* in the latest issue of the Wood Resource Quarterly (WRQ). The biggest change the past year has been the substantial decline in Canadian shipments of softwood lumber to China because of sawmills in British Columbia directing their sales to the healthy US market. The export value for BC lumber shipped to China in 2016 is on pace to decline by 50% as was exported in 2014.

The two neighboring regions, British Columbia and the US Northwest (the states of Washington and Oregon), have chosen two quite different paths regarding the mix between logs and lumber exports to Asia. The US has exported mostly softwood logs valued at about 77% of the total value of shipped logs and lumber the past few years, while Canada's major export product has been softwood lumber, accounting for just over 75% of total exports in 2015 and 2016, reports the WRQ (www.woodprices.com).

Not surprisingly, a shift in destination for North American logs and lumber has occurred the past five years. For many decades, Japan was the major consumer of forest products from the US and Canada, but in 2011 China surpassed Japan as the major trading partner of wood products. In 2015, North American logs and lumber exported to China and Japan were valued at 1.9 billion dollars and 1.2 billion dollars, respectively. This "gap" between

the two countries is likely to shrink in 2016.

*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***

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