

Strong demand for wood in China in the second half of 2016 resulted in both record high imports of softwood lumber and logs

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Softwood lumber imports to China increased for the fourth consecutive year in 2016, reaching a new all-time high of 21 million m³, 21% higher than in 2015, reports the Wood Resource Quarterly. Russian import volumes rose the most during 2016, while Finland and Sweden increased their market share more than the other major supplying regions.

China imported record-high volumes of softwood lumber in 2016 and softwood log imports reached their second highest level on record. Despite relatively pessimistic forecasts for wood demand early in 2016, China's need for imported wood picked up during the summer and fall with import volumes of both logs and lumber being up about 20% in the 4Q/16 as compared to the 4Q/15. Total importation of logs and lumber (in roundwood equivalents) reached almost 76 million m³ in 2016, which was up 17% from 2015, and almost 38% higher than five years ago, according to the Wood Resource Quarterly (WRQ).

Over the past decade, the importation of softwood lumber has grown much faster than that of softwood logs. From 2006 to 2016, lumber imports were up from just over two million m³ to over 21 million m³, while log import volumes were up from 20 million m³ to 34 million m³ during the same period.

From 2015 to 2016, Russia has increased its shipments of lumber to China by over three million to a total of 11.6 million m³ (this includes logs that have been canted to avoid log export taxes). With lumber markets in the Middle East and Northern Africa (the MENA countries) and Europe having been relatively weak the past few years, many sawmills in the Nordic countries have increased their presence in the Chinese market with shipments being up over 35% in 2016 from the previous year. Although lumber supply from Finland and Sweden still account for only six percent of the total lumber imports, the share can be expected to increase in the coming years because of more intense marketing of predominantly higher-quality spruce lumber for the Chinese furniture, millwork and construction industries

Import values for lumber to China rose during most of 2016 with average prices in December 2016 being about six percent higher than in December 2015. The increases during 2016 came after two years of sharply declining prices, as reported in the latest WRQ (www.woodprices.com). The lower-cost lumber has consistently been from Russia and Canada, while the cost for lumber from Europe and Chile has been higher than the average prices, which have ranged between US\$160-180/m³ in 2016.



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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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