

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The total value of logs exported from New Zealand in the 1Q/17 was almost three times as high as the value of exported lumber, reports the Wood Resource Quarterly

Over 50% of the timber harvest in New Zealand is being exported in log form. However, some sawmills in the country have taken advantage of the growing demand for softwood lumber in the US the past few years, with the total export value having gone up 37% from 2012 to 2016, reports the Wood Resource Quarterly.

Seattle, USA. New Zealand's log exports have fallen for two consecutive quarters and were at 3.8 million m³ in the 1Q/17, down 12% from the two-year high in the 3Q/16. China continues to be the major destination for the radiata pine logs, accounting for 70% of the shipments during the first three months of 2017, followed by South Korea (16%), India (9%) and Japan (4%), as reported in the latest issue of the Wood Resource Quarterly (WRQ).

No country in the world exports a higher percentage of its harvested conifer timber in unprocessed form than New Zealand. Although the share has declined over the past three years, the log export volume accounted for 52% of the total harvest in 2016. There has long been a debate about how the country could expand domestic processing of forest products and increase exports of lumber and other further processed forest products. The good news is that lumber production has gone up by about ten percent over the past three years. The "less good" news is that there has not yet been any major progress in the expansion of lumber sales to the international arena. Quite to the contrary, New Zealand lumber export volumes were 15% lower in 2016 than in 2013.

The exported logs from New Zealand value was just over 1.6 billion US dollars in 2016, which was almost three times as much as the price for softwood lumber. The total export value for lumber fluctuated within a fairly narrow range over the past seven years, ranging between 570 million US dollars and 660 million dollars, reports the WRQ. The biggest shift in market export sales in the past few years (by value) has been that the US has overtaken Australia as the number one destination for pine lumber produced in New Zealand. In terms of value, New Zealand is the second largest overseas lumber supplier to the US, behind Chile, but ahead of lumber exporters from Europe. Shipments from New Zealand have gone up 37% over just the past four years and during the first five months of 2017, the upward trends continued with another 16% increase from the same period in

2016. With lumber demand expected to continue to improve in the US market, there continue to be opportunities for overseas lumber producers to expand their sales to North America in the coming years.

*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, wood chip, 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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