

# Global Timber and Wood Products Market Update

*- a news brief from Wood Resources International LLC*

## **Lucrative log markets in China have resulted in a tripling of softwood log export volumes from Australia the past four years, reports the Wood Resource Quarterly**

*Timberland owners in Australia are increasingly exploring opportunities for the exportation of logs as an alternative to selling logs in the domestic market. From 2012 to 2016, the export volume was up 300%, and 2017 is likely to set a new record high, according to the Wood Resource Quarterly. Rising log prices in the export market have been the key drivers of the increase in exports. Conversely, prices in the domestic market have stagnated the past few years.*

**Seattle, USA.** Australia has rapidly become a major exporter of softwood logs and was the world's sixth largest log exporter in 2016. During the 1H/17, the upward trend continued with shipments being 17% higher than in the 1H/16. In 2012, Australia's annual exports totaled only 1.2 million m<sup>3</sup>. Just four years later, in 2016, exports had tripled to a record high of 3.6 million m<sup>3</sup>, of which 96% was destined for China. If the upward trend seen this far in the first six months of 2017 continues, export volumes will end up totaling over four million m<sup>3</sup> in 2017, which represents approximately 25% of the total softwood timber harvest in Australia.

Obviously, exportation of logs has become an attractive alternative to domestic sales for timberland owners in Australia. Wood Resource Quarterly reports that in 2012, there were minimal price premiums for exported logs over domestic logs, but by 2016 and 2017, premiums had surged to between A\$35-50/m<sup>3</sup>. Despite these recent price increases, Australia is still considered to be a low-cost log supplier in the Chinese market as compared to other suppliers such as New Zealand, Russia and North America, mainly because of higher domestic sawlog prices in those markets.

Higher log export volumes have occurred at the same time as domestic log demand has gone up over 20% in four years, from 3.6 million m<sup>3</sup> of lumber in 2012 to an estimated 4.4 million m<sup>3</sup> in 2016. Although sawmill production fell slightly in 2016 from the previous year, the output from the Australian sawmill sector reached record high levels the past two years thanks to healthy domestic demand for softwood lumber.

*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, 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](http://www.woodprices.com)*

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