

New Zealand log exporters on a roll

One of the (few) remarkable things happening recently in the global forest products industry has been the astonishing expansion of both the number of players and the volume of log exports from New Zealand.

New Zealand forest owners started shipping logs to Japan in the late 1960s, but for decades exports were restricted by government policy (from Government forests) and by domestic log demand. However, when the Government sold its forests to private interests in the 1990s both the volume and market spread increased.

Total log exports increased from 1.3 million cubic metres in 1980, to 1.9 million cubic metres in 1990 and to 5.9 million cubic metres in 2000.

A surge in Korean log demand in the first decade of the new century lifted exports up to a peak of 7.8 million cubic meters in 2002, but total exports had then fallen away to less than 7.0 million cubic metres in 2008, before a major surge hit the sector in 2009.

Total 2009 exports should be more than 9.0 million cubic metres. Of this more than 50% will be shipped to China. In contrast, the demand from Japan has fallen away to less than 10% of total shipments.

The log export boom has attracted a growing number of exporting companies. The industry now has at least 16 companies plying the trade. This compares with only about 5-6 log exporting companies left on North America's West Coast.

Several new-entrant Chinese companies are now in the game. The very high prices bid for some stumpage sales in late- 2009 raised eyebrows, with conjecture that Chinese economic stimulus package money is behind such bids, and with volume more important than price.

In early 2010, some New Zealand sawmills report log shortages as the log export boom continues. But, knowing China, it can stop as fast as it started.

Source: 2010 New Zealand Forest Products Industry Review. DANA Ltd.
See www.dana.co.nz or contact jan@dana.co.nz