

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP



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SYP Log Exports to China Rebound from Tariff-driven Fall

Southern Pine log exports to China rebounded strongly last year after plunging in 2019 amid the U.S.-China trade war. The resurgence in 2020 ran counter to an otherwise decidedly downward trend in Chinese imports, especially from North America.

Tariffs imposed as part of the trade war, which engulfed the softwood lumber industry in August 2018, disrupted a three-year surge in Southern Pine log exports to China. Shipments soared from a 2015 trough of 207,405 cubic meters to a record shattering 1.52 million cubic meters in 2018.

SYP log exports lost momentum in late 2018 and plummeted to 1.03 million cubic meters in 2019, down 32% from the previous year. The 25% tariff imposed on those shipments contributed heavily to pricing SYP logs out of the Chinese market.

Last year, exports jumped to 1.21 million cubic meters, up 17% from 2019. While the tariffs have not been formally removed, importers have been able to apply for an exemption. Traders say the process has proven efficient, thus effectively eliminating the tariffs in the majority of transactions. The sharp hike in SYP log exports to China is nonetheless remarkable given the downward trend evident in other offshore markets. Shipments to almost all other offshore markets fell by double-digit percentages. Exports to India and Vietnam, the two most common destinations other than China, declined 13% and 35%, respectively.

Total softwood log exports from the U.S. to China fell 6% last year compared to 2019, according to data from the U.S. Foreign Agricultural Service.

World Trade Monitor reported a 10% decline. Steep drops in Douglas Fir and Western Hemlock log exports to China offset gains in SYP and Spruce.

Prospects for SYP log exports to China and other offshore markets in 2021 and beyond appear mixed. Southern Pine logs and lumber have gained a foothold in recent years as the species has become more widely accepted in China. However, additional growth in trade could face headwinds.



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European log exports to China jumped 86% last year, reaching 15.2 million cubic meters. Europe will remain a strong competitor for market share as the region continues to harvest massive volumes of beetle-damaged Spruce and Pine.

Further, a recent Fastmarkets\RISI study indicates roughly 2.2-2.25 billion board feet of new sawmill capacity is scheduled to come online in the South over the next two years. Historically strong prices for Southern Pine lumber over the last year or more could increase the incentive for producers to ramp up capacity. Prices of many of the most heavily traded items currently hover at record levels.

The projected added mill capacity could fuel strengthening domestic demand for Southern Pine logs. Historically lower prices for SYP logs have been a strong selling point in China and other offshore markets in recent years. That trend could shift in the coming years if rising domestic demand exerts upward pressure on log prices in the South, as many traders anticipate.

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