

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

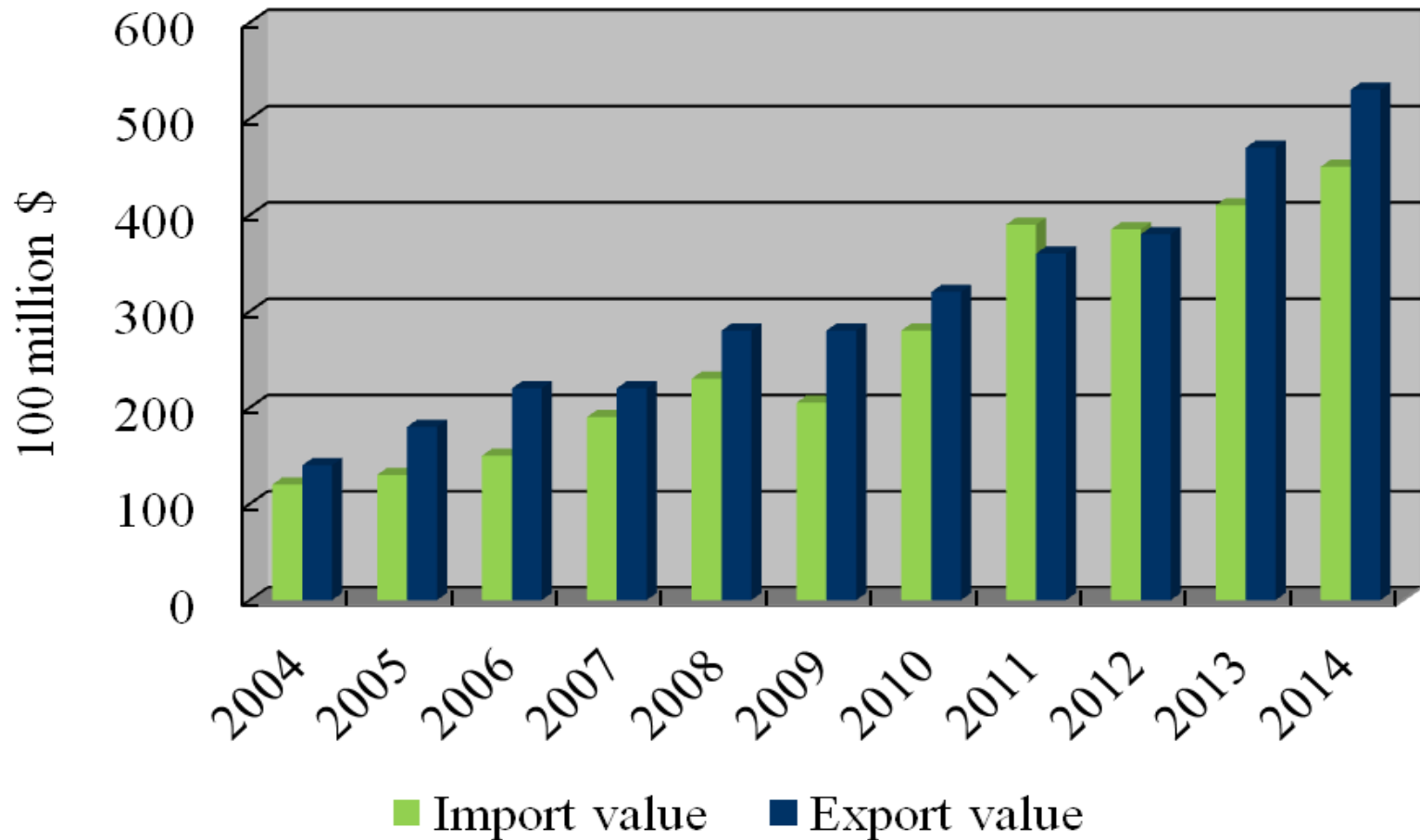
- 1.1 Timber import**
- 1.2 Timber export**

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

	Total	%	Timber products			NTFPs		
			Value	%	Percent	Value	%	Percent
Import	67.8	7	45.5	10	67	22.2	0.5	33
Export	72.2	16	53.5	12	74	18.7	26	26

Timber trade in 2004-2014

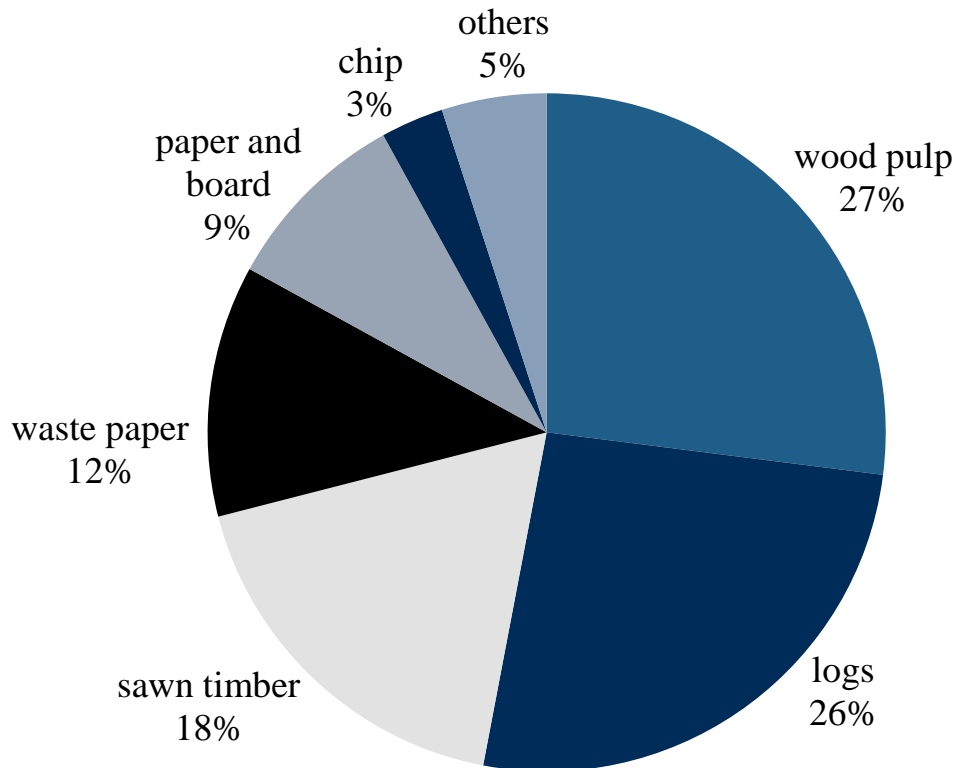


1.1 Timber import





Timber products import

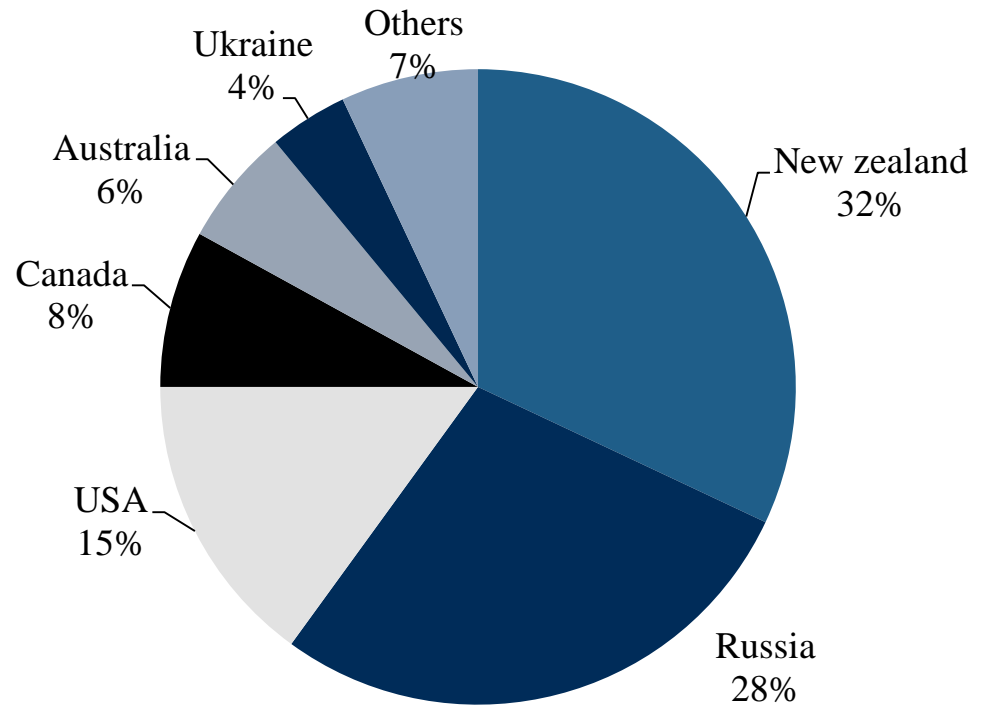


The proportion of China's major wood products import value in 2014

- 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%

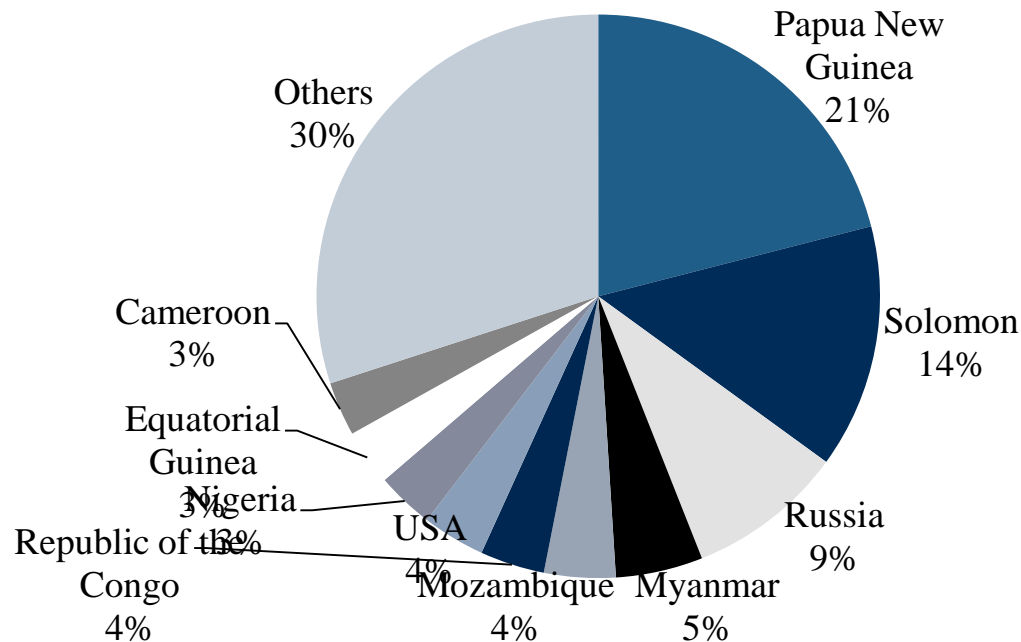


- Top 6: NZ, Russia, US, Canada, Australia, Ukraine
- Top 6: 94%
- Top 2: NZ and Russia: 60%

Main countries of imported coniferous logs in 2014

Logs import - hardwood

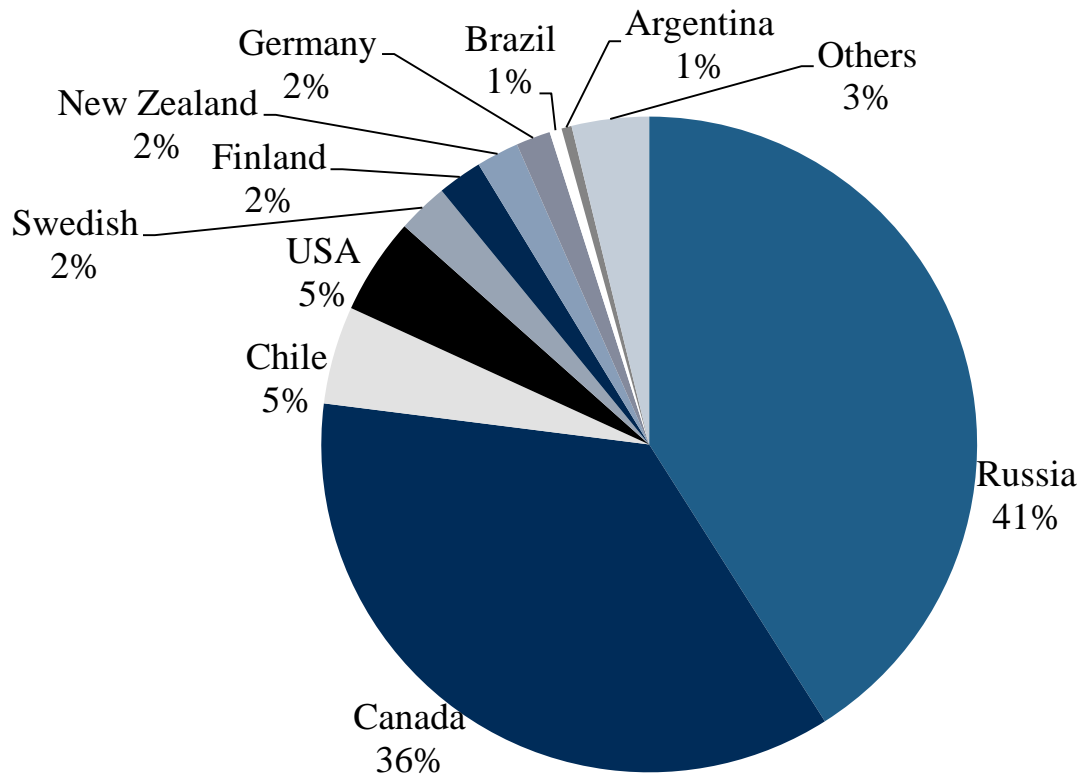
- Countries: scattered
- Top 10: 70%
 - Temperate hardwood logs: Russia and US, but only 13%
 - Tropical hardwood logs: many tropical countries, PNG and Solomon



Main countries of imported hardwood logs in 2014

Sawnwood import - coniferous

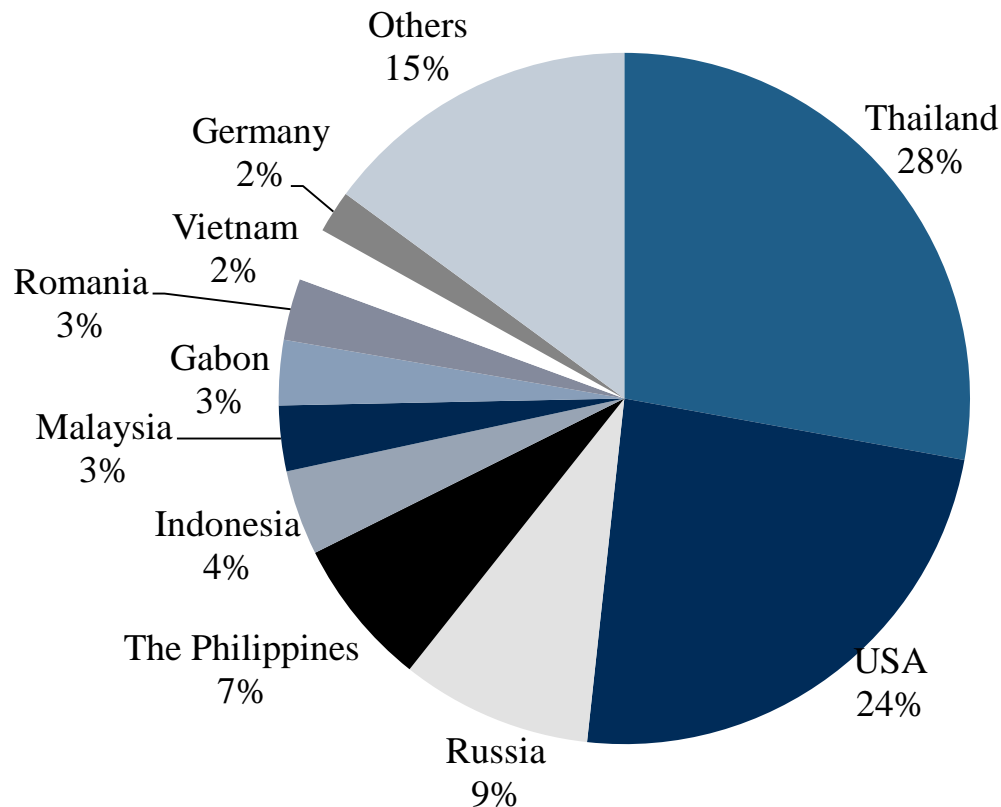
- In 2014, sawnwood import: 25.75 million m³, increased by 7%
- Coniferous: 70%
 - Top 2: Russia (7.21 million m³, 41%), Canada (6.57 million m³, 36%)
 - Before 2014: Canada was more than Russia



Main countries of imported coniferous sawnwood in 2014

Sawnwood import - hardwood

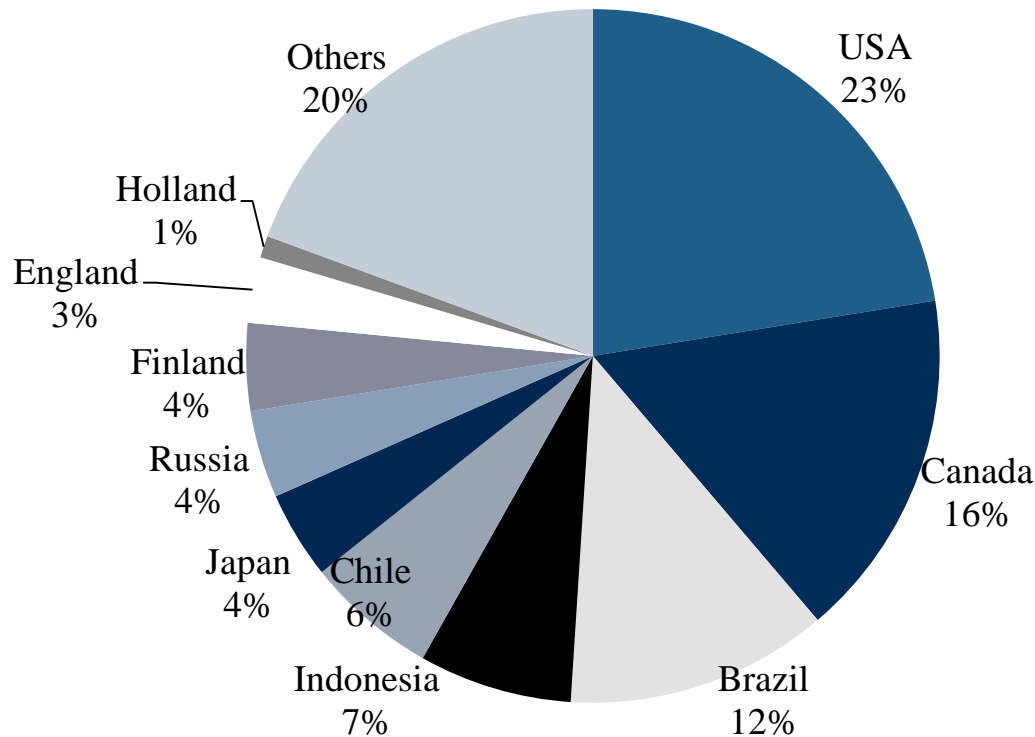
- **Hardwood sawnwood: 30%**
 - Top 3 countries: Thailand, US and Russia, 85%
 - **Top 2 countries: Thailand (28%) and US (24%) , 52%**



Main countries of imported hardwood sawnwood in 2014

Wood pulp import

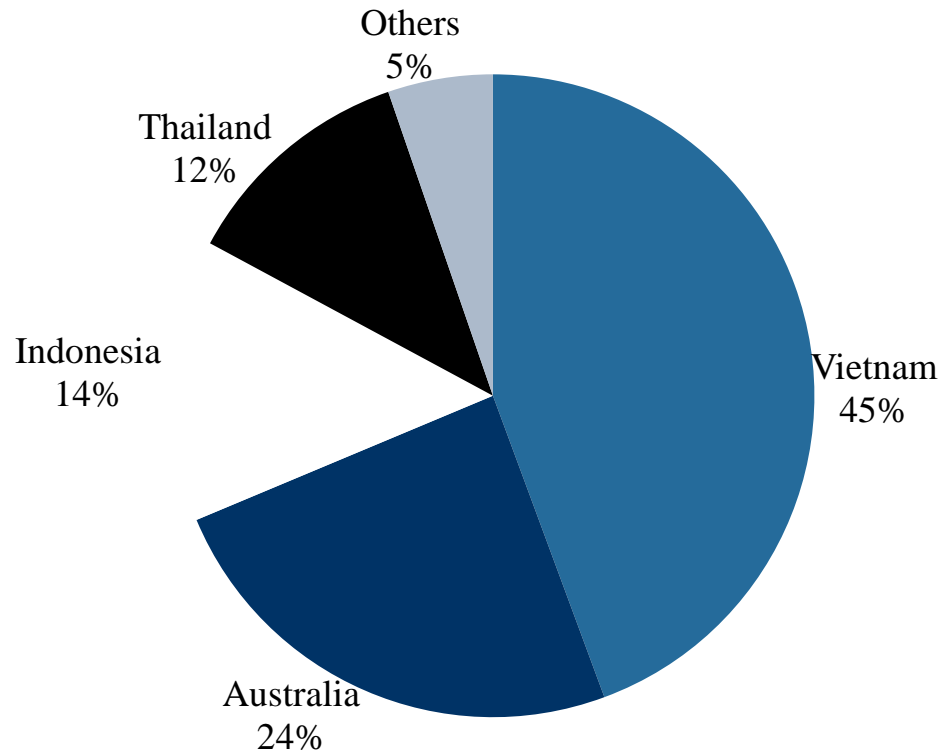
- In 2014, wood pulp import: 17.96 million ton, with US\$ 12.1 billion, increase by 6.6% and 6.1% respectively
- Top 3 countries: US (23%), Canada (16%) and Brazil (12%)



Main countries of imported wood pulp in 2014

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%

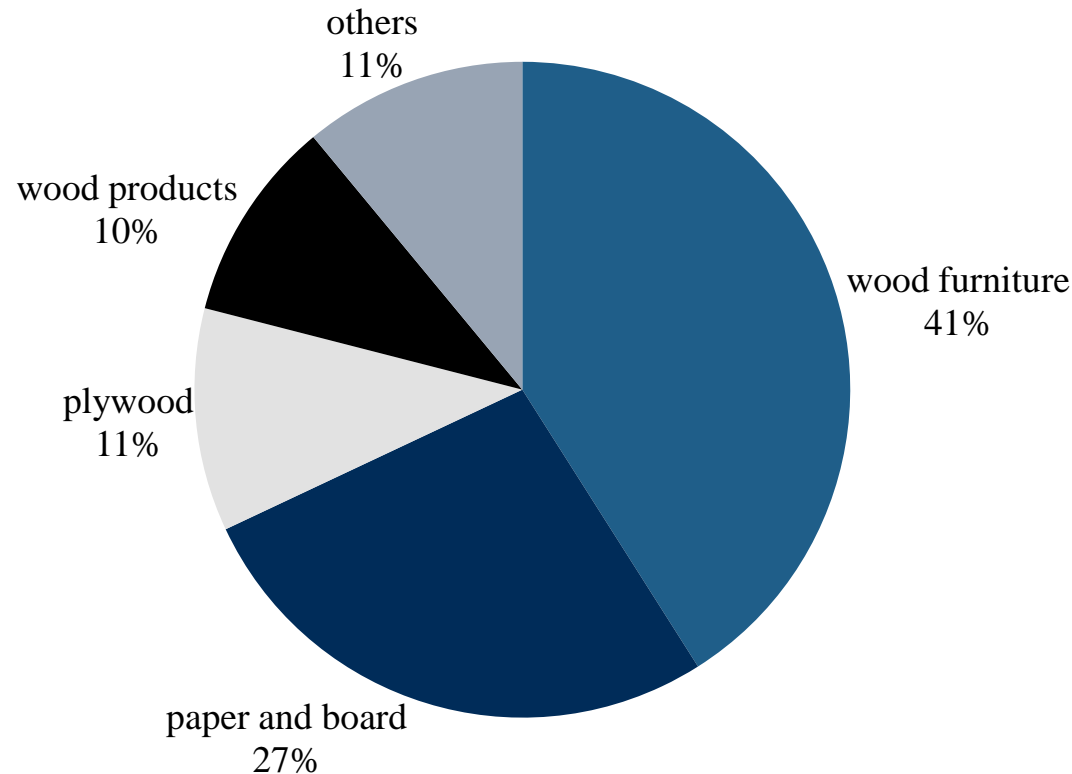


Main countries of imported wood chip in 2014

1.2 Timber export

Timber products export in 2014

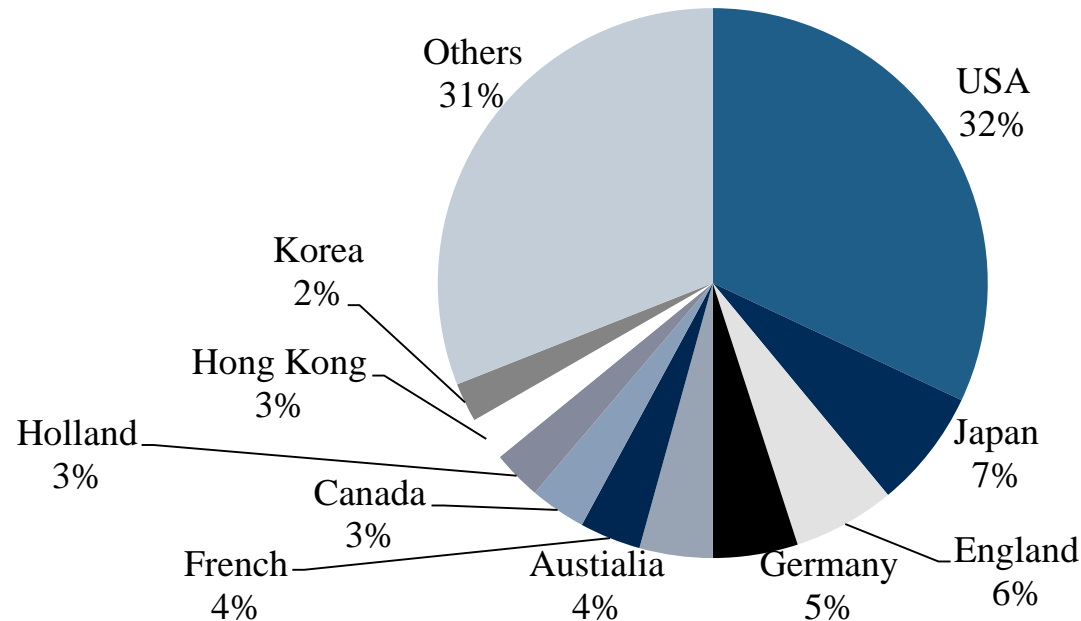
- Total timber products export: US\$ 53.5 billion, increased by 12%
- Top 4 products: furniture, paper (and paperboard, paper products), plywood and wooden products, 89%



Proportion of China's major wood products exports value

Furniture export

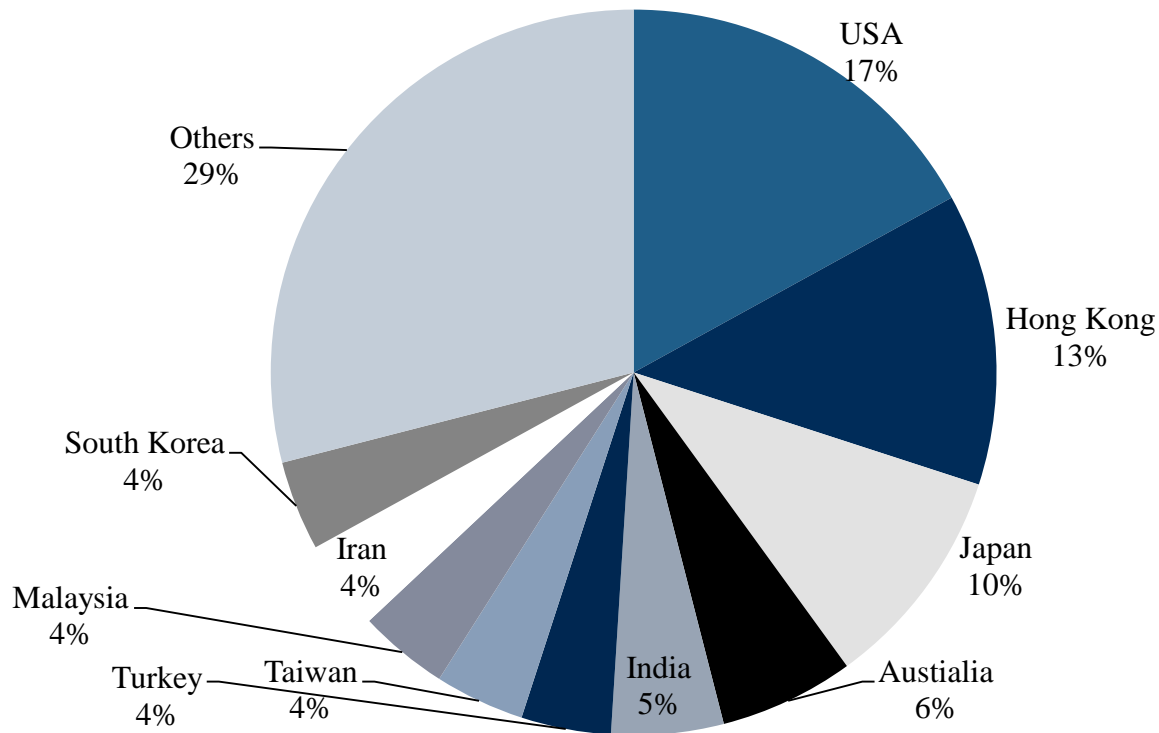
- In 2014, furniture export: 31.63 million pieces, **valued at US\$ 22.1 billion**
 - Increased respectively by 10% and 14%
- **Top 4: US (32%), Japan (7%), UK (6%), Germany (5%), about half**
 - **If considering EU, EU should be second following US**



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%)

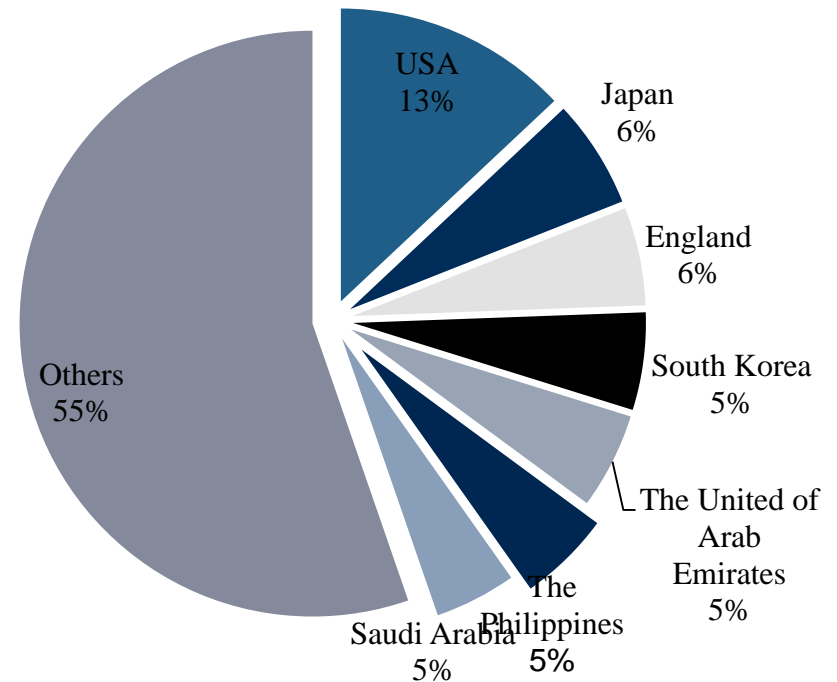


China's paper, cardboard and paper products export countries and regions

Plywood export

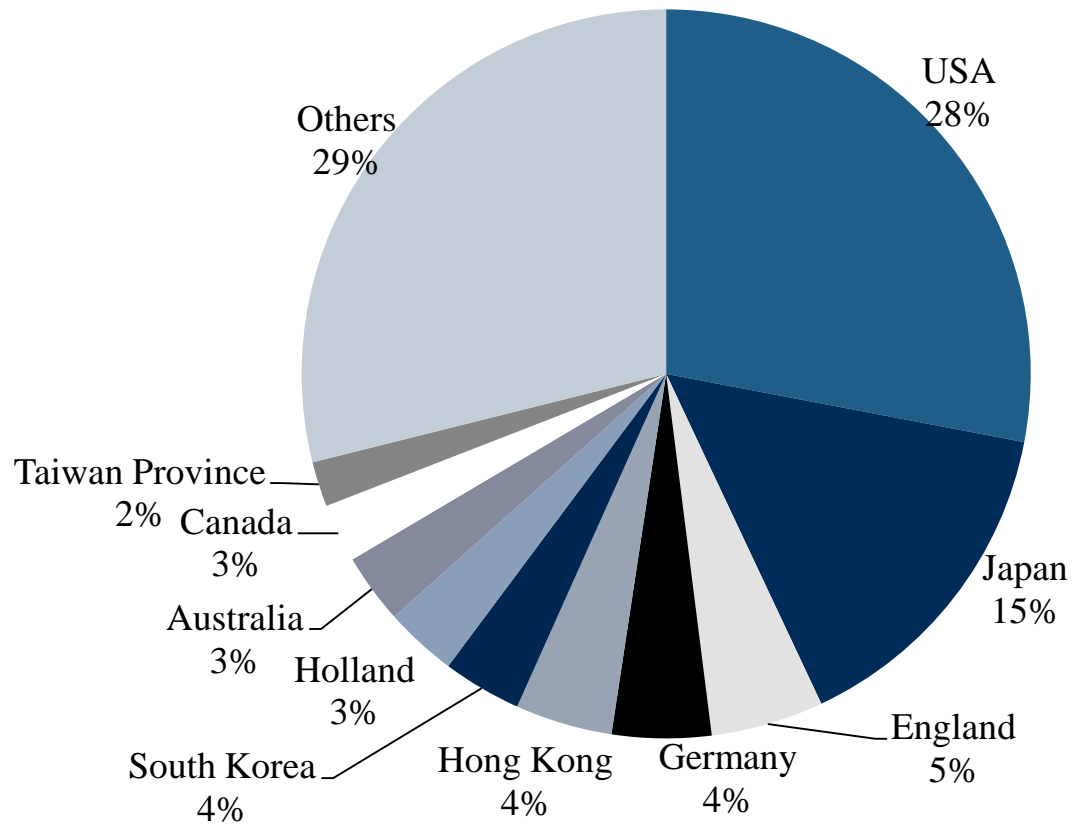
- In 2014, plywood export: 13.22 million m³, valued at US\$ 5.8 billion
 - Increased respectively by 29% and 15%
- Countries: scattered
 - EU and developed countries: high quality for face decoration
 - Developing countries: low quality for construction modeling

The unit price	2014	2013	percent(%)
USA	764	733	4.20%
Japan	498	527	-5.50%
England	489	458	6.80%
South Korea	390	361	8.00%
The unit Arab Emirates	367	387	-5.20%
The Philippines	429	392	9.40%
Saudi Arabia	309	353	12.50%



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

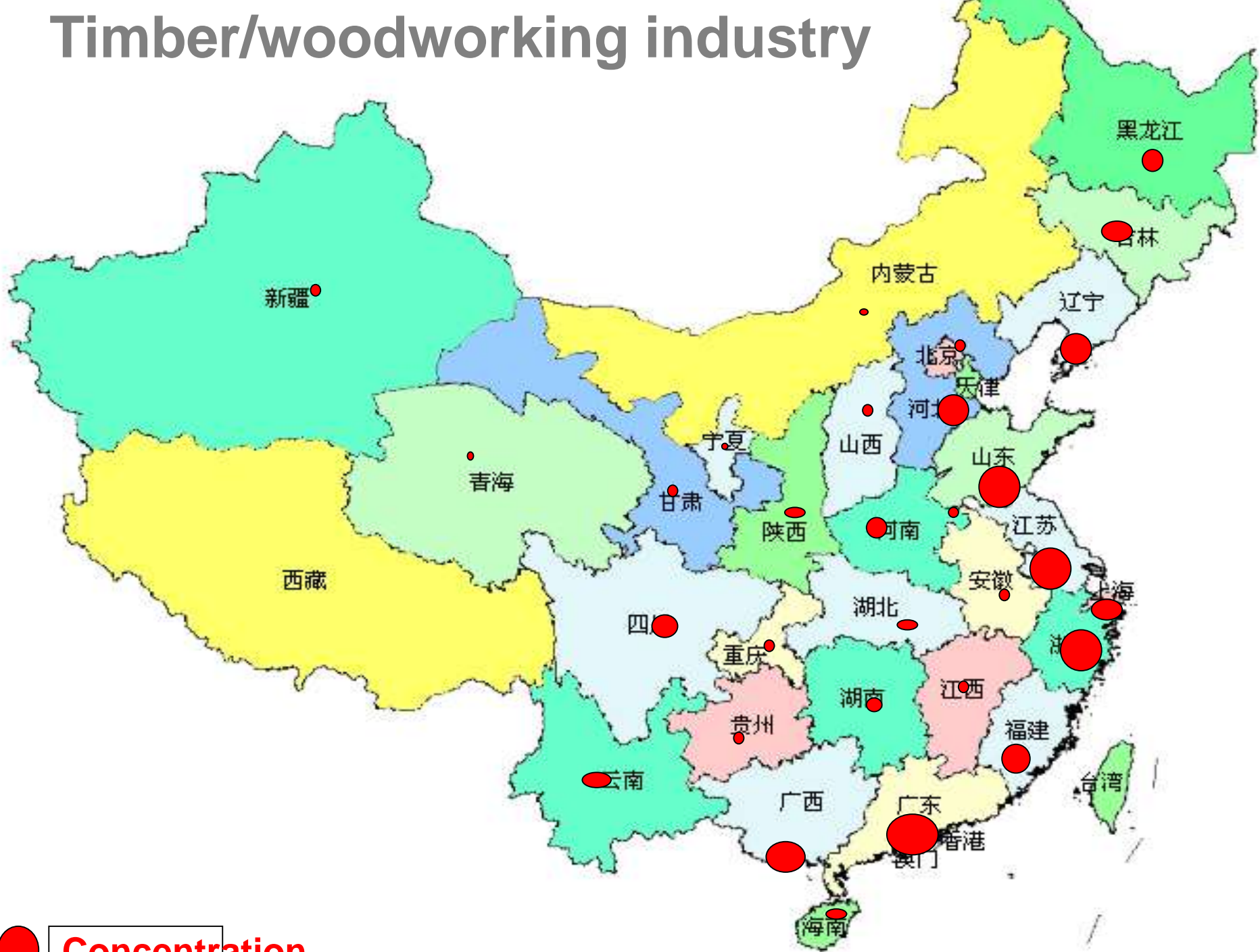
China at A Glance

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

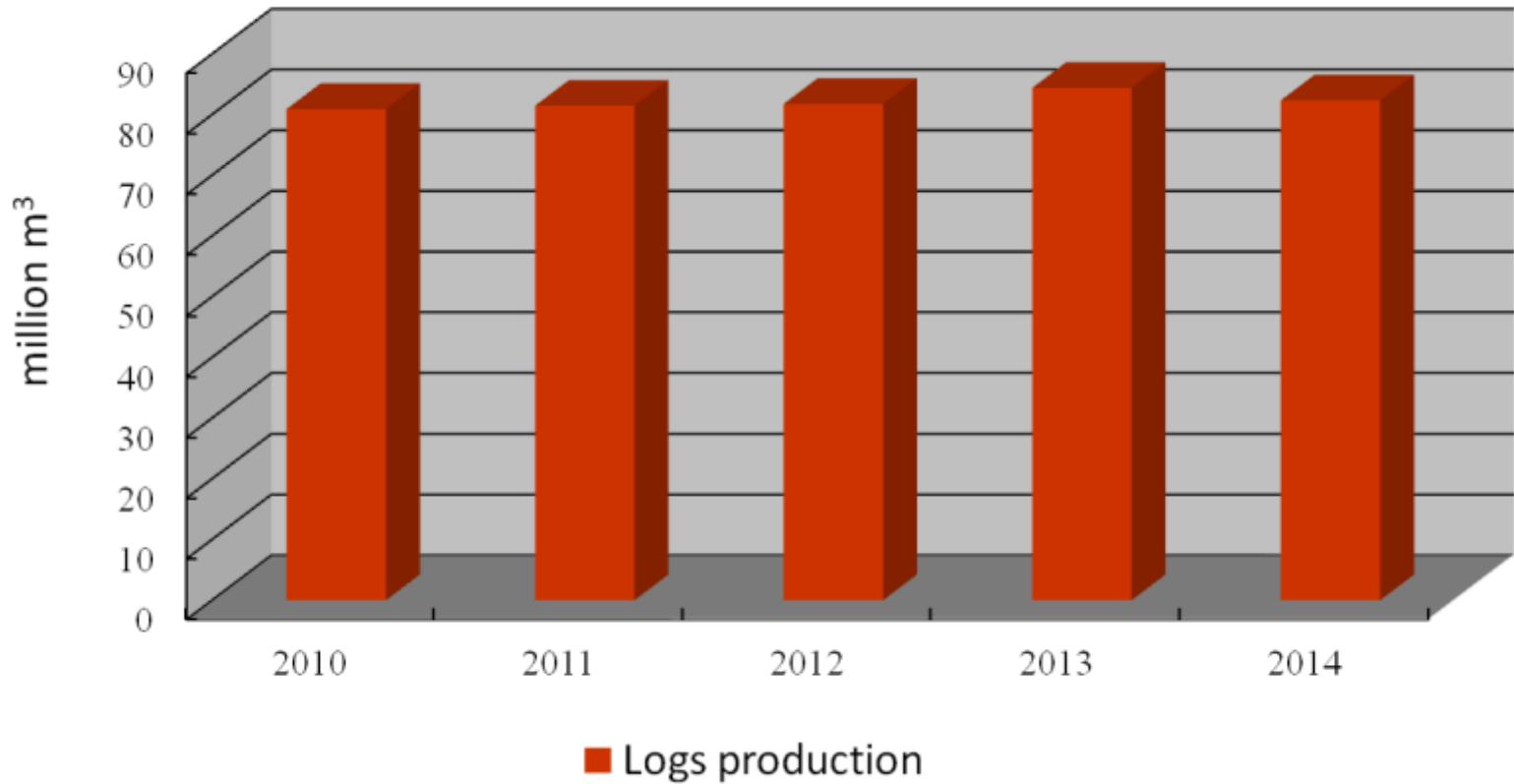
Timber production in 2013

- 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%

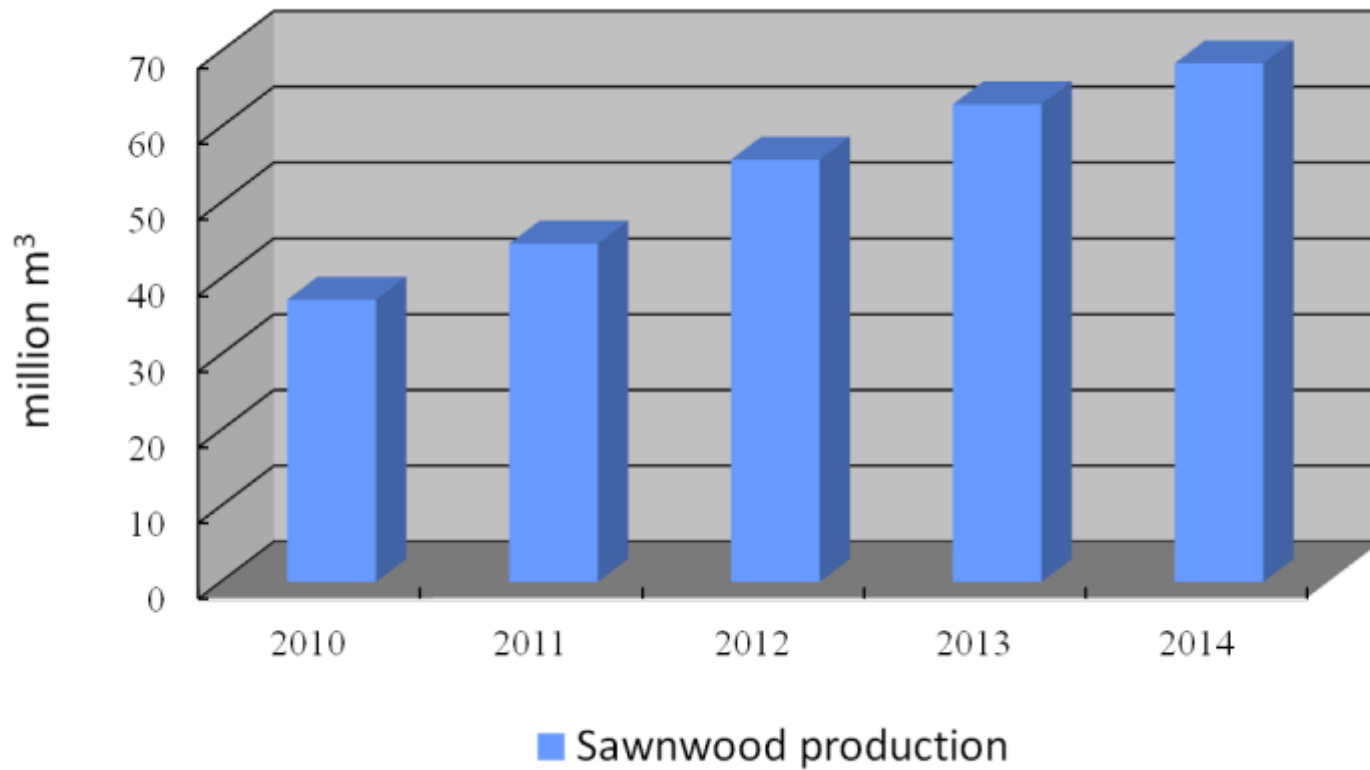
Timber production in 2014

- 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%

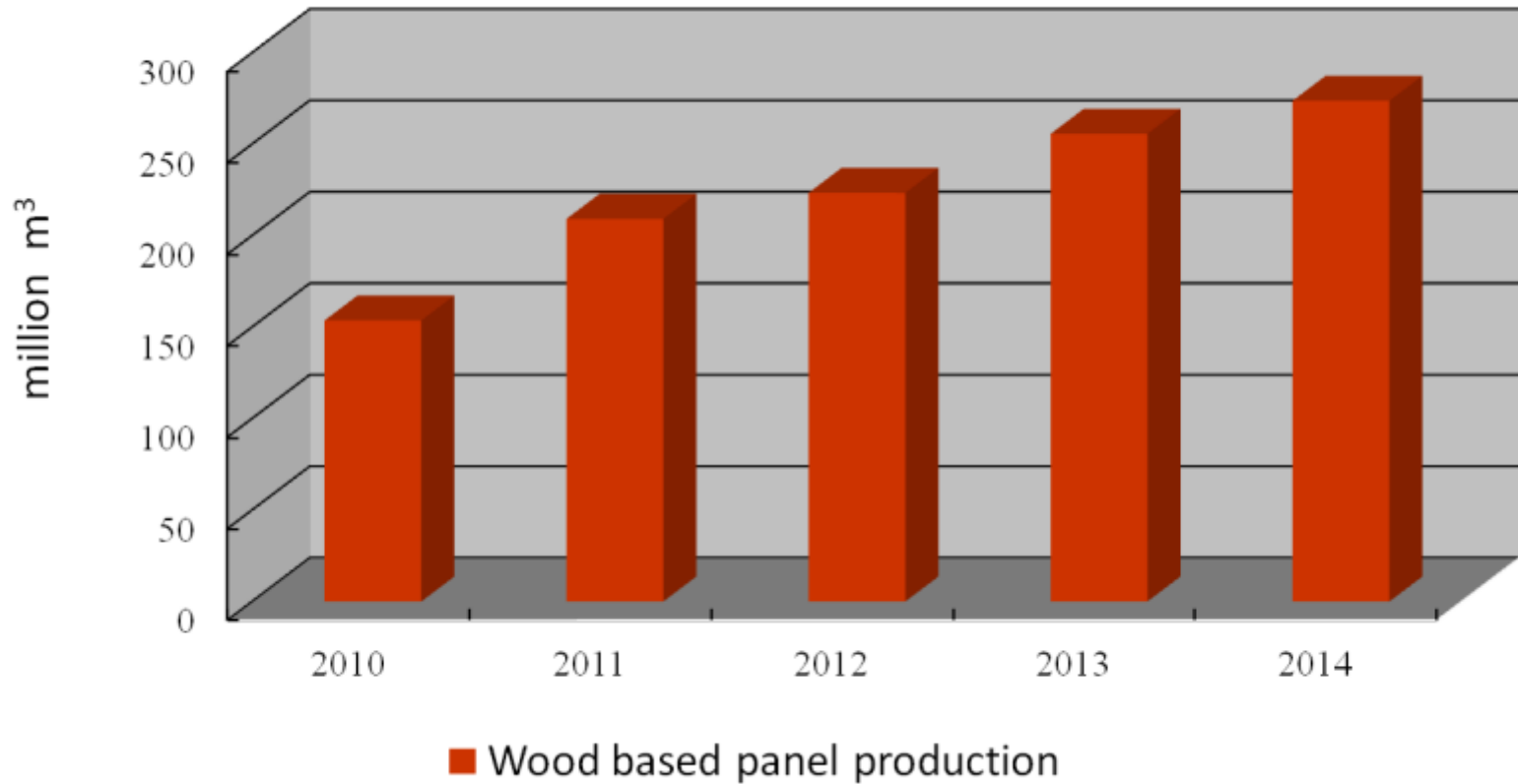
Logs production



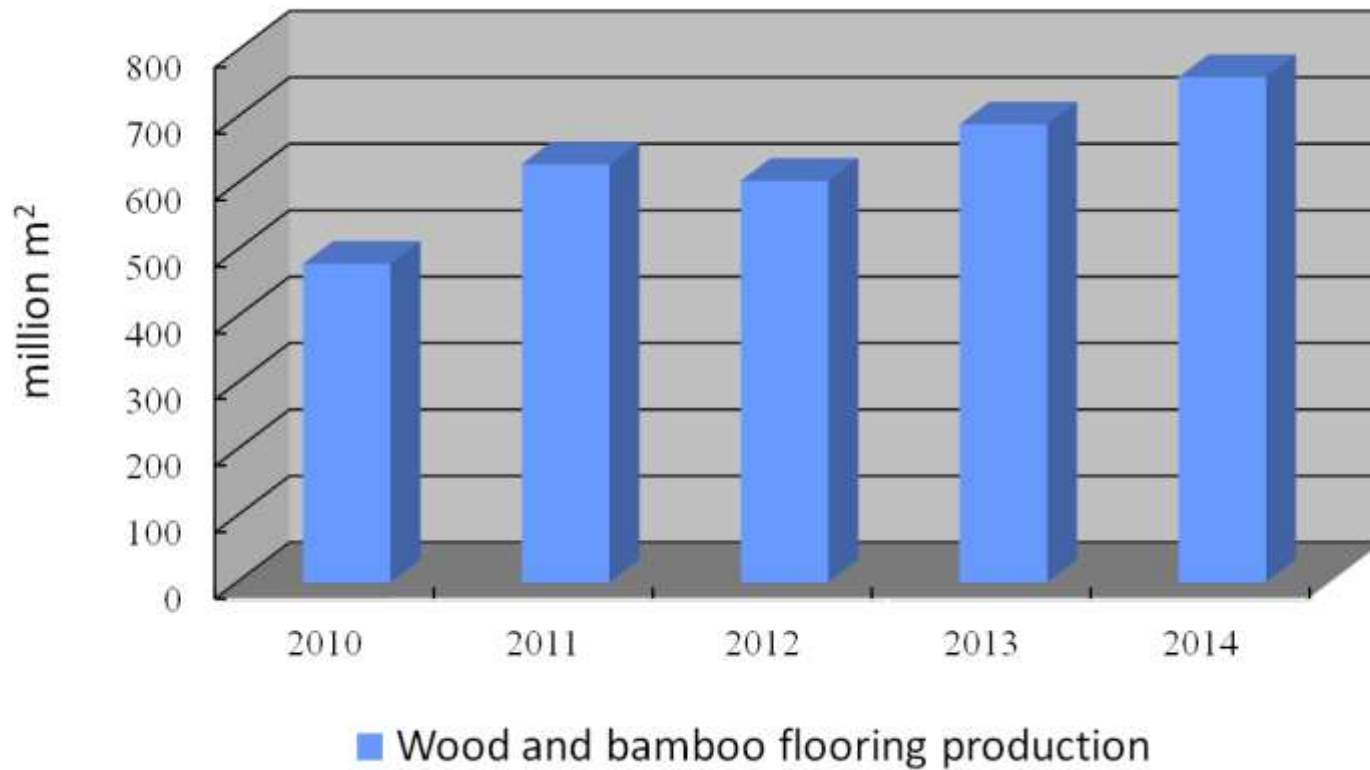
Sawnwood production



Wood based panel production



Wood and bamboo flooring production



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!

