

## WRI Market Insights 2020

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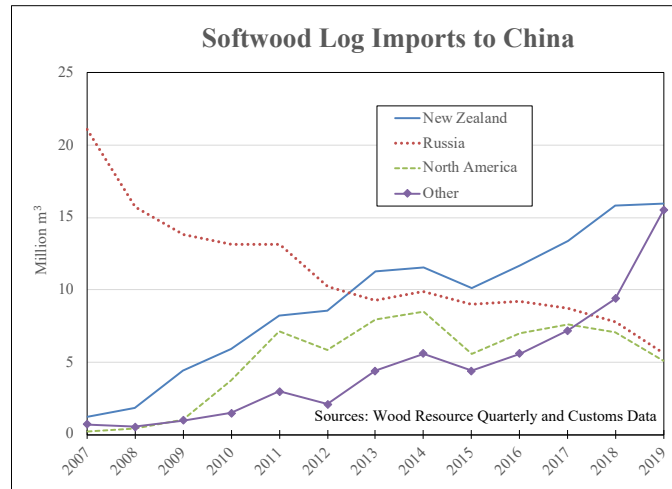
### **Softwood Log Imports to China**

#### **European log exporters have made major inroads in the Chinese market in 2019, while exports from New Zealand have levelled off**

There has been a major shift in sourcing of softwood logs into China in 2019. The major reasons for this change include the tariff war between the US and China, and oversupply of logs in Europe, which has interrupted the regular trade flows on that continent. Since the trade war started back in the summer of 2018, China's import volume from the US fell from 1.5 million m<sup>3</sup> in the 3Q/18 to 540,000 m<sup>3</sup> in the 4Q/19, and the market share of total import was down from 14% to only 5%.

European logs in the Chinese market is a new phenomenon. In 2016 and 2017, there were very small log volumes shipped from the European continent to China, but that changed quite dramatically in 2018 when about one million m<sup>3</sup> was shipped. Then, in 2019, import volumes took a big jump when over seven million m<sup>3</sup> of logs were loaded in European ports destined for China.

Over the past five years, Chinese importers have continuously expanded importation of logs from New Zealand and Australia to reach all-time highs in 2019, while shipments from North America and Russia declined during the same period (see chart). The large volumes imported from Europe in 2018 and 2019 has been possible as a consequence of storm and insect-infested forests on the continent. This opportunistic development is not likely to persist, and the recent shipment levels will not be sustainable longer-term.



Interested in wood products market information from around the world? The Wood Resource Quarterly (WRQ) is a 56-page report, established in 1988 and has subscribers in over 30 countries. The report tracks **prices for sawlog, pulpwood, lumber & pellets** worldwide and reports on trade and wood market developments in most key regions around the world. For more insights on the latest international forest product market trends, please go to [www.WoodPrices.com](http://www.WoodPrices.com)

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