



## Forest Products Imports to China

Hakan Ekstrom

The value of imported forest products to China dropped by 750 million dollars y-o-y during January and February 2020, with the biggest falls on the values of wood pulp and softwood lumber, reports the Wood Resource Quarterly

The coronavirus epidemic in China has resulted in sharply reduced importation of forest products in early 2020. During January and February, the import value of logs, lumber, pulp and wood chips totaled 4.6 billion dollars. This was down 26% and 14% respectively, from the same periods in 2018 and 2019, reports the Wood Resource Quarterly (WRQ). From 2019 to 2020, the biggest percentage declines were seen in softwood lumber (-26% y-o-y) and softwood logs (-20% y-o-y). The import value for wood pulp fell the most, just over 300 million dollars y-o-y, followed by softwood lumber, which was down 190 million dollars.

Softwood Lumber Importation of softwood lumber to China by volume, was estimated at 1.2 million m<sup>3</sup> in February 2020, the lowest monthly volume in four years. The two largest lumber suppliers, Russia and Canada, continued to be the major sources for lumber. While Russian volumes were down 16% the first two months of 2020 y-o-y, they increased their market share from 57% in early 2019 to 59% in early 2020. Canada's share fell substantially, from 24% to 10% during the same period. Another noteworthy change the past two years has been the expanded presence of lumber coming from Europe into the Chinese market, but in volumes and market share. European lumber accounted for about 18% of total imports in early 2020, up from 8% in 2018.

Softwood Logs During January and February 2020, China imported 5.1 million m<sup>3</sup> of softwood logs, down from almost 5.7 million m<sup>3</sup> in the same period in 2019 (the total import value fell from 800 million dollars to 640 million dollars). Record high log inventories (over 7 million m<sup>3</sup>) at Chinese ports, reduced demand for forest products as a consequence of the coronavirus, and labor shortages at ports and wood processing facilities have resulted in sharp declines in log imports in 2020. All log-supplying countries reduced shipments dramatically with the exception of New Zealand (only down 1% y-o-y) and Central Europe (Germany and the Czech Republic were up 200% and 320% y-o-y). Total import volumes to China in February 2020 were the lowest since February 2016.

Hardwood Chips The only major product that showed increases in import volume from early 2019 to early 2020 was hardwood chips, with a gain of 11% y-o-y. This was driven by higher production of predominantly hygiene paper products in January and February, and the expectation that this sector



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would continue to be strong into the second quarter, reports the WRQ. Shipments from Vietnam and Chile jumped about 20% y-o-y, while Australia shipped 3% less the first two months of 2020 as compared to the same period in 2019.

Wood Pulp The import volume of wood pulp increased by almost 20% y-o-y during the first two months of 2020 with particular noteworthy rises in shipments from Indonesia, Canada, Finland and Sweden. However, the import value fell by 308 million dollars (-14% y-o-y) as a result of substantially lower prices for market pulp in early 2020.

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Richard P. Vlosky, Ph.D.  
*Director, Louisiana Forest Products Development Center*  
*Crosby Land & Resources Endowed Professor of Forest Sector Business Development*  
Room 227, School of Renewable Natural Resources  
Louisiana State University, Baton Rouge, LA 70803  
Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931  
Web Site: [www.LFPDC.lsu.edu](http://www.LFPDC.lsu.edu)

