



# Softwood Log and Lumber Markets in Asia

**Mapping the Course**  
**Vancouver, Washington**  
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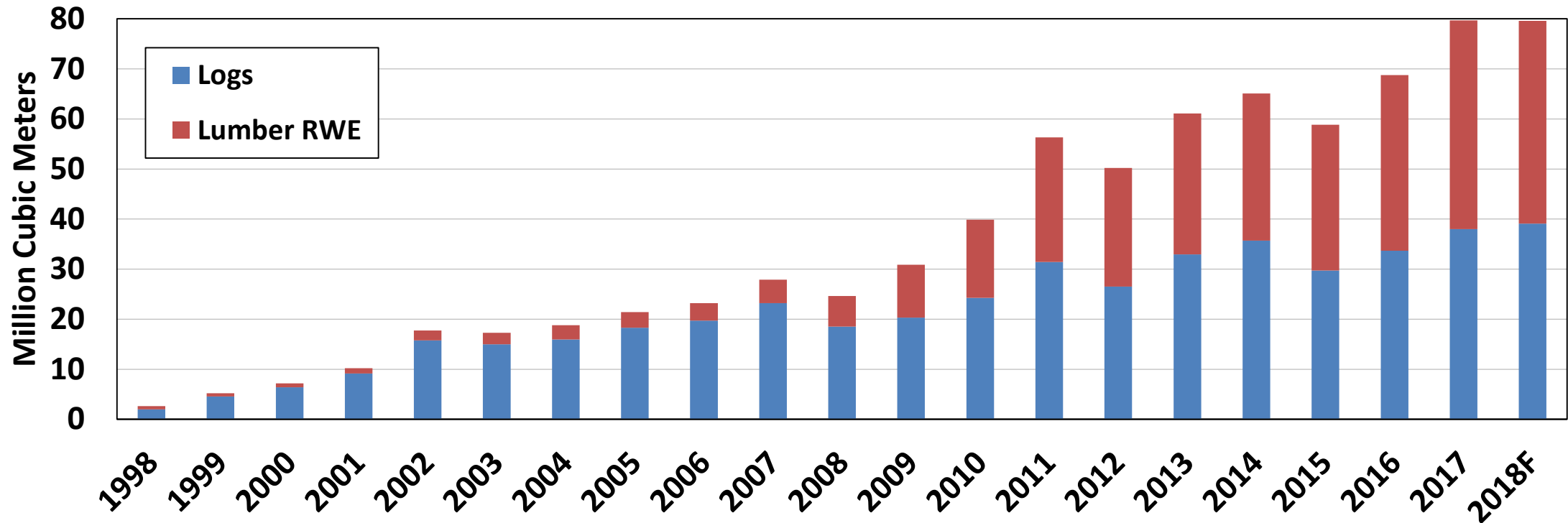


# Agenda

- Need to look at logs + lumber when discussing markets for softwood lumber in Asia
- Problems with the trade data
- Changes in China's softwood log and lumber imports
- Markets for US and Canadian softwood lumber in Asia and elsewhere

# In December 2017, we projected that China's softwood log+lumber imports (RWE) would be stable in 2018

## China: Imports of Softwood Logs and Lumber (RWE)

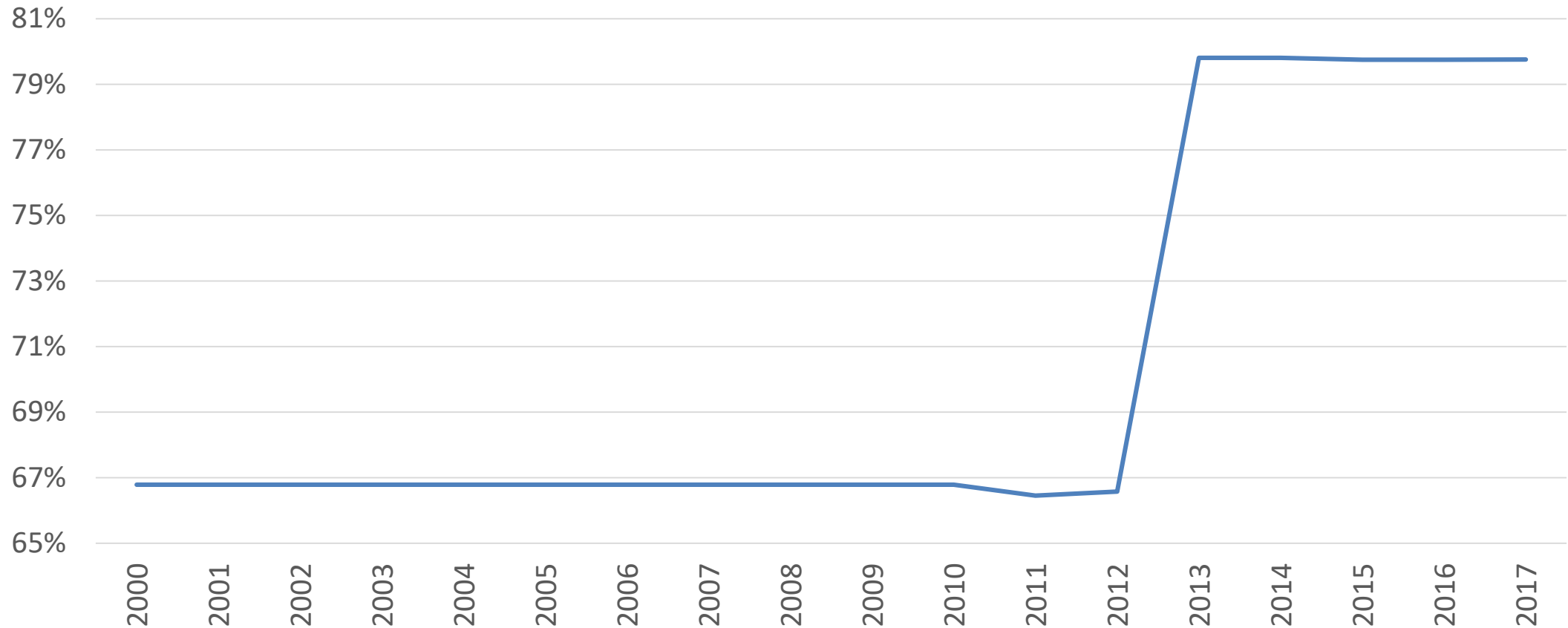


# Problems with the trade data

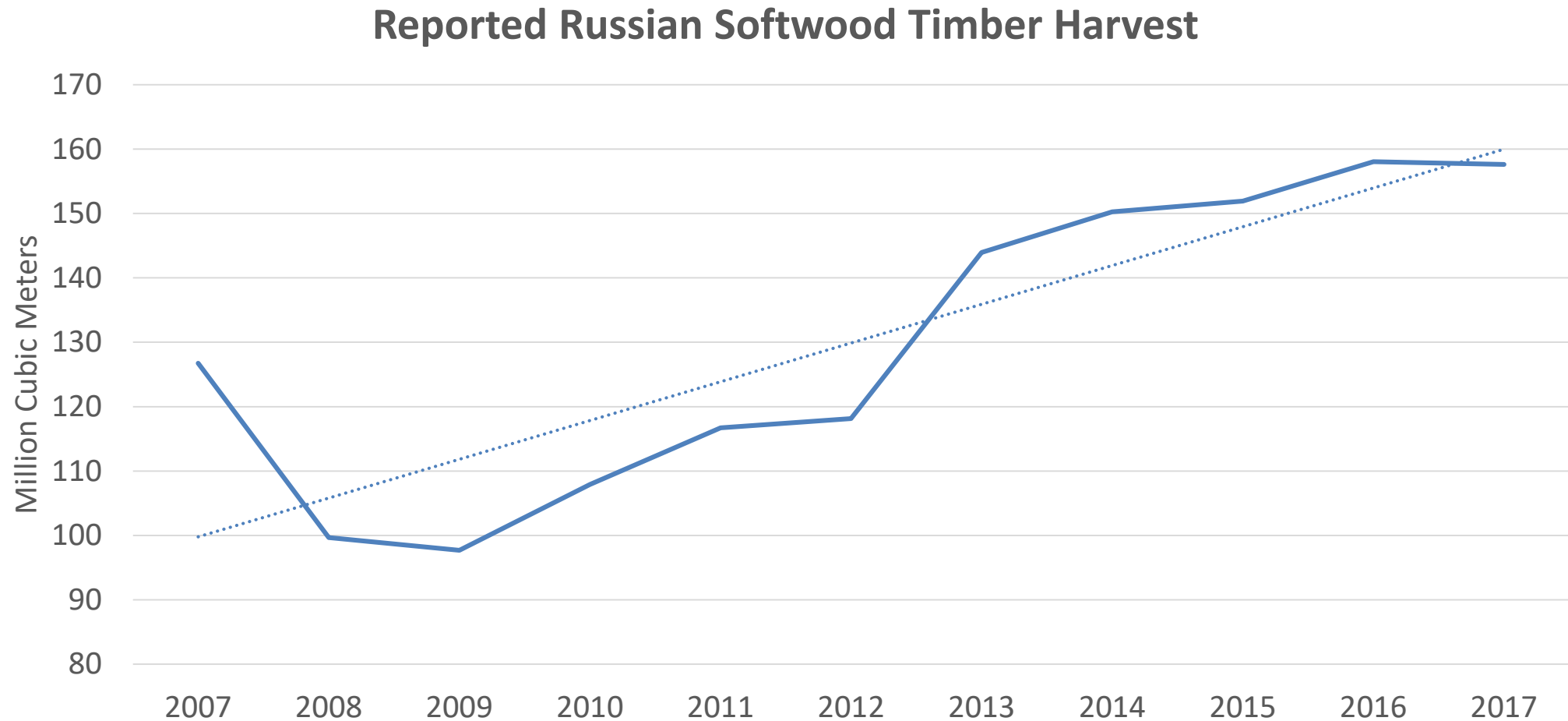
- Gap in Chinese reporting of trade data starting in April
- Shift to weight-only reporting for log and lumber imports
- Problem with weight to volume conversion factors
- Issues not only with trade data

# Official statistics on Russia's softwood timber harvest are simply estimated from total harvest levels

Share of Softwood in Russian Timber Harvest Statistics

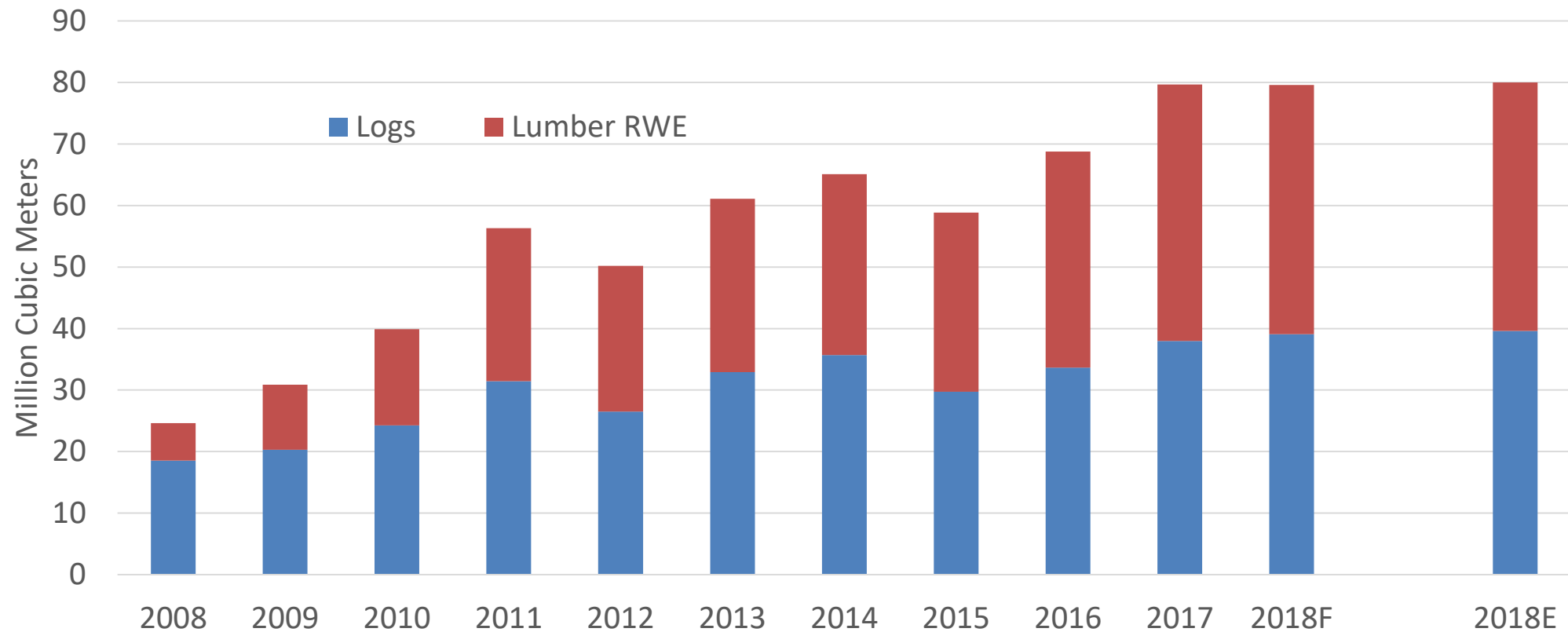


# Using official Russian data for softwood timber harvests leads to overly optimistic forecasts of future trends



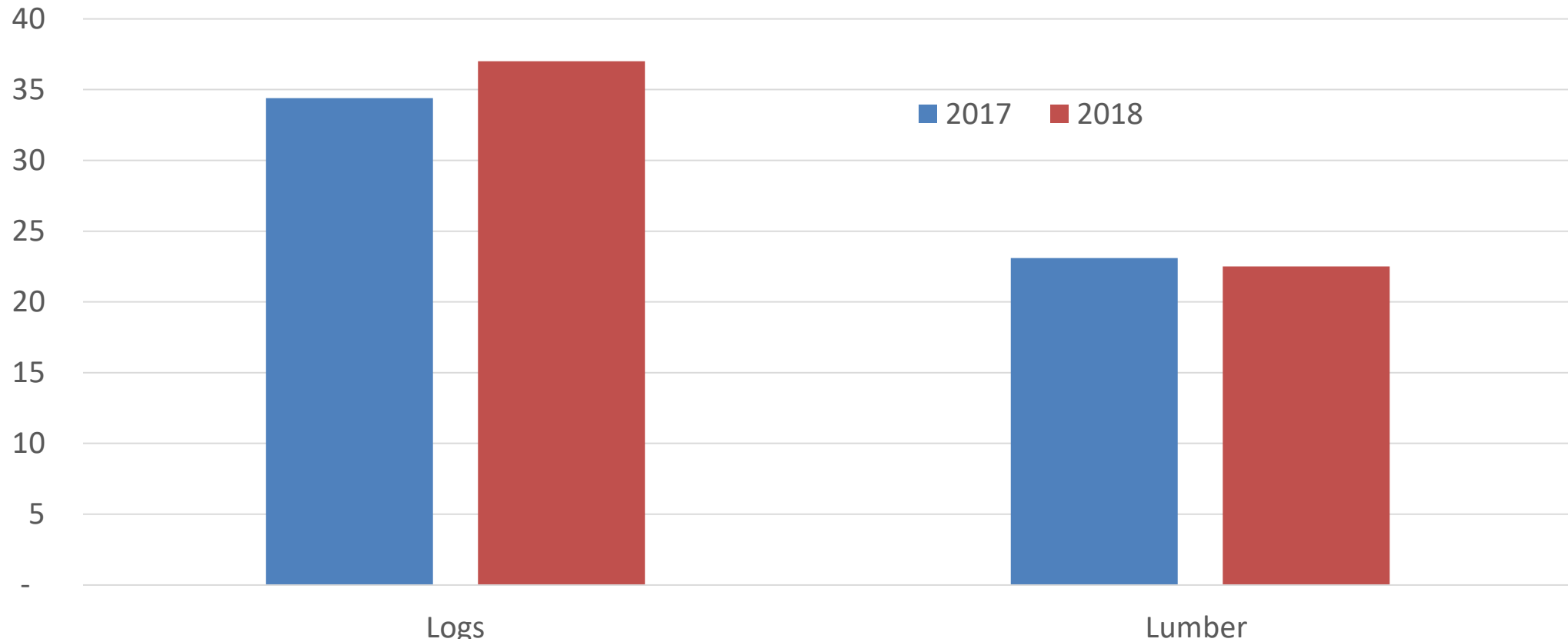
# The good news: our forecast for 2018 total softwood imports in China was very close

China: Imports of Softwood Logs and Lumber (RWE)



# The bad news: we missed the shift back towards more logs, less lumber

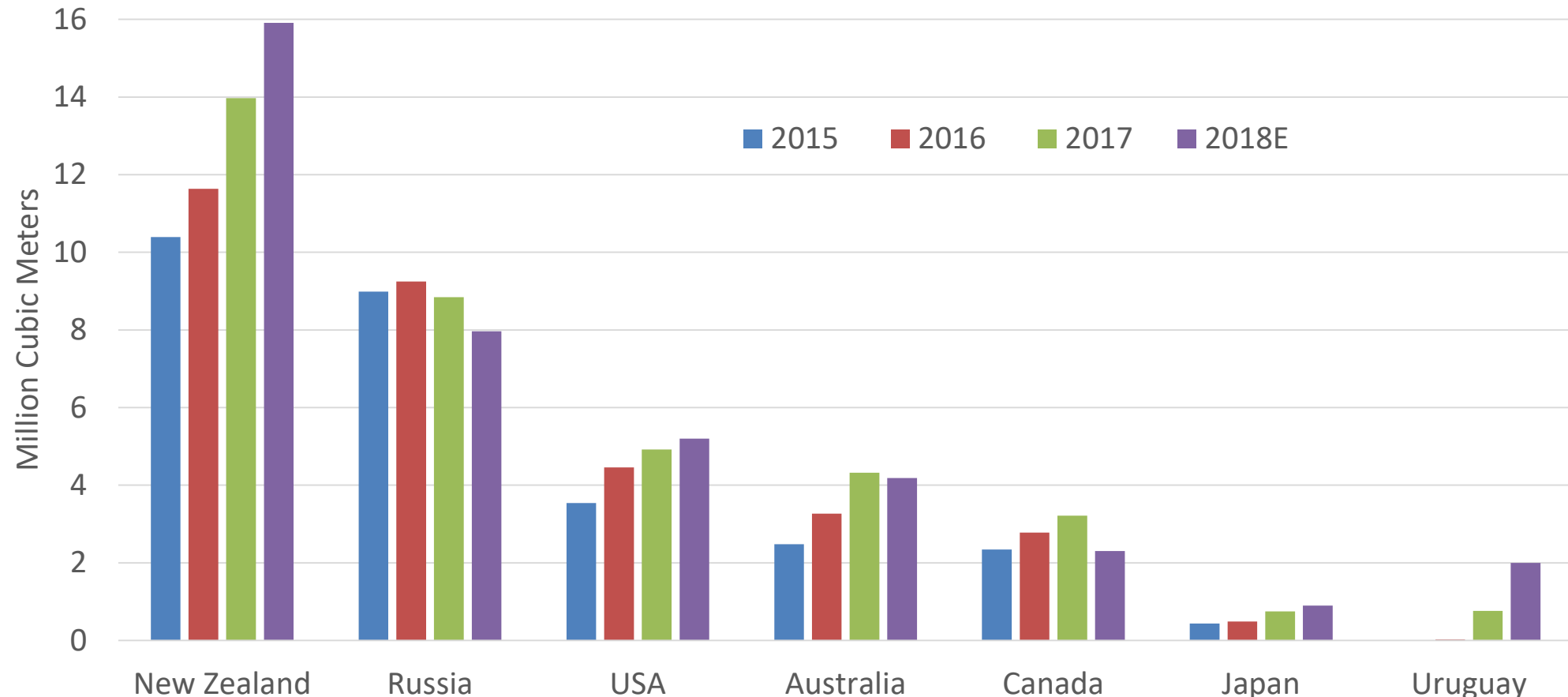
China: Softwood Log and Lumber Imports, Jan-Nov





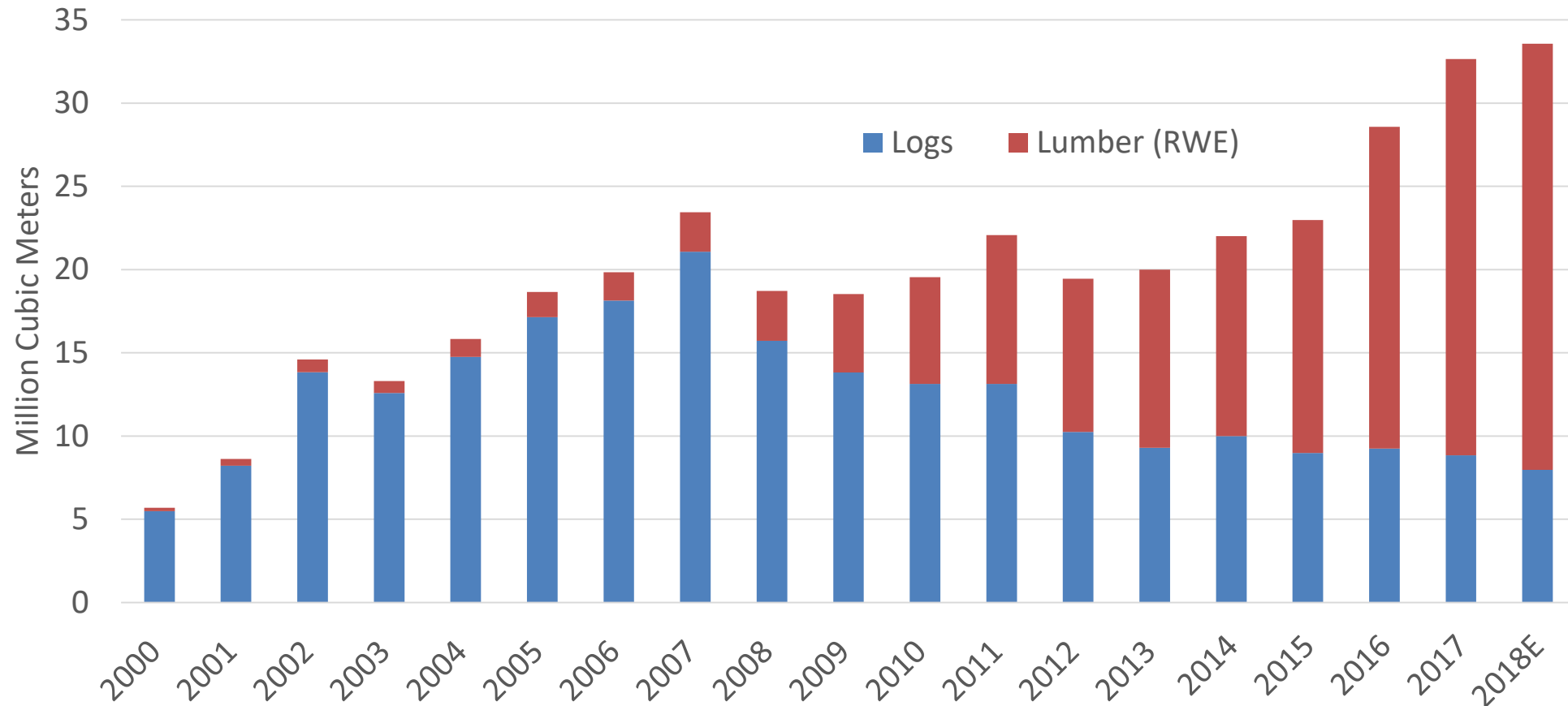
# New Zealand's log market share in China increased to 40% in 2018E, and Uruguay also ramped up quickly

China Softwood Log Imports



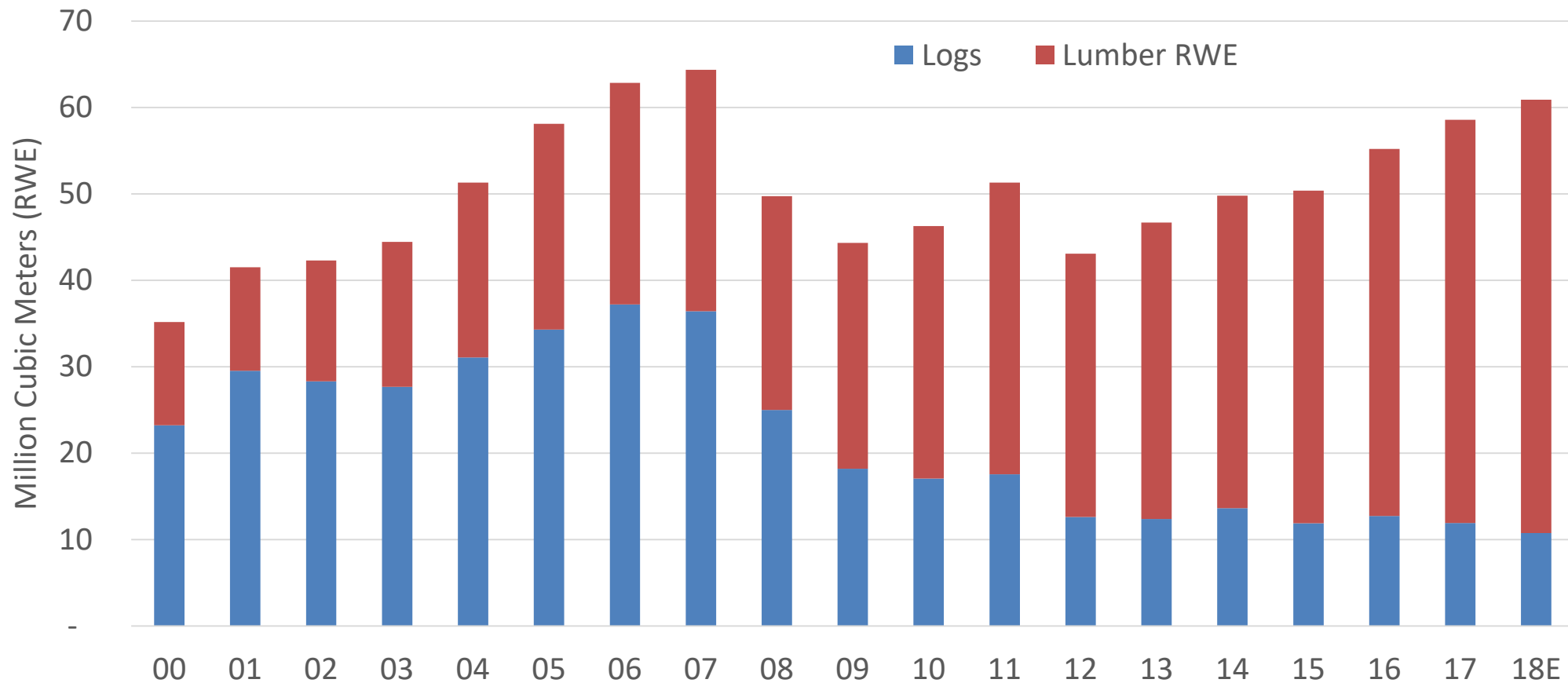
# Chinese imports of Russian softwood logs and lumber were 10% lumber in 2007, but were an estimated 76% in 2018

Chinese Imports of Softwood from Russia



# But Russia's total softwood log + lumber (RWE) exports are still below 2007 peak

Russia's Total Softwood Log and Lumber Exports

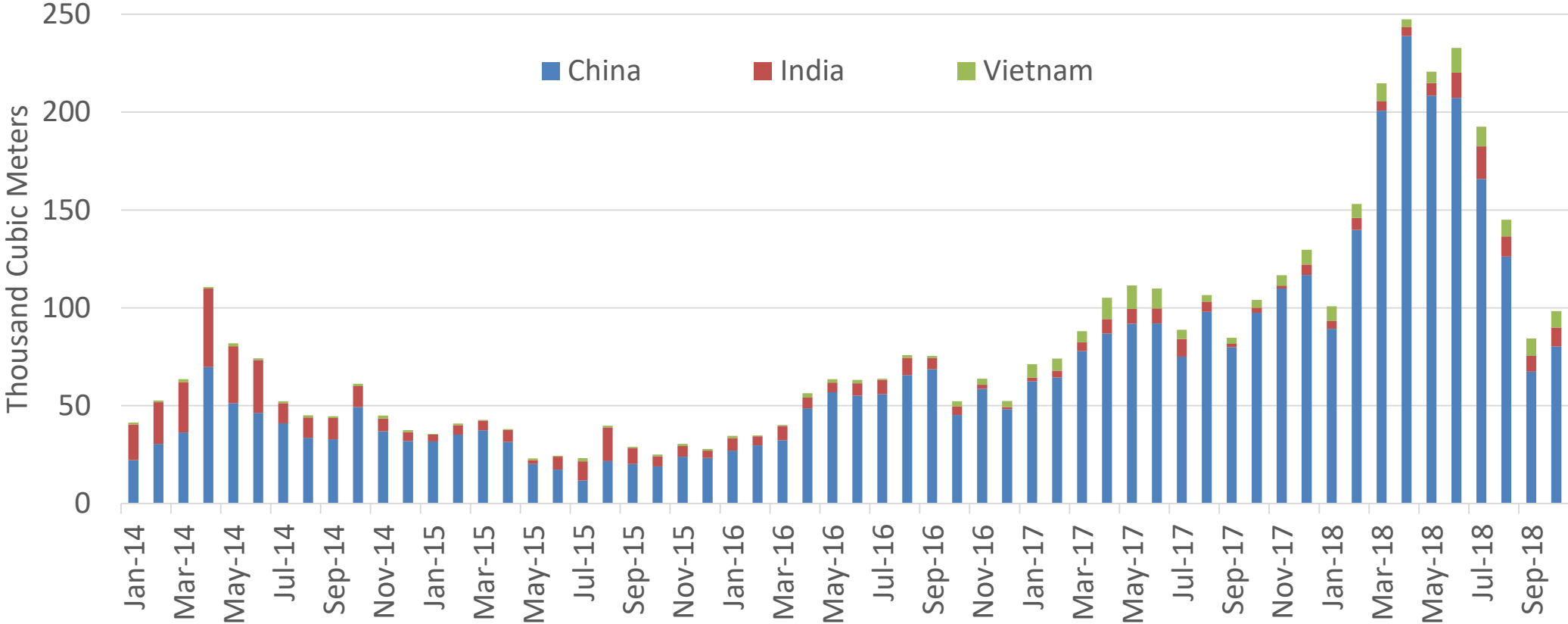


# Unprocessed logs were 61% of Russia's wood products export value in 2001, but only 16% in 2018E



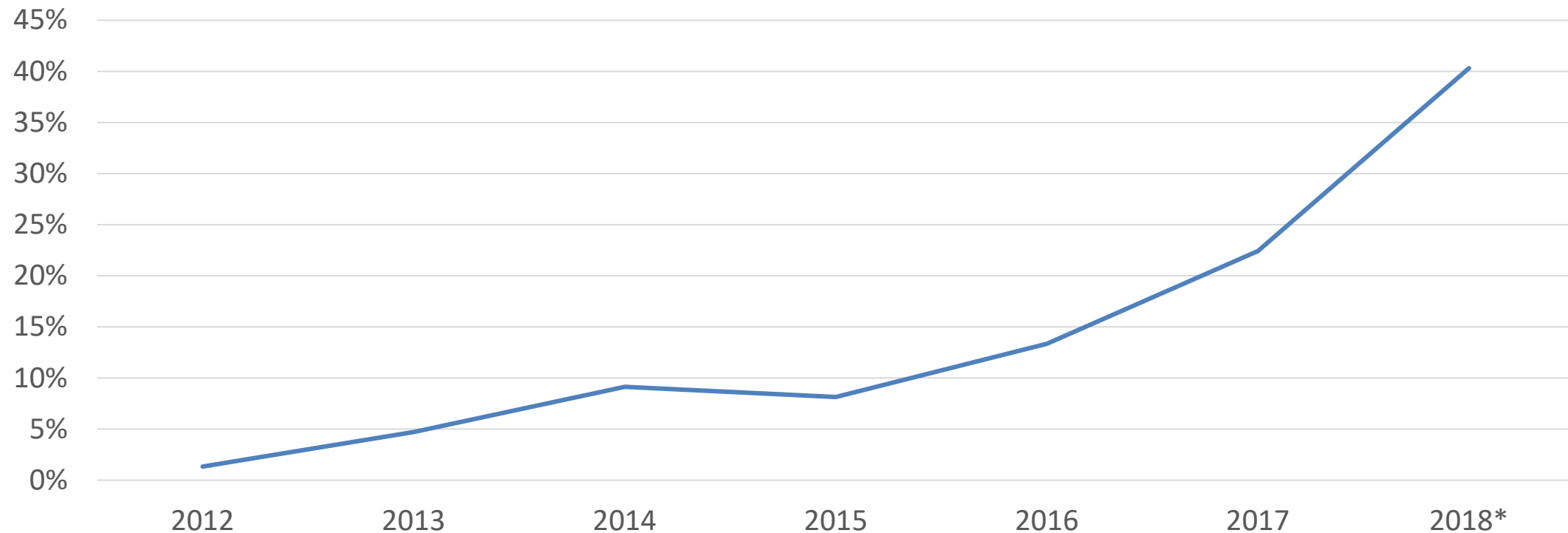
# Exports of pine logs from the US South to China have reduced by 60% from their peak earlier in 2018

US South Log Exports to Asia



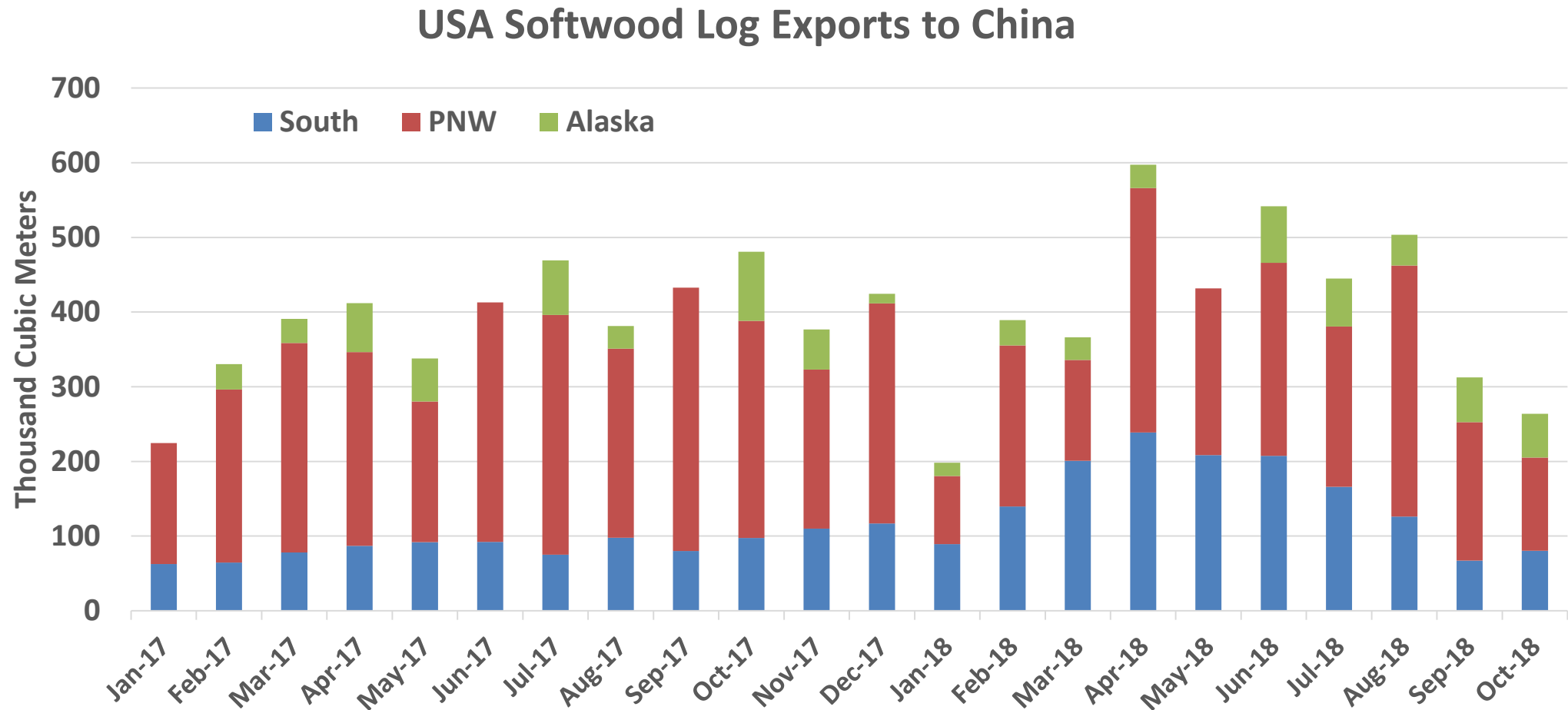
# Incredibly, over 40% of US softwood log exports to China in 2018 have been from the South, in containers

Share of US Softwood Log Exports to China From US South

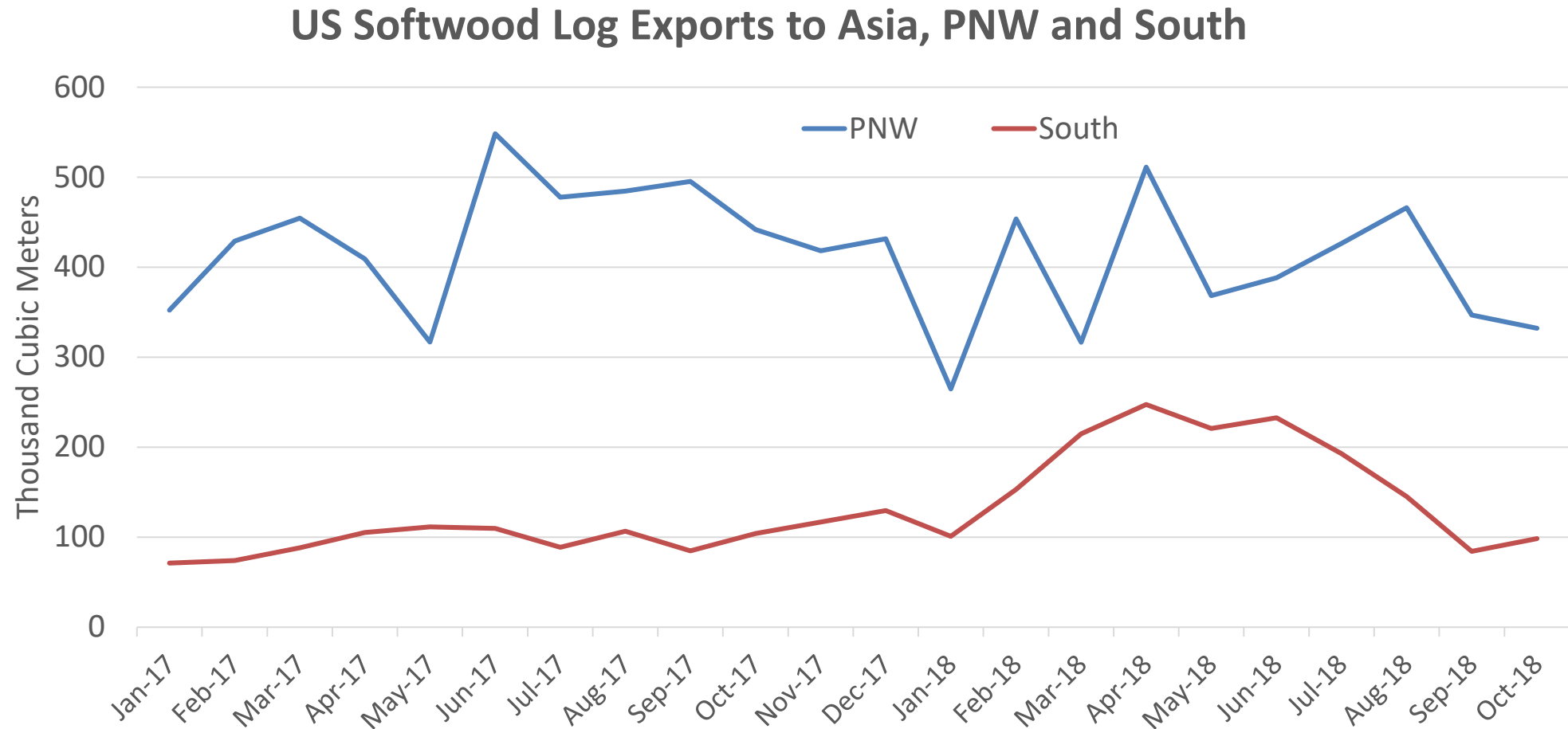


\* January-October actual.

# Log shipments from the PNW to China have also declined



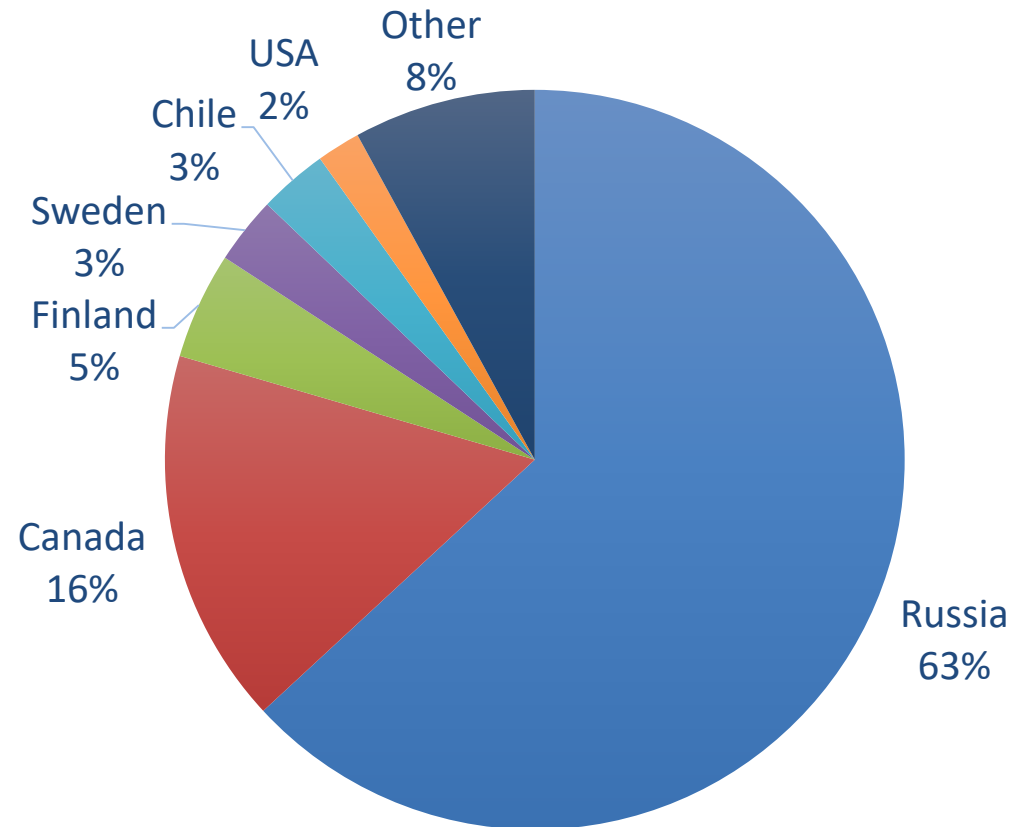
# While the South has gained ground, the PNW is still by far the largest source of log exports





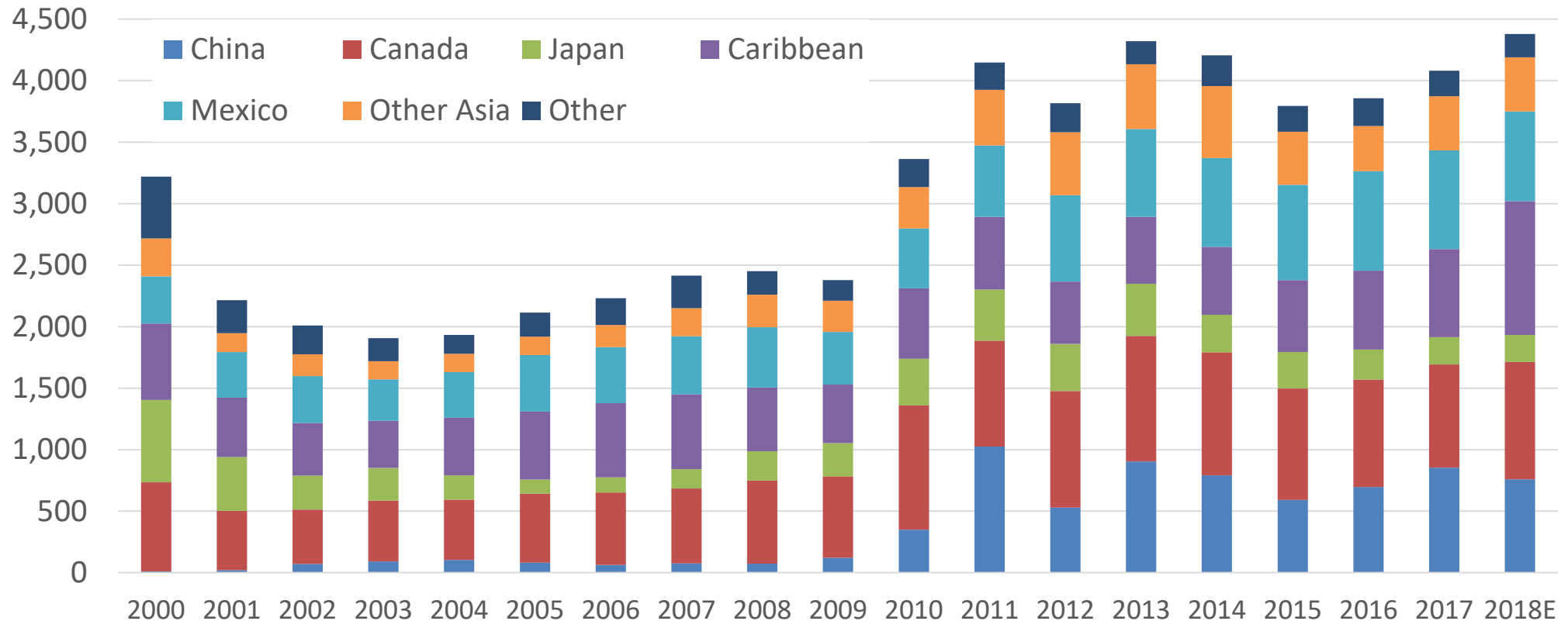
# Russia has become the dominant softwood lumber supplier to China; the USA is a minor player

China Softwood Lumber Imports, Jan-Nov 2018

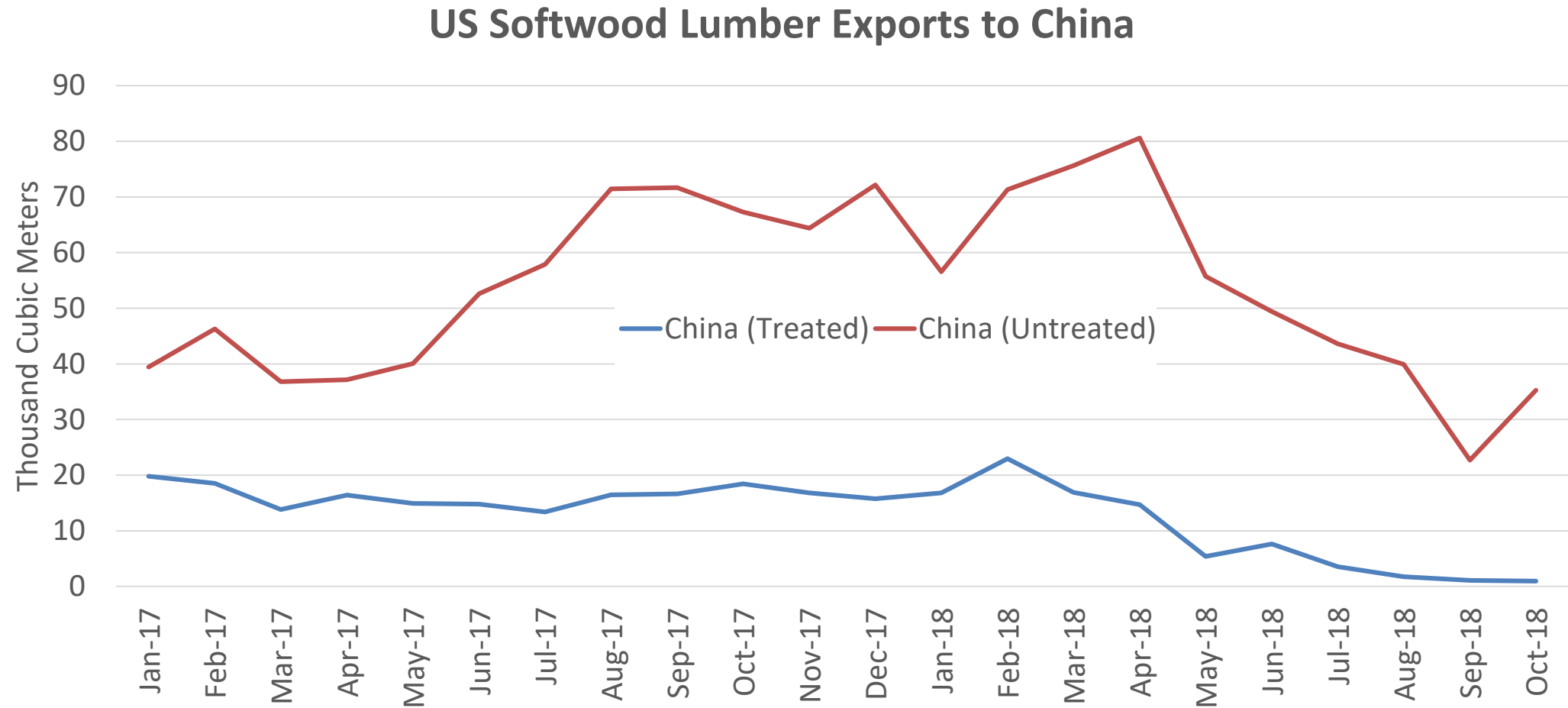


# In 2018, the biggest jump in US softwood lumber exports was to the Caribbean

## US Softwood Lumber Exports by Destination

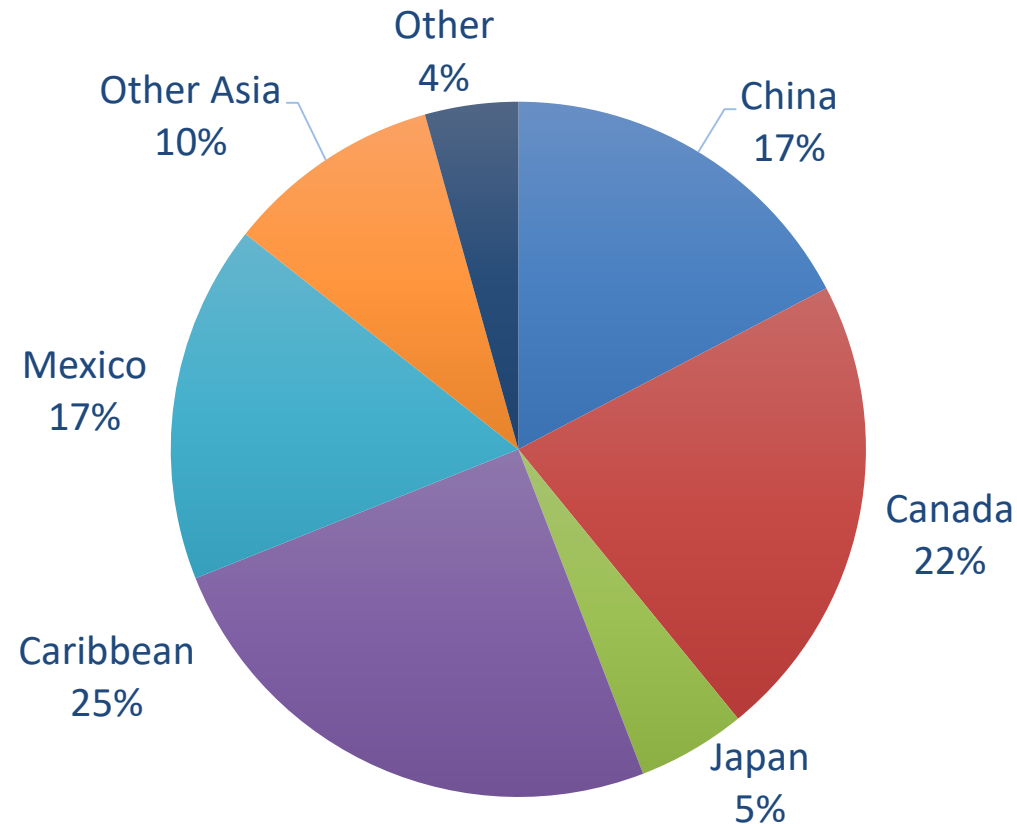


# US softwood lumber exports to China did include a strong share of treated product, but that market has tanked



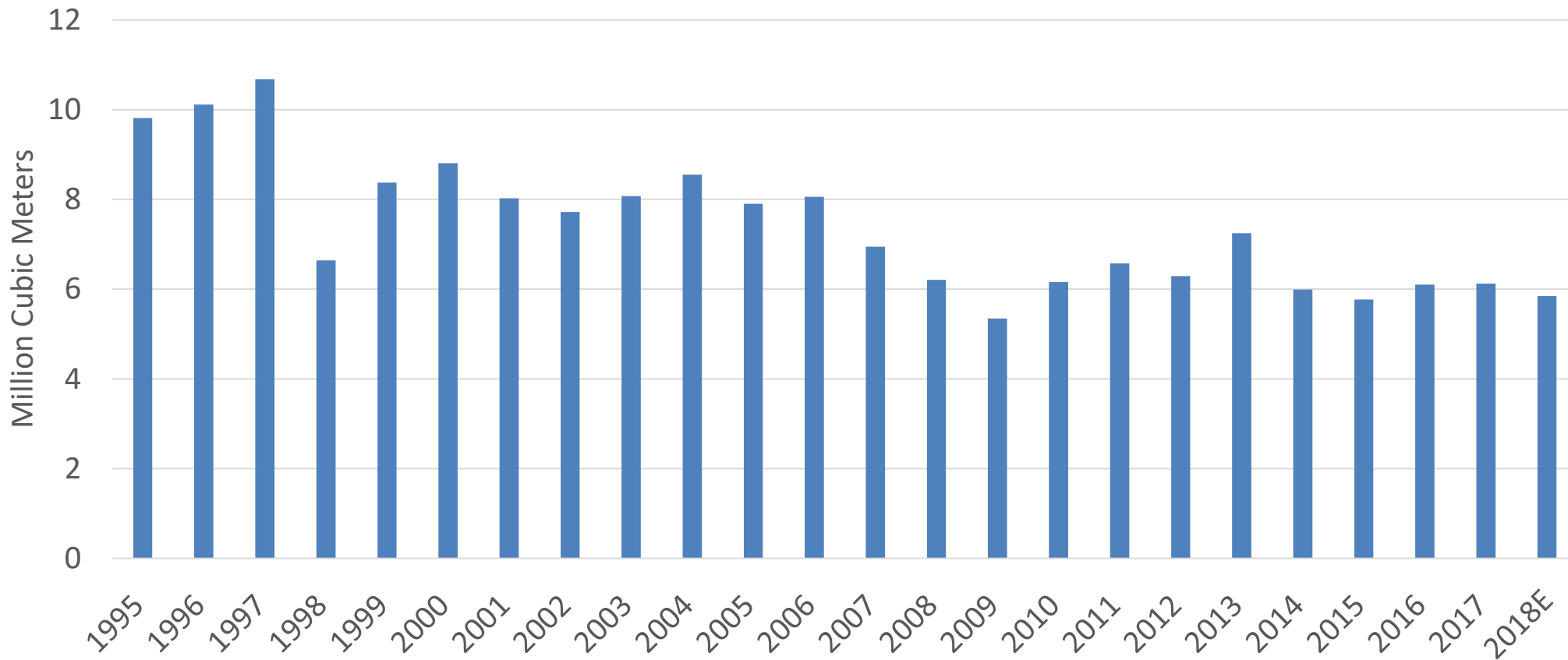
# 64% of lumber exports were to North American and Caribbean countries in 2018; only 5% went to Japan, vs. 21% in 2000

## US Softwood Lumber Exports by Destination, 2018



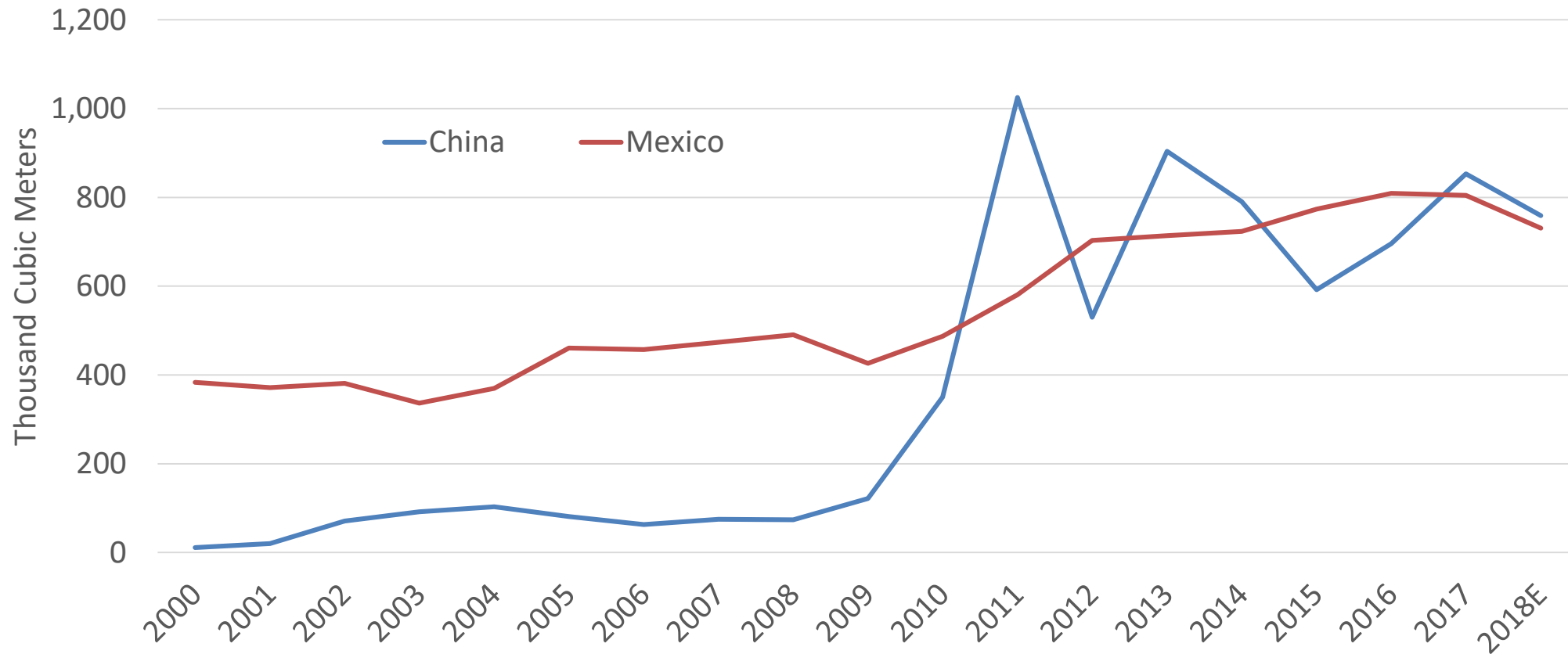
# Japanese softwood lumber imports have been in a long, slowly declining trend for the past 20 years

Japan: Softwood Lumber Imports

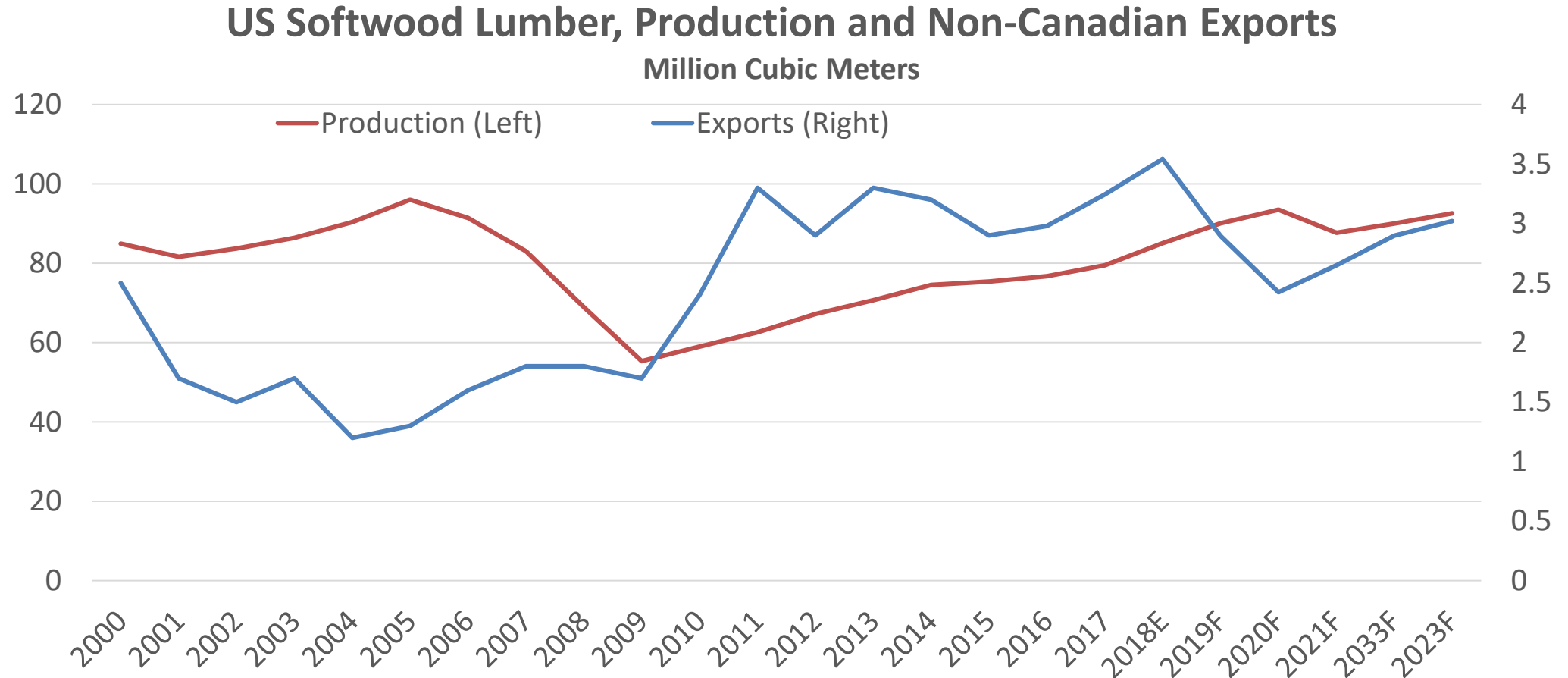


# We focus so much energy on China, but Mexico has been a more stable market and is just as large

US Softwood Lumber Exports to China and Mexico

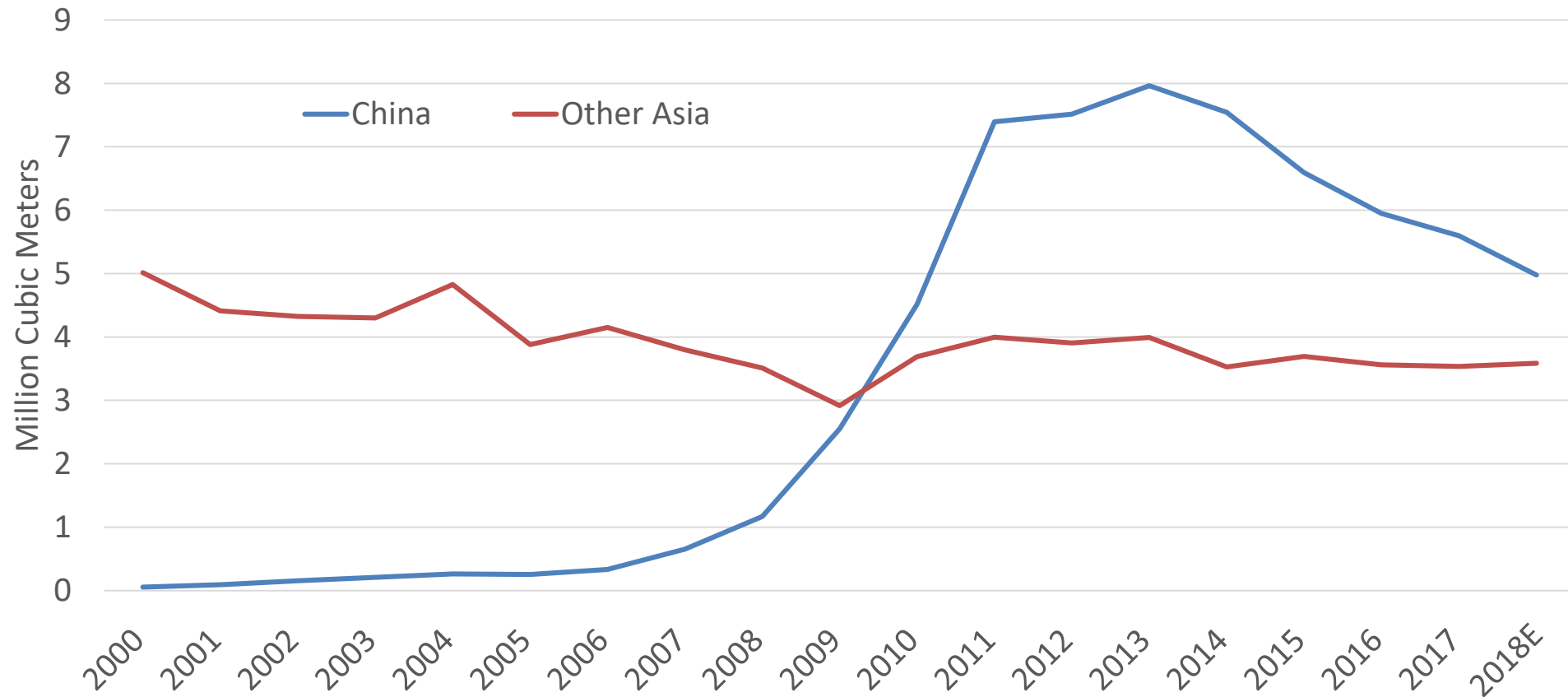


# In the near term, US lumber exports will fall due to relatively strong domestic markets



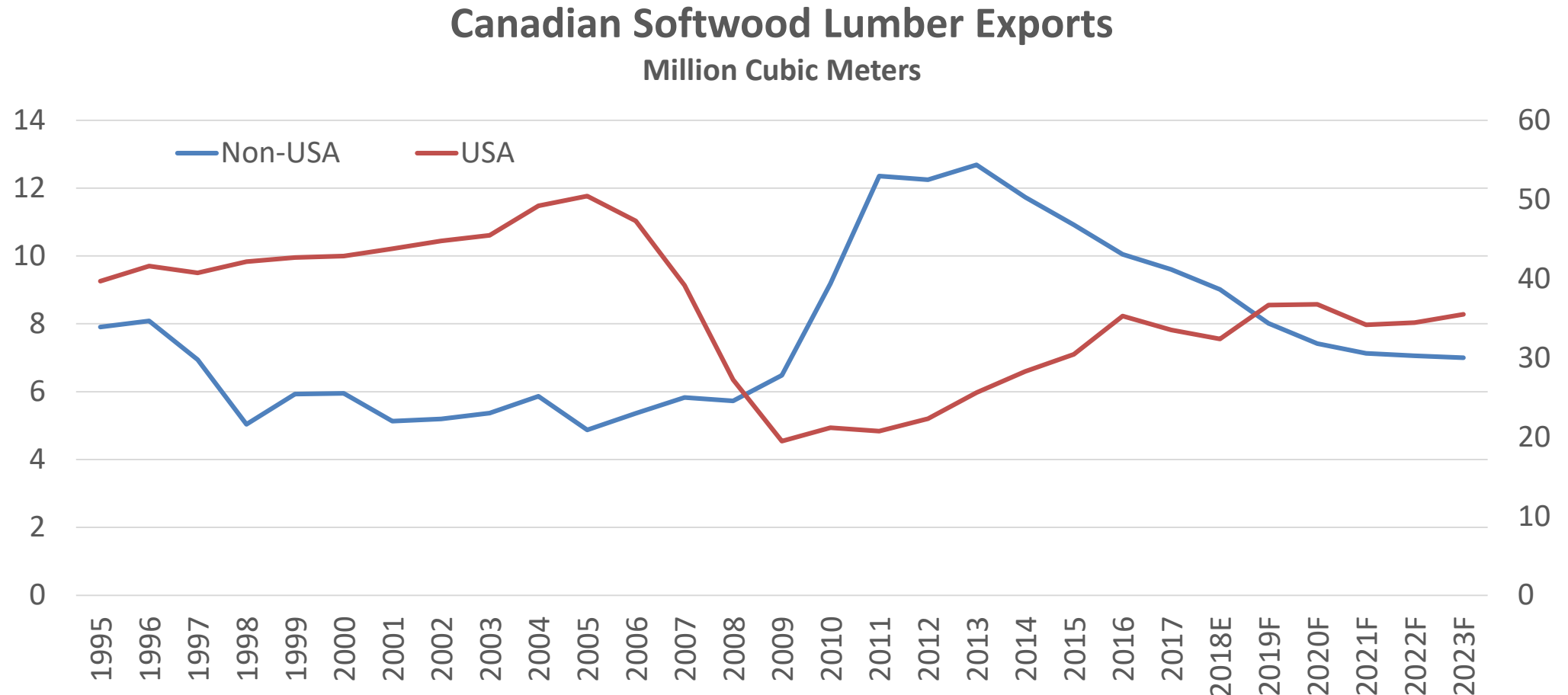
# The share of Canadian softwood lumber exported to Asia peaked at 34% in 2011, now 21%

Canada: Softwood Lumber Exports to Asia





# Canadian lumber exports to the USA will remain relatively stable, but exports to Asia will continue to fall





*London, May 14-15, 2019*

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