China’s Timber Industry and Trade

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China in Brief

- As one of the largest countries in the world
  - Population: ranks 1
  - GDP: ranks 2
  - Trade: ranks 2
  - Land area: rank 3
  - Forest area: rank 5
  - Forest stock volume: rank 6

- China is one of the largest countries in the world also in terms of:
  - Production, processing, import and export of forest products
    - Import raw materials (logs and sawnwood)
    - Export finished products (furniture, plywood, wooden products)

- Woodworking industry
  - Growth has been always rapid
  - Recently, big challenges are getting serious

- Mainly a temperate country, but also with tropical areas
  - Largest member in ITTO in terms of net timber trade
China’s Timber Industry and Trade

• 1. Timber trade
  – 1.1 Timber import
  – 1.2 Timber export
• 2. Timber industry
• 3. Challenges
  – 3.1 Traditional challenges
  – 3.2 New challenges
1. Timber trade

- 1.1 Timber import
- 1.2 Timber export
**Timber trade in 2014**

- Forest products trade: US$ 140 billion, mainly timber products
  - Timber products trade: US$ 99 billion
  - NTFPs trade: US$ 40.9 billion

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>%</th>
<th>Value</th>
<th>%</th>
<th>Percent</th>
<th>Value</th>
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<td>Import</td>
<td>67.8</td>
<td>7</td>
<td>45.5</td>
<td>10</td>
<td>67</td>
<td>22.2</td>
<td>0.5</td>
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<tr>
<td>Export</td>
<td>72.2</td>
<td>16</td>
<td>53.5</td>
<td>12</td>
<td>74</td>
<td>18.7</td>
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Timber trade in 2004-2014

The chart shows the import and export values of timber trade from 2004 to 2014. The values are measured in 100 million $ and are represented by bars for each year. The export values are shown in blue bars, while the import values are shown in green bars. The export values generally increase over the years, with a significant rise in 2014. The import values also show an upward trend but with less magnitude compared to the export values.
1.1 Timber import
Woodworking industry concentration
The proportion of China’s major wood products import value in 2014

- Total import: US$ 44.5 billion
- Pulp and paper are the largest imported forest products
- Then, logs and sawnwood
- Top 6 products: pulp, logs, sawnwood, waste paper (and paper, paperboard and paper products), chips
- These top 6 products: US$ 43.1 billion, accounting for 95%
Logs import - coniferous

- In 2014: logs import was 51.19 million m³, increased by 13%
- Coniferous: 70%

- Top 6: NZ, Russia, US, Canada, Australia, Ukraine
- Top 6: 94%
- Top 2: NZ and Russia: 60%

Main countries of imported coniferous logs in 2014
Main countries of imported hardwood logs in 2014

- **Countries**: scattered
- **Top 10**: 70%
  - Temperate hardwood logs: Russia and US, but only 13%
  - Tropical hardwood logs: many tropical countries, PNG and Solomon
Sawnwood import - coniferous

- In 2014, sawnwood import: 25.75 million m³, increased by 7%
- Coniferous: 70%
  - Top 2: Russia (7.21 million m³, 41%), Canada (6.57 million m³, 36%)
  - Before 2014: Canada was more than Russia

Main countries of imported coniferous sawnwood in 2014
Sawnwood import - hardwood

- Hardwood sawnwood: 30%
  - Top 3 countries: Thailand, US and Russia, 85%
  - Top 2 countries: Thailand (28%) and US (24%), 52%

Main countries of imported hardwood sawnwood in 2014
Wood pulp import

- In 2014, wood pulp import: 17.96 million ton, with US$ 12.1 billion, increase by 6.6% and 6.1% respectively
- Top 3 countries: US (23%), Canada (16%) and Brazil (12%)
Wood chip import

- In 2014, wood pulp import: 8.86 million ton, with US$ 1.54 billion, decrease by 6% and 22% respectively
- Top 4 countries: Viet Nam (45%), Australia (24%), Indonesia (14%) and Thailand (12%), totally 95%

Main countries of imported wood chip in 2014
1.2 Timber export
Timber products export in 2014

- Total timber products export: US$ 53.5 billion, increased by 12%
- Top 4 products: furniture, paper (and paperboard, paper products), plywood and wooden products, 89%

Proportion of China's major wood products exports value
Furniture export

- In 2014, furniture export: 31.63 million pieces, valued at US$ 22.1 billion
  - Increased respectively by 10% and 14%
- Top 4: US (32%), Japan (7%), UK (6%), Germany (5%), about half
  - If considering EU, EU should be second following US

China's wooden furniture export countries
Paper export

• In 2014, paper (paperboard and paper products) export: 7.66 million ton, valued at US$ 14.3 billion
  – Increased respectively by 10% and 11%
• Top 3: US (17%), Hong Kong of China (13%) and Japan (10%)
Plywood export

- In 2014, plywood export: 13.22 million m³, valued at US$ 5.8 billion
  - Increased respectively by 29% and 15%
- Countries: scattered
  - EU and developed countries: high quality for face decoration
  - Developing countries: low quality for construction modeling

<table>
<thead>
<tr>
<th>The unit price</th>
<th>2014</th>
<th>2013</th>
<th>percent(%)</th>
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<tr>
<td>USA</td>
<td>764</td>
<td>733</td>
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<td>Japan</td>
<td>498</td>
<td>527</td>
<td>-5.50%</td>
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<td>England</td>
<td>489</td>
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<td>6.80%</td>
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<td>South Korea</td>
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<td>361</td>
<td>8.00%</td>
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<td>The unit Arab Emirates</td>
<td>367</td>
<td>387</td>
<td>-5.20%</td>
</tr>
<tr>
<td>The Philippines</td>
<td>429</td>
<td>392</td>
<td>9.40%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>309</td>
<td>353</td>
<td>12.50%</td>
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</tbody>
</table>
Wooden products export

- In 2014, plywood export: US$ 5.5 billion, increased 15%
- Mainly export to: US (28%), Japan (15%), UK (5%)

China's wood products export countries in 2014
Timber trade in 2015

• In 2014 and before: quite good!
• But in 2015……
• Import:
  – Logs import: 44.568 million m³, decreased by 12.94%
    • Reasons: too much import in 2014, economic growth slowdown
  – Sawnwood import: 26.5769 million, increased by 3.59%
    • Reasons: Guangdong, increased a lot; Other areas: decreased
• Export:
  – Plywood and composite flooring export: 10.7668 million m³, decreased by 18.53%
    • Reasons: world economic recession with less demand such as Japan, Saudi Arabia, Korea, higher standard requirement by US
  – Wooden furniture and wooden products export: US$ 22.855 billion, increased by 3.13%, but slower than 2014 (14%)
    • Reasons: slowdown world economic growth, currency depreciation by many countries
• Conclusion: Too bad! Both for imported logs market, and for exported plywood and furniture market
2. Timber industry
China at A Glance

People’s Republic of China (PRC):

Land area: 9.6 million km²; Population: billion
Timber/woodworking industry

Concentration
Timber production in 2010

- Mostly big increase compared with previous year
- Logs: 80.8962 million m³, increased by 14.45%
- Sawnwood: 37.2263 million m³, increased by 15.26%
- Wood based panel: 153.6083 million m³, increased by 33.03%
  - Plywood: 71.3966 million m³, increased by 60.40%
  - Fiberboard: 43.5454 million m³, increased by 24.82%
  - Particleboard: 12.642 million m³, decreased by 11.66%
  - Other panel: 26.0243 million m³, increased by 19.61%
- Wood and bamboo flooring: 479 million, increased by 26.92%
- Wooden furniture: 260.73 million pieces, increased by 27.18%
- Wood pulp: 7.08 million ton, increased by 28.49%
Timber production in 2011

- All big increase compared with previous year
- Logs: 81.4592 million m³, around the same as previous year
- Sawnwood: 44.6025 million m³, increased by 19.81%
  - Wood based panel: 209.1929 million m³, increased by 36.19%
    - Plywood: 98.6963 million m³, increased by 38.24%
    - Fibreboard: 55.6212 million m³, increased by 27.73%
    - Particleboard: 25.5939 million m³, increased by 102.45%
    - Other panel: 29.2815 million m³, increased by 12.52%
- Wood and bamboo flooring: 629 million m², increased by 31.29%
- Wooden furniture: 248 million m³
- Wooden pulp: 8.23 million ton, increased by 16.24%
Timber production in 2012

- Mostly big increase compared with previous year, but lower than before
- Logs: 81.7487 million m³, around the same as previous year
- Sawnwood: 55.6819 million m³, increased by 24.84%
- Wood based panel: 223.3579 million m³, increased by 6.77%
  - Plywood: 109.8117 million m³, increased by 11.26%
  - Fibreboard: 58.0035 million m³, increased by 4.28%
  - Particleboard: 23.4955 million m³, increased by 8.20%
  - Other panel: 32.0471 million m³, increased by 9.44%
- Wood and bamboo flooring: 604 million m², decreased by 3.94%
- Wooden furniture: 238.97 million pieces, decreased by 3.64%
- Wood pulp: 8.1 million ton, decreased by 1.58
Timber production in 2013

- Mostly increase compared with previous year, much lower than before
  - Logs: 84.385 million m³, increased by 3.22
  - Sawnwood: 62.976 million m³, increased by 13.10%
  - Wood passed panel: 255.5991 million m³, increased by 14.43%
  - Wood and bamboo flooring: 689 million m², increased by 14.06%
  - Wooden furniture: 236.4635 million pieces, decreased by 1.05%
  - Wood pulp: 8.82 million ton, increased by 8.89%
Timber production in 2014

• Mostly increase compared with previous year, but much lower than before

• Logs: 82.333 million m³, around the same as previous year

• Sawnwood: 68.3698 million m³, increased by 8.56%

• Wood based panel: 273.7179 million m³, increased by 7.09%

• Wood and bamboo flooring: 760 million m², increased by 10.30%
Logs production

![Bar chart showing logs production from 2010 to 2014 in million m³. The production increased slightly from 2010 to 2012 and remained relatively constant from 2012 to 2014.]
Sawnwood production
Wood based panel production

- 2010: 150 million m³
- 2011: 200 million m³
- 2012: 250 million m³
- 2013: 300 million m³
- 2014: 350 million m³
Wood and bamboo flooring production

![Bar chart showing production in million m² from 2010 to 2014. The production increases over time, reaching approximately 800 million m² in 2014.](chart.png)
3. Challenges

- 3.1 Traditional challenges
- 3.2 New challenges
3.1 Traditional challenges
Traditional challenges (2-1)

- **Serious challenges: for last 5 years**
- Domestic:
  - Production cost: increases
    - Labor costs: increase
    - Land cost: increase
    - Raw materials: increase
    - Oils: increased before, decreased right now
  - Currency rate: appreciate a lot, only depreciate a little recently
- External:
  - World economic recession, which decreases export
  - Trade friction increases (anti-dumping and anti-subsidy)
  - Legality issue (diligent and discipline)
Traditional challenges (2-2)

- **Serious challenges: for last 5 years**
- Consequences:
  - Wood and woodmaking industry is not very profitable
  - Export oriented companies very much rely on tax refund (even caring for only 1% of fluctuation)
  - Hundreds of mills close down
  - Thousands people unemployed
- Of course, situation across country varies
  - Some area such as Guangdong, Zhejiang etc is general OK
  - Some big companies, especially with higher quality products is generally OK
3.2 New challenges
New challenges in 2015 (2-1)

- The situation is getting a little bit worse in 2015
- National general macro situation
  - Economic slowdown, leading to less demand: both globally and in China
    - China’s GDP growth: 6.9% in 2015, the lowest in 30 years
  - Real estate slowdown
    - Huge Stock in most of cities, only except a few very big cities such as Beijing, Shanghai, Guangzhou etc
    - Recent policy: might alleviate the situation but not much
- Forestry sector situation
  - Domestic: too much timber imported in 2014, while not too much domestic demand, not well sold out
  - External: Stricter DDS requirement for timber export, especially to EU
New challenges in 2015 (2-2)

• The situation is getting a little bit worse

• Consequences in 2015
  – Some ports stock much logs (NZ logs in Zhangjiagang etc)
  – Some industries bases such as Dongguan etc: more mills closed, especially for small companies and with lower quality products

• The only good news is that the oil price is going down, but timber industry does not consume too much oil
Thank you!