



# **Tropical Timber**

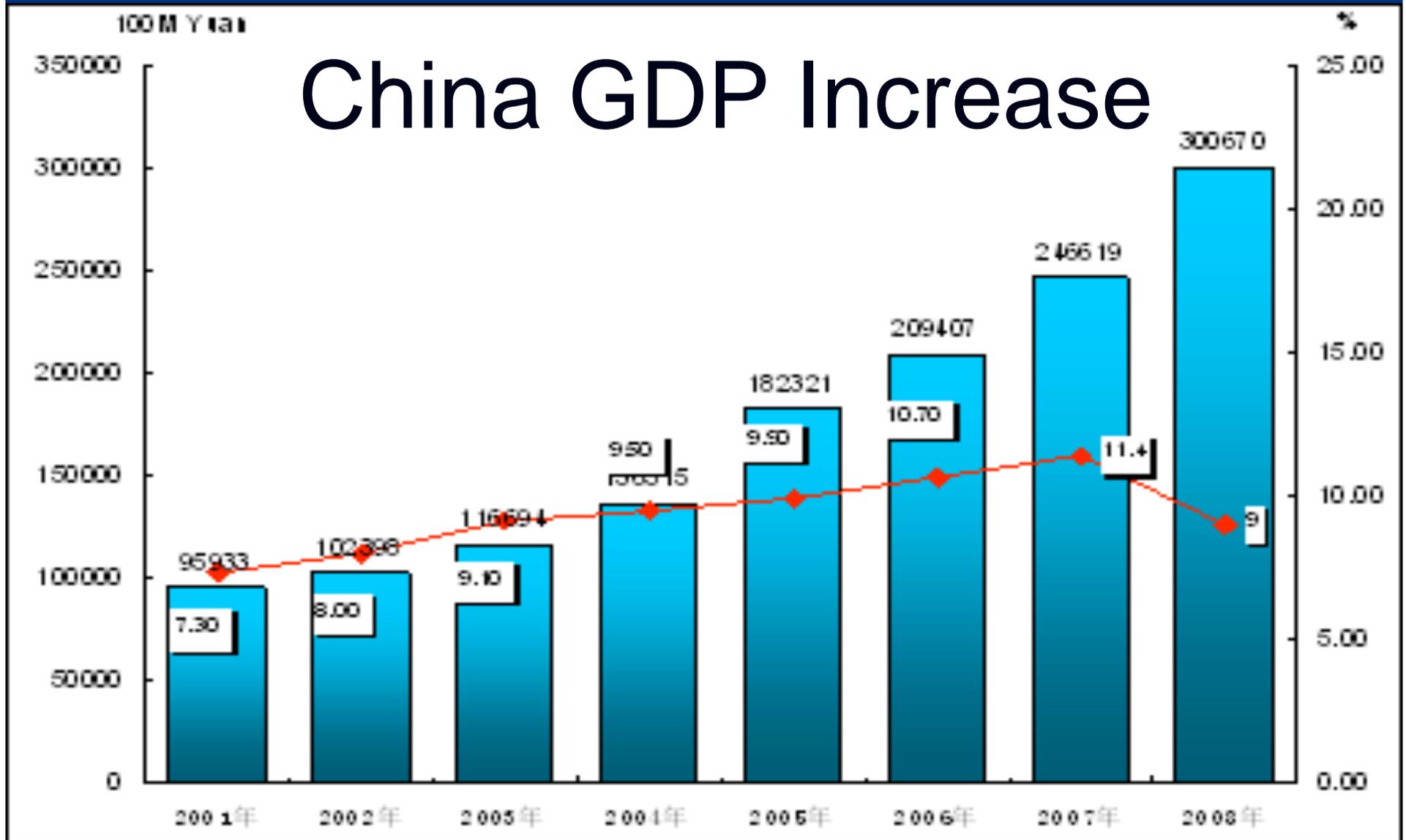
## **Changes in China Market**

**Shengfu Wu**  
**China National Forest Products**  
**Industry Association**  
**Nov. 11, 2009 ITTO**

# Roadmap

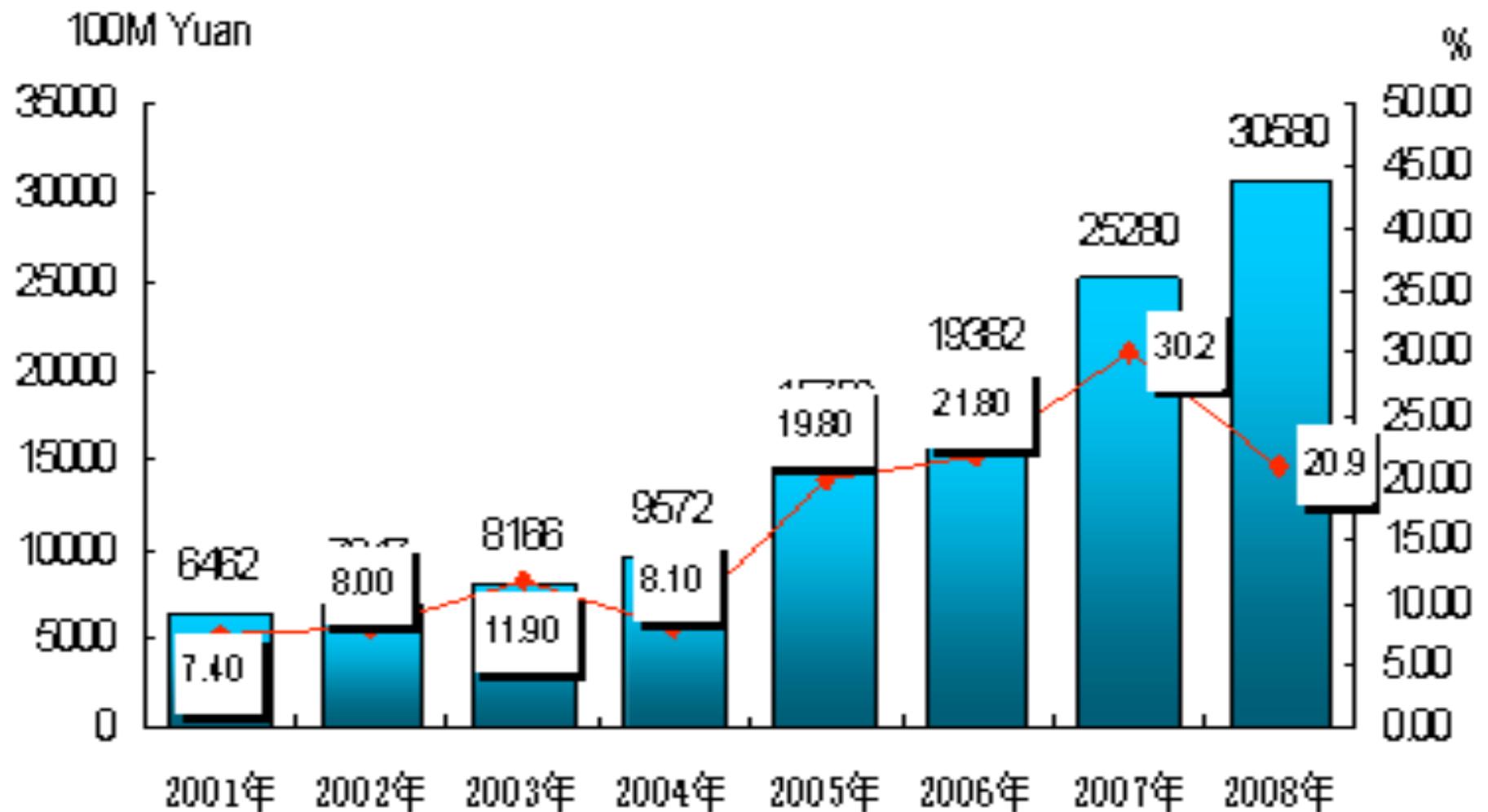
-  **Background**
-  **China Forest Product Industry Outlook**
-  **China Log & Sawn Timber Import**
-  *Tropical timber market situation*
-  *Substitution of the Tropical timber*
-  *Legal resources*
-  **Carbon friendly materials**
-  **Market Potential**

# Background

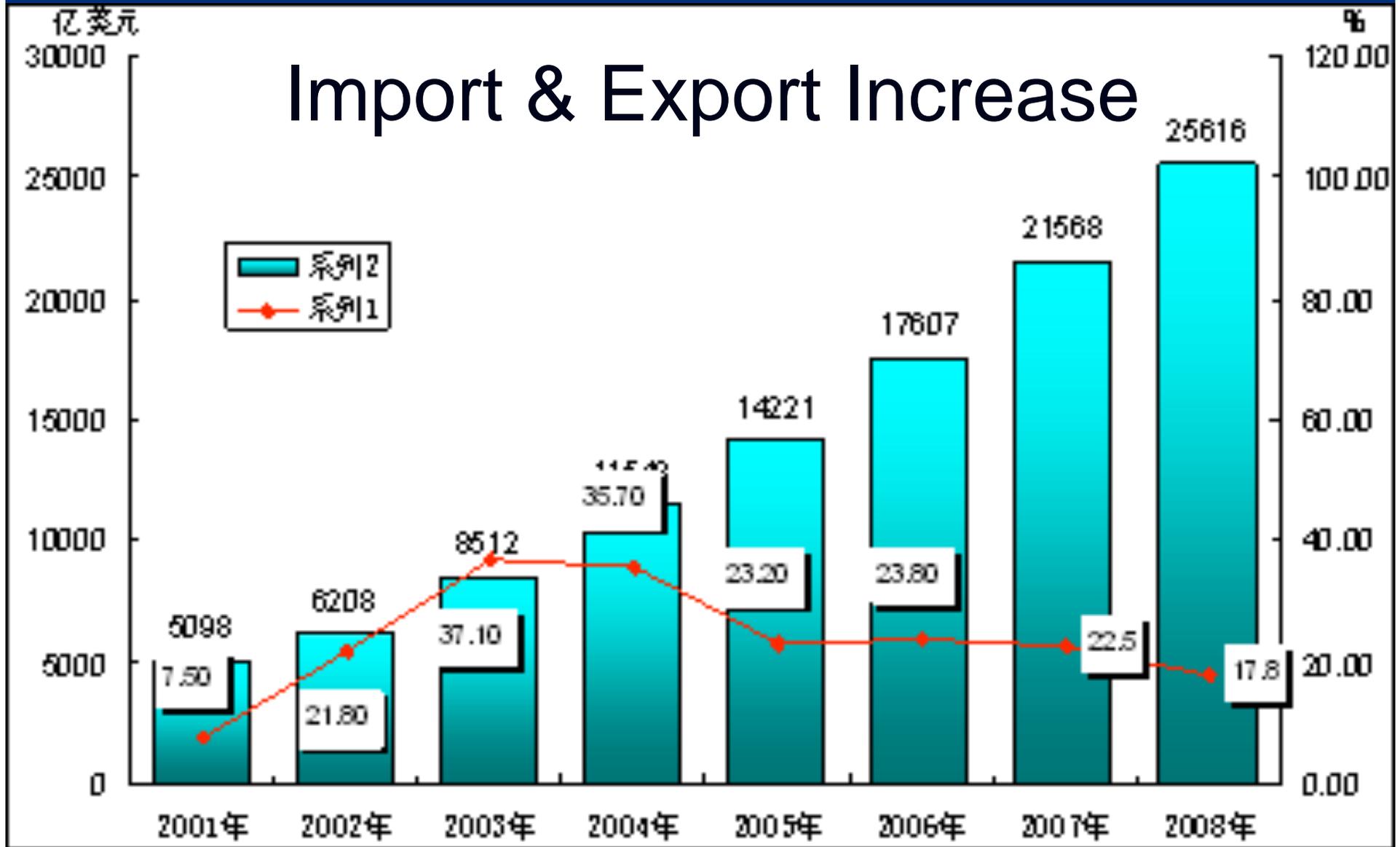


# Background

## Housing Invest & Increase

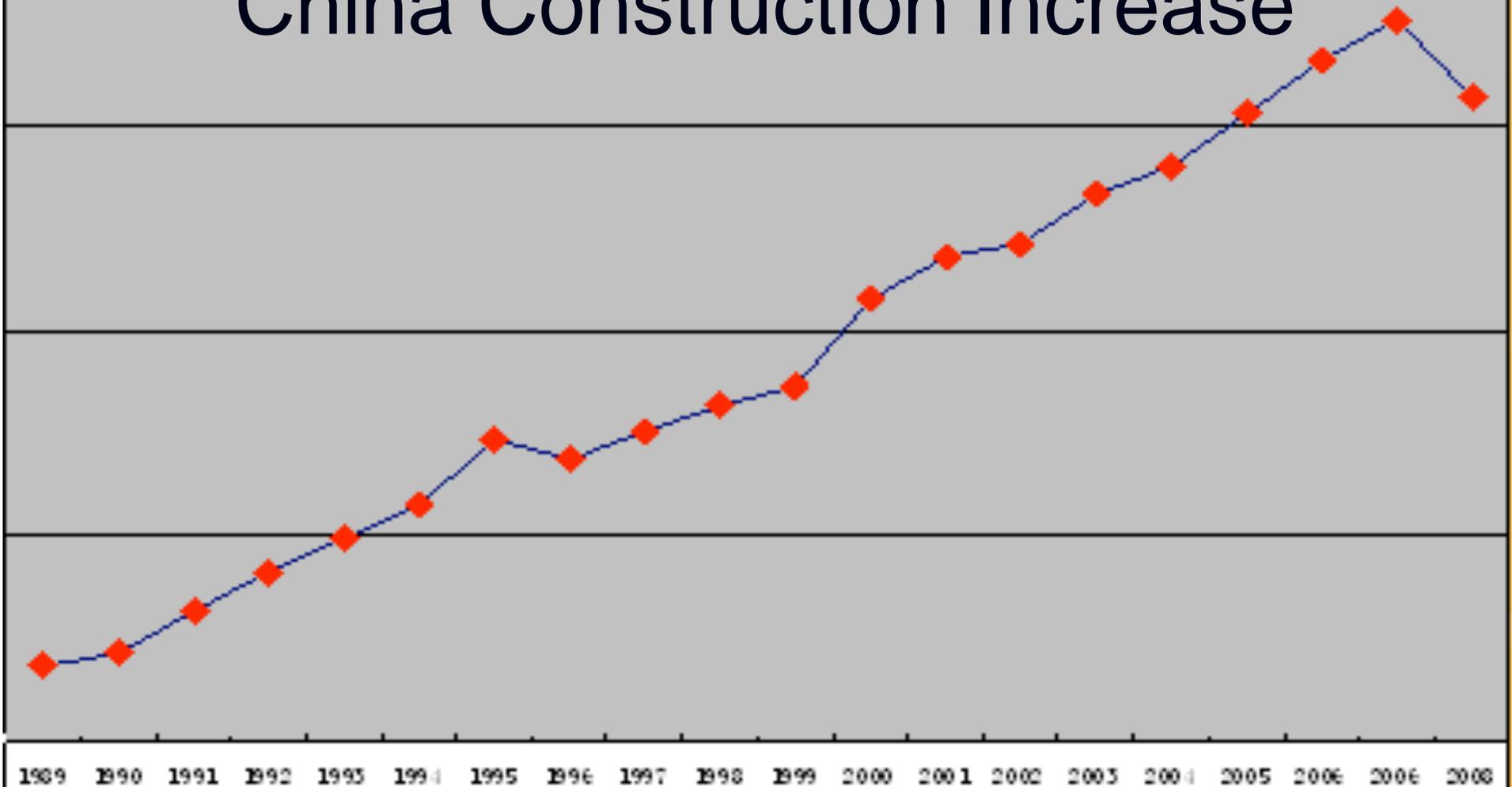


# Background

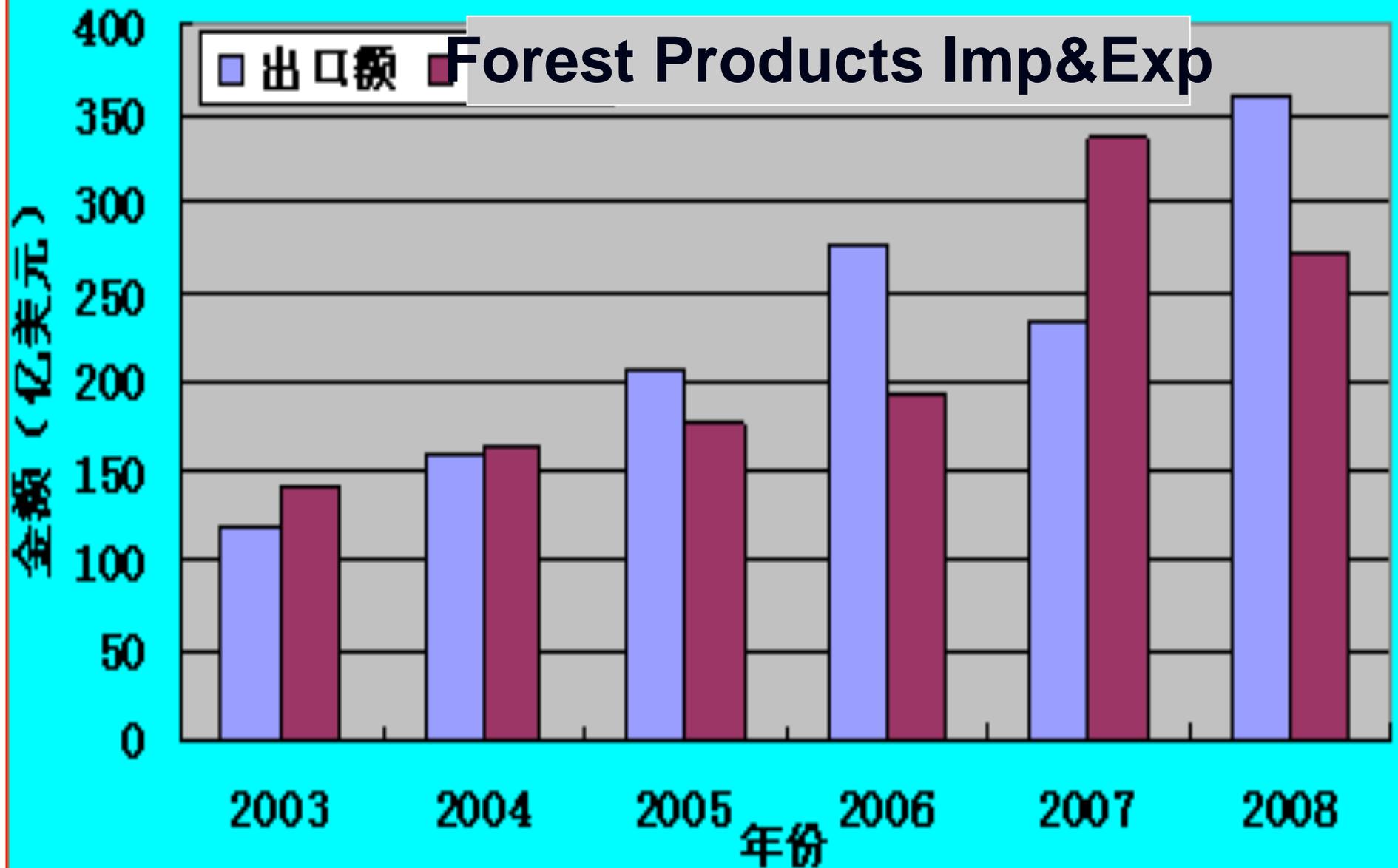


# Background

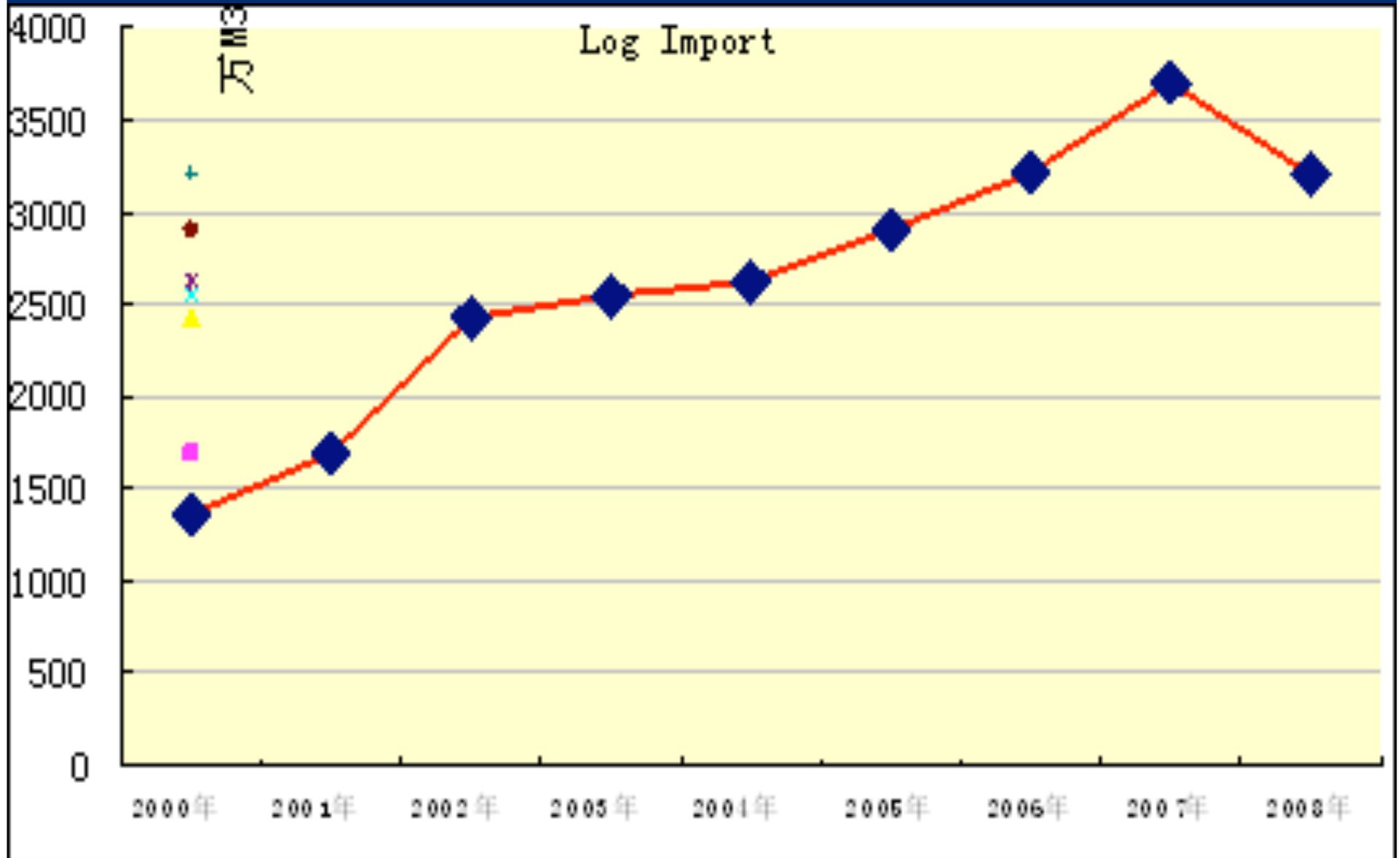
## China Construction Increase



# Background



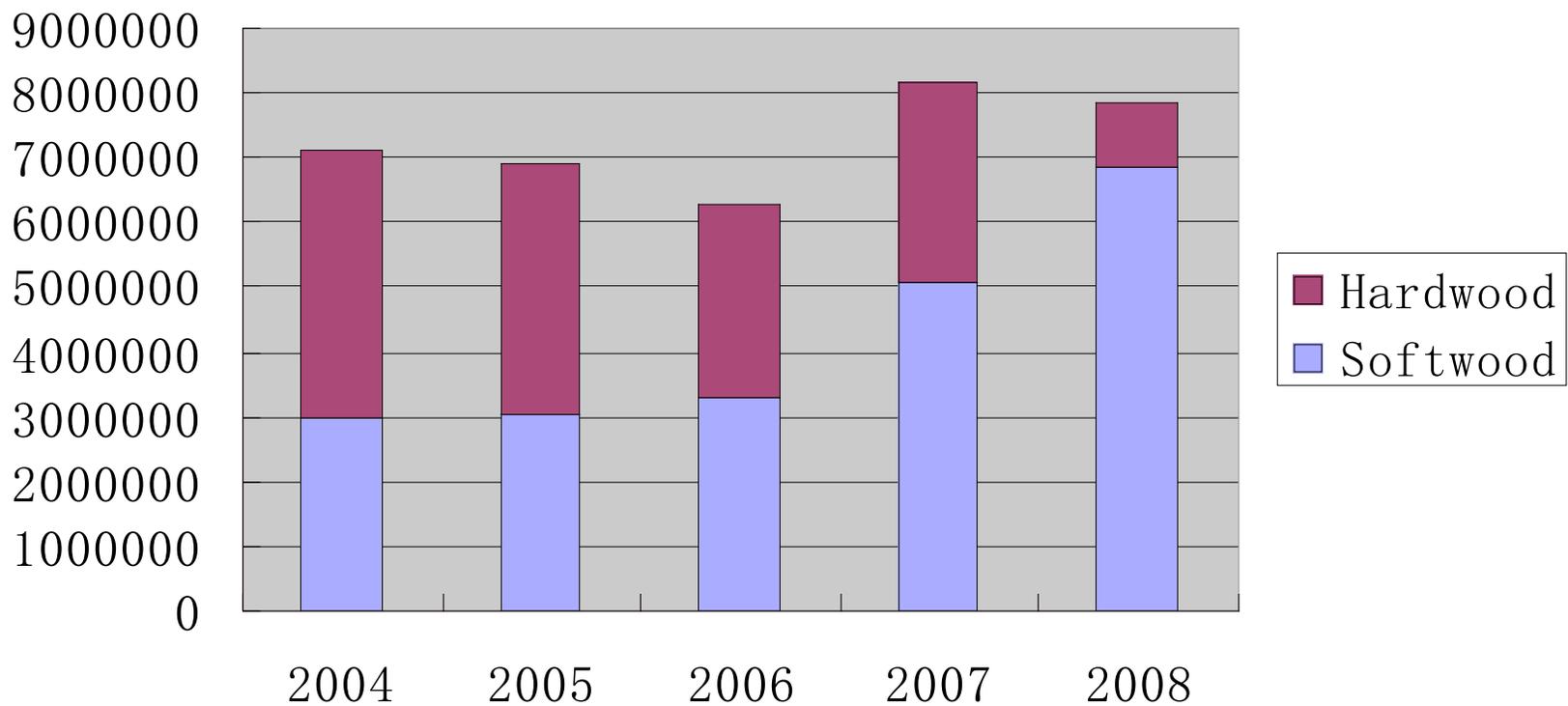
# China Log import



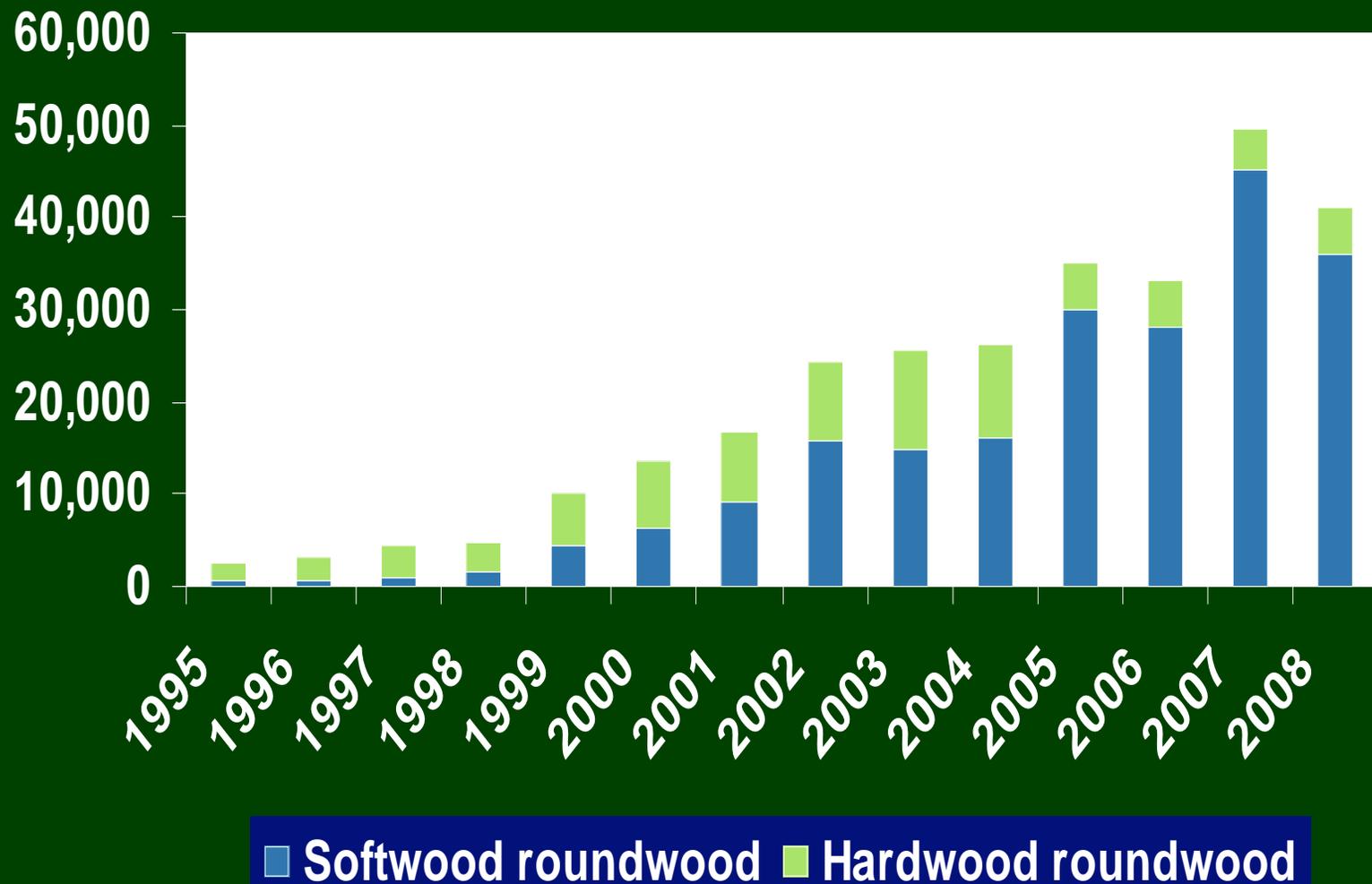
# Hardwood Sawn Timber decrease

## Softwood Sawn Timber Increase

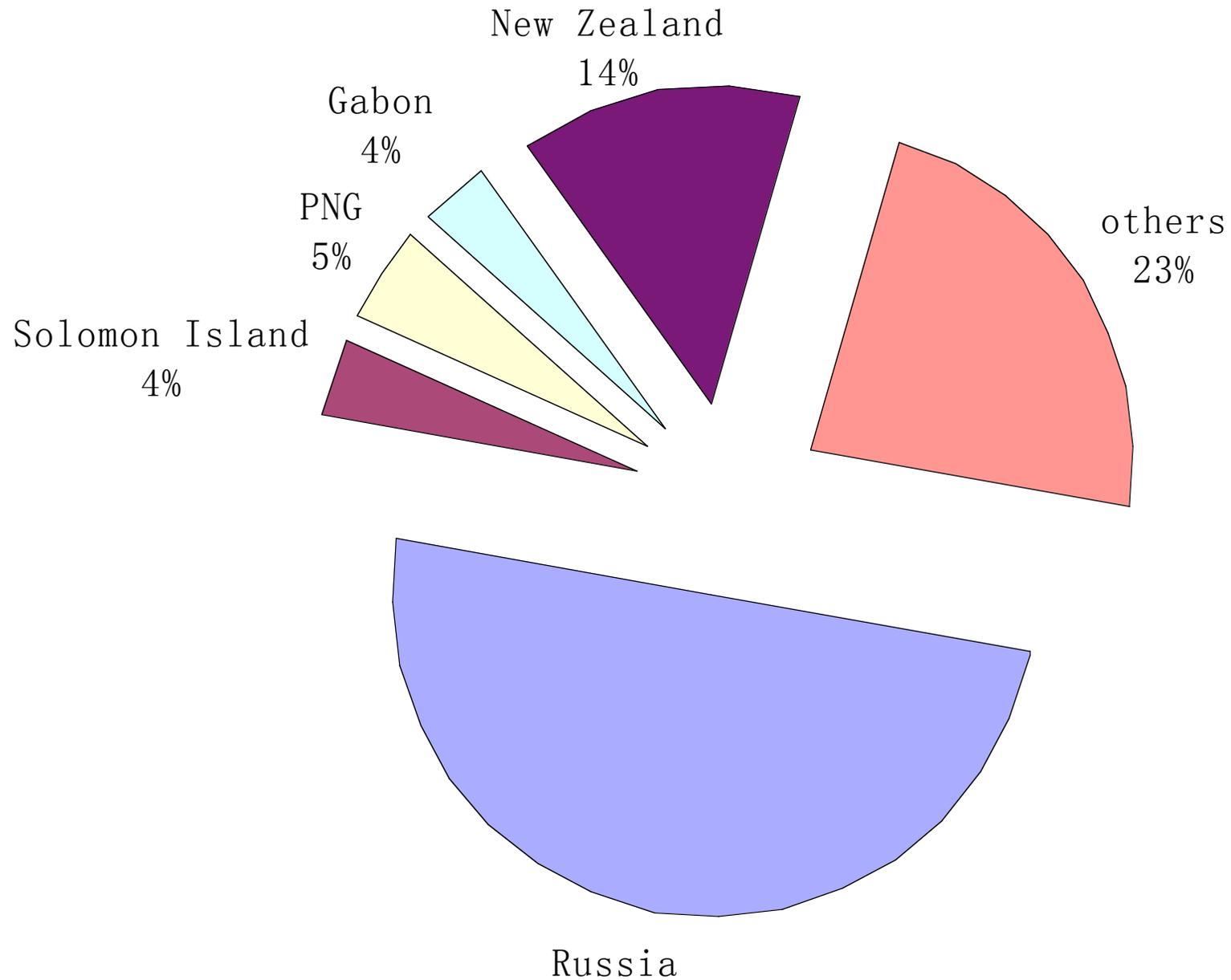
Swan Timber Import



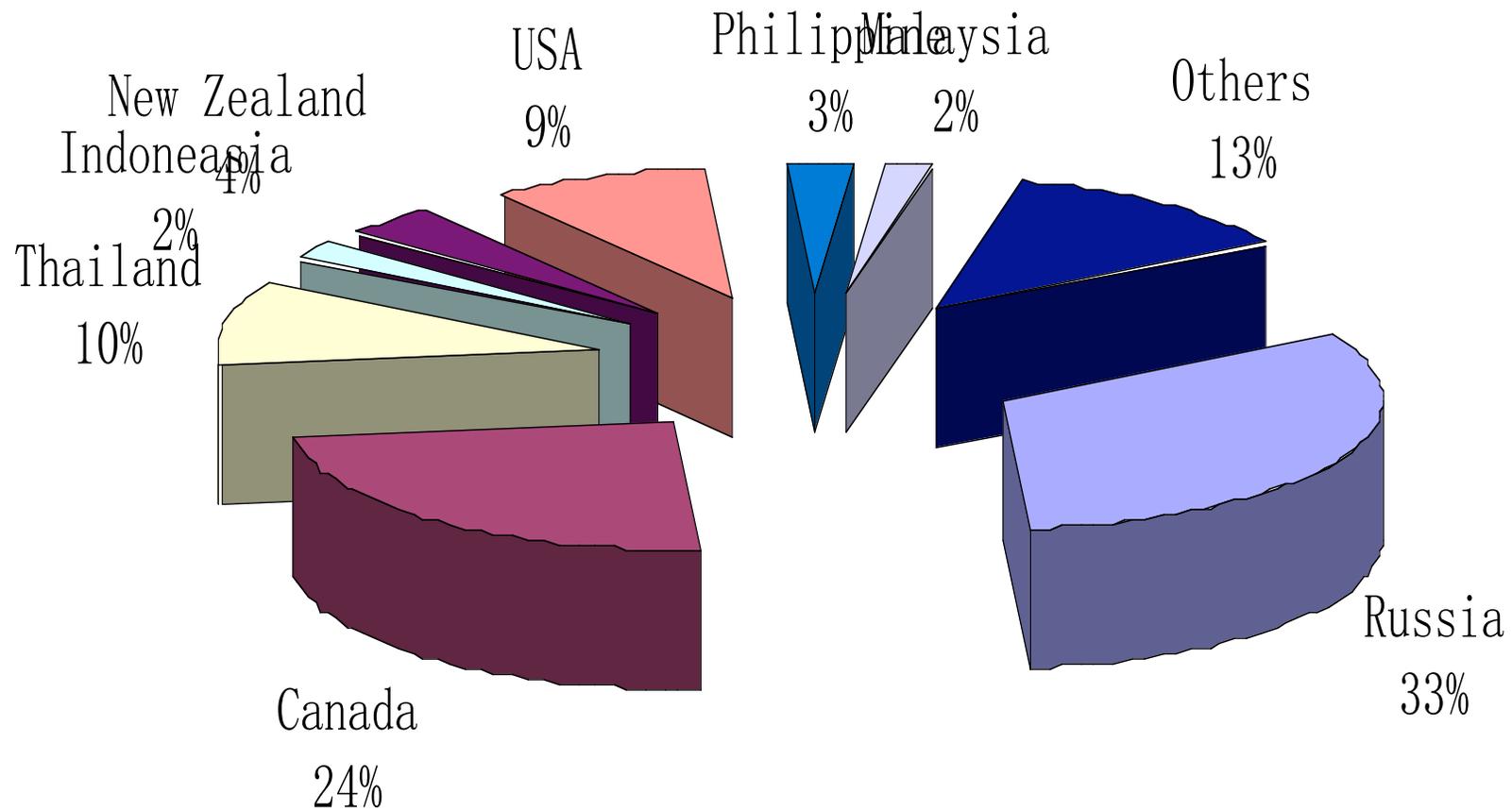
# Hardwood Logs Decrease Softwood Logs Increase



# Log Import in first 3 quarter 2009



# Sawn timber import in first 3 quarters of 2009



# Log Import in First Half of 2009

Country	Import Volume (10,000m <sup>3</sup> )	Share (%)	Compare to 2008 (%)
<b>Total Import</b>	<b>1329.46</b>	<b>100</b>	<b>-18.7</b>
<b>Russia</b>	<b>767.5</b>	<b>57.7</b>	<b>-27.6</b>
<b>New Zealand</b>	<b>186.8</b>	<b>14.1</b>	<b>156</b>
<b>PNG</b>	<b>74.8</b>	<b>5.6</b>	<b>-45.3</b>
<b>Solomon Island</b>	<b>58.1</b>	<b>4.4</b>	<b>-0.9</b>
<b>Gabon</b>	<b>50.9</b>	<b>3.8</b>	<b>-3.6</b>
<b>Austria</b>	<b>28.9</b>	<b>2.2</b>	<b>27.2</b>
<b>Malaysia</b>	<b>23.7</b>	<b>1.8</b>	<b>-55.6</b>
<b>America</b>	<b>23.4</b>	<b>1.8</b>	<b>55.1</b>
<b>Burma</b>	<b>19.4</b>	<b>1.5</b>	<b>-37.5</b>
<b>Congo</b>	<b>15.7</b>	<b>1.2</b>	<b>32</b>
<b>Canada</b>	<b>15.1</b>	<b>1.1</b>	<b>108.2</b>
<b>Germany</b>	<b>13.1</b>	<b>1</b>	<b>-33.9</b>
<b>Cameron</b>	<b>12</b>	<b>0.9</b>	<b>28.8</b>

# Saw timber import in first half of 2009

Country	Import Volume (10,000m <sup>3</sup> )	Share (%)	Compare to 2008 (%)
Total import	408.59	100	21.1
Russia	144.81	35.4	50.8
<b>Canada</b>	<b>90.99</b>	<b>22.3</b>	<b>79.6</b>
Thailand	38.18	9.3	-1.9
America	34.99	8.6	-28.6
<b>New Zealand</b>	<b>17.77</b>	<b>4.3</b>	<b>98.9</b>

# Forest products imp. in first half of 2009

Products	Imp. value (100M.\$)	Share (%)	Compare to 2008 (%)
Total	111.22	100	-21.2
Pulp	32.01	28.8	-10.8
<b>Log</b>	<b>18.09</b>	<b>16.3</b>	<b>-35.4</b>
<b>Waste Paper</b>	16.38	14.7	-42.7
Sawn timber	9.48	8.5	-1.5
Chips	1.06	1	7.6
Sub total	72.02	69.3	-25.3

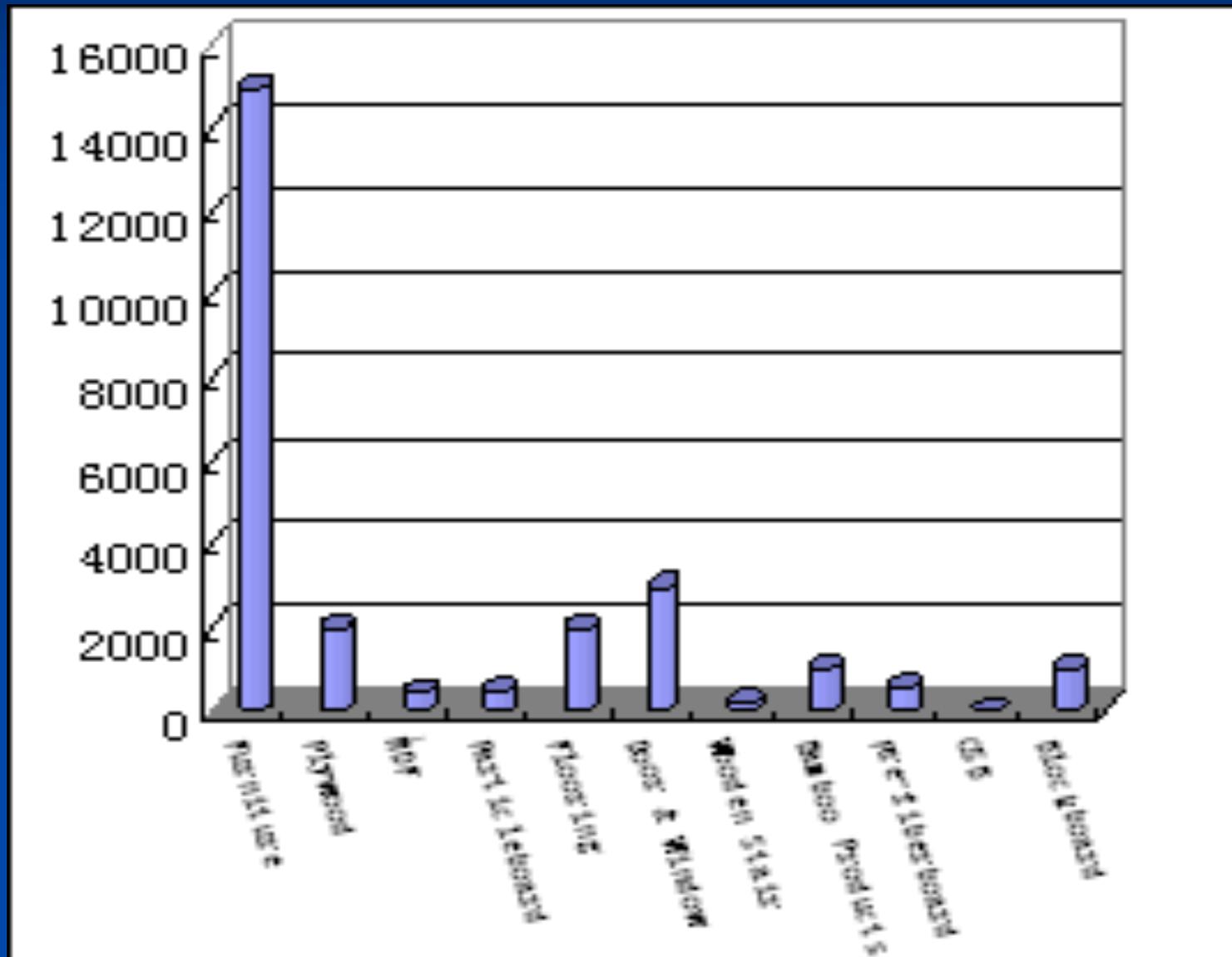
# Furniture Export in first half of 2009

Country	Exp.Value(10,000\$)	Share (%)
Total exp.	504093.1	100
<b>America</b>	<b>184234.1</b>	<b>36.5</b>
Japan	37534.5	7.4
U.K.	35653.8	7.1
Austria	21741	4.3
Canada	17757.2	3.5
Germany	14353.5	2.8
France	13444.8	2.7
Sub total	324718.9	64.4

# Forest products exp. in first half of 2009

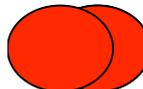
Forest Products	Exp.value (100M.\$ )	Share (%)	Compare to 2008 (%)
Total	149.22	100	-11.7
Wood furniture	50.41	33.8	-3.7
Paper, paper board and products	32.84	22	-10.1
Wooden products	13.91	9.3	-11.3
<b>Plywood</b>	<b>10.99</b>	<b>7.4</b>	<b>-36.5</b>
<b>Fiberboard</b>	<b>3.41</b>	<b>2.3</b>	<b>-39.3</b>
Sub total	111.56	74.8	-12.5

# How many mills in China (about)

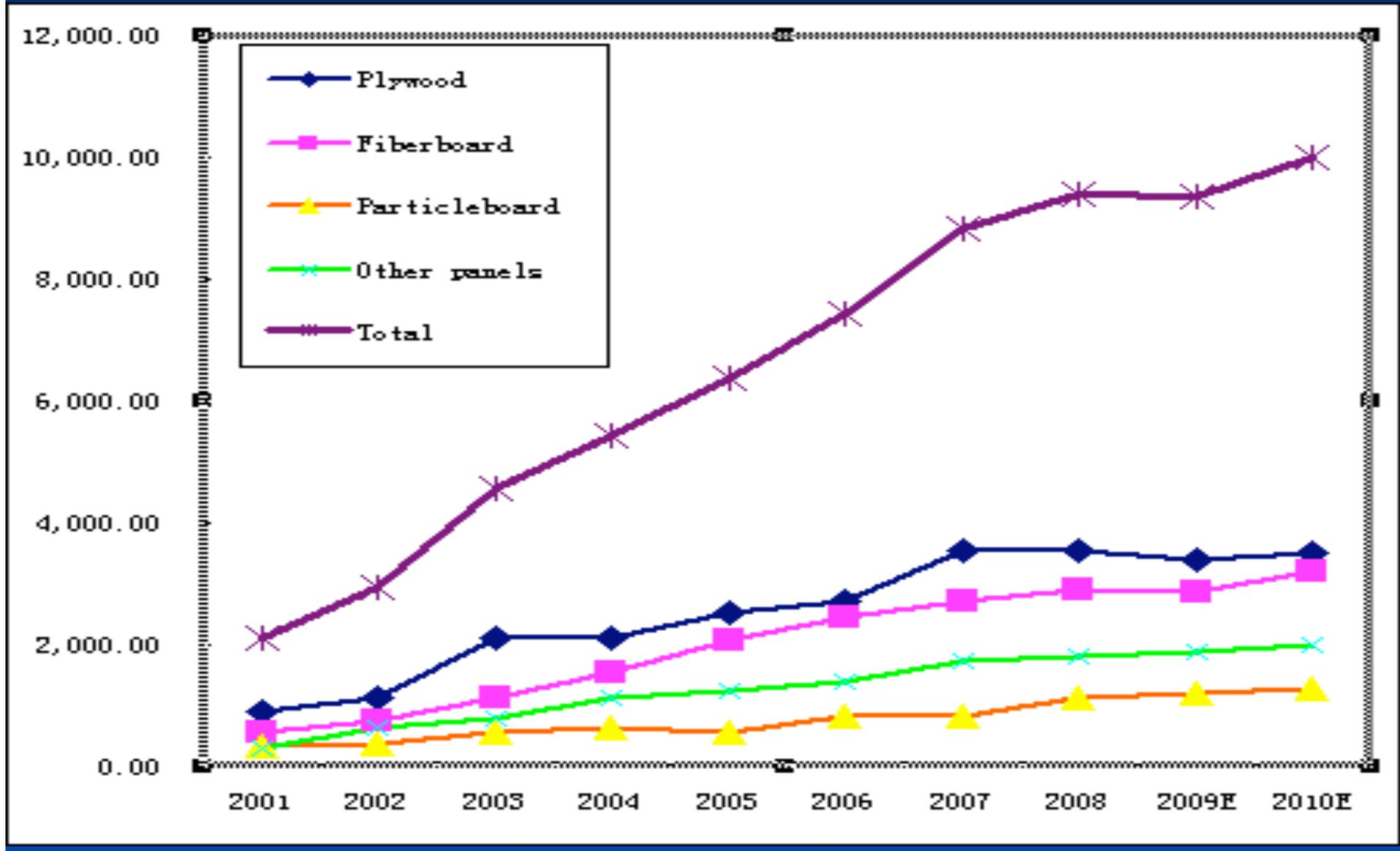


# Woodworking Manufactures Village

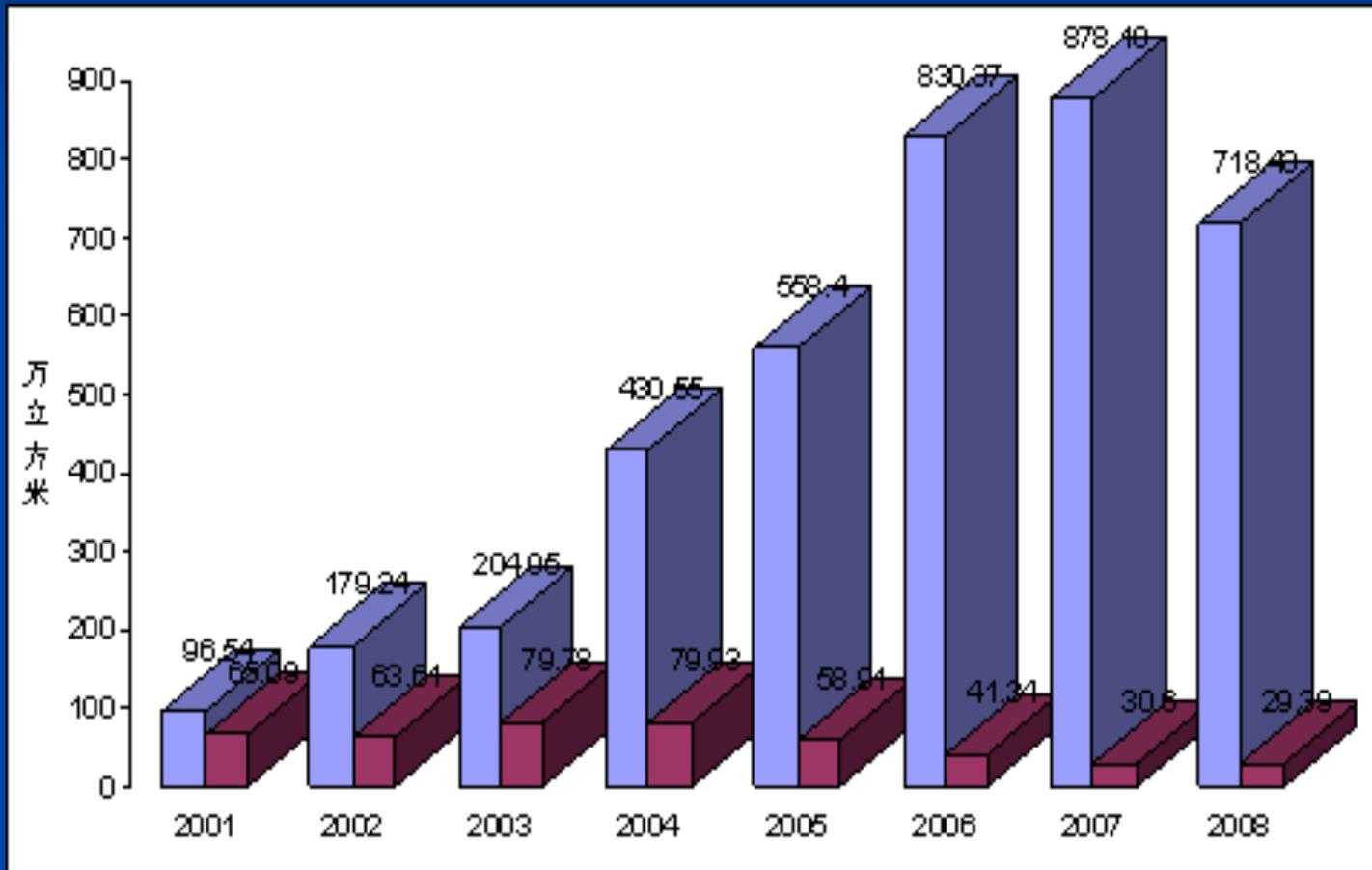


 Location of the manufactures

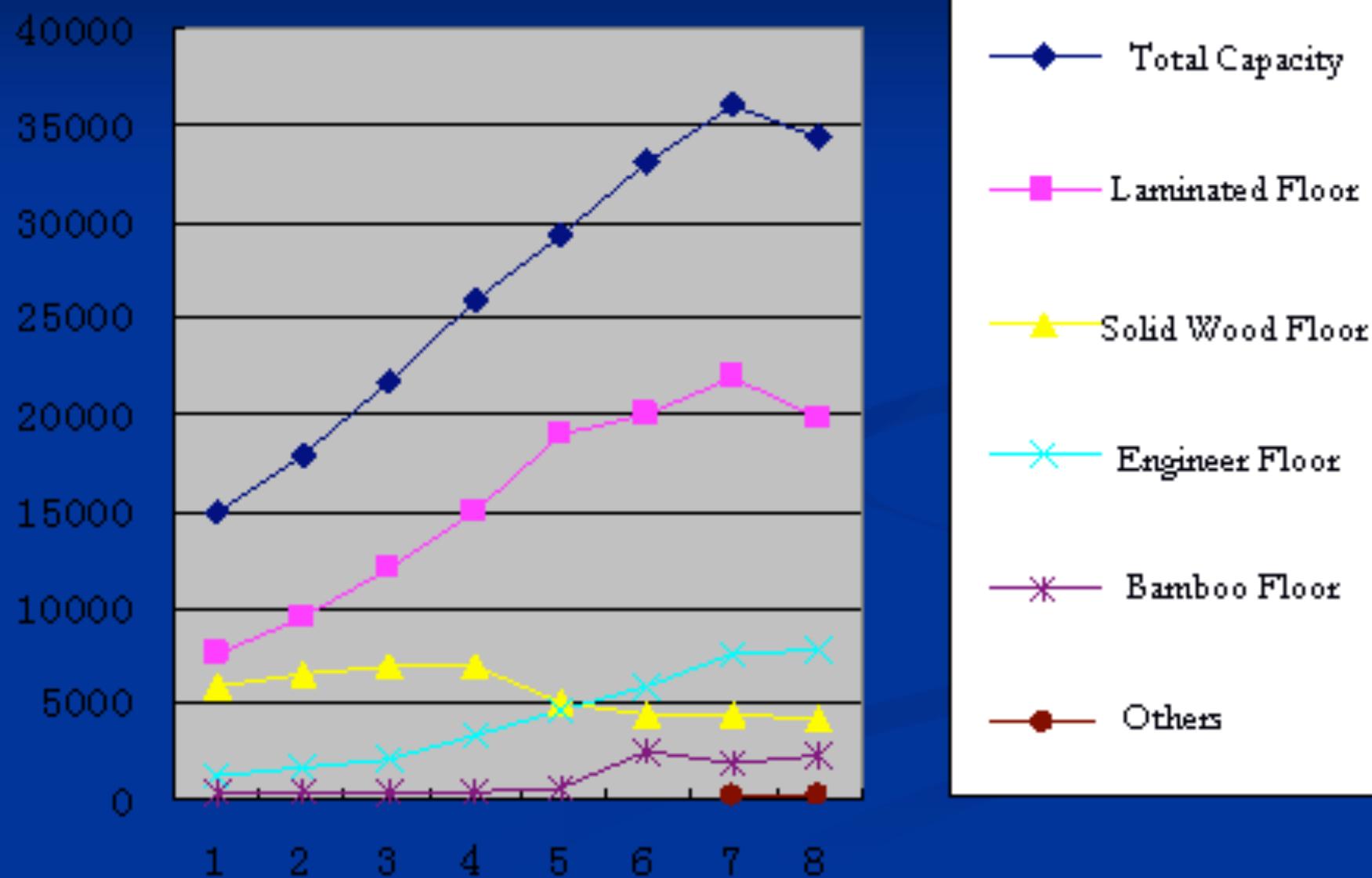
# Panel Capacity



# Plywood Imp & Exp 2001-2008



## 2001-2008 Flooring consumption 10,000m<sup>2</sup>



# Big use of tropical timber is furniture

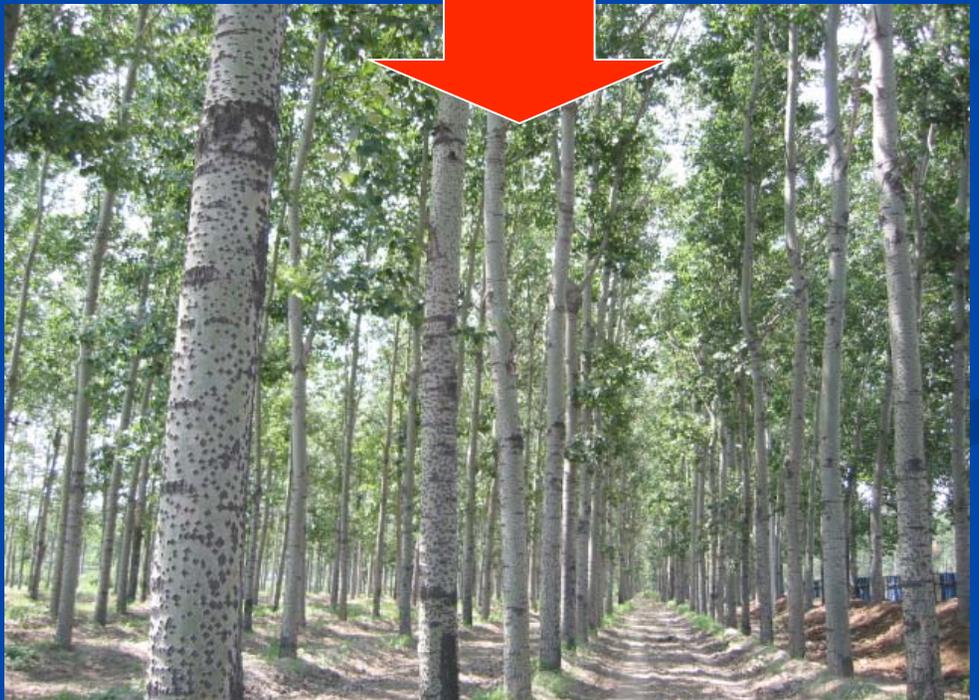
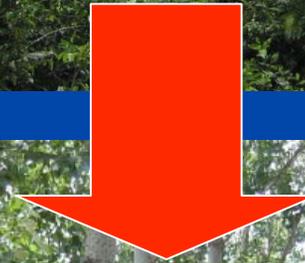
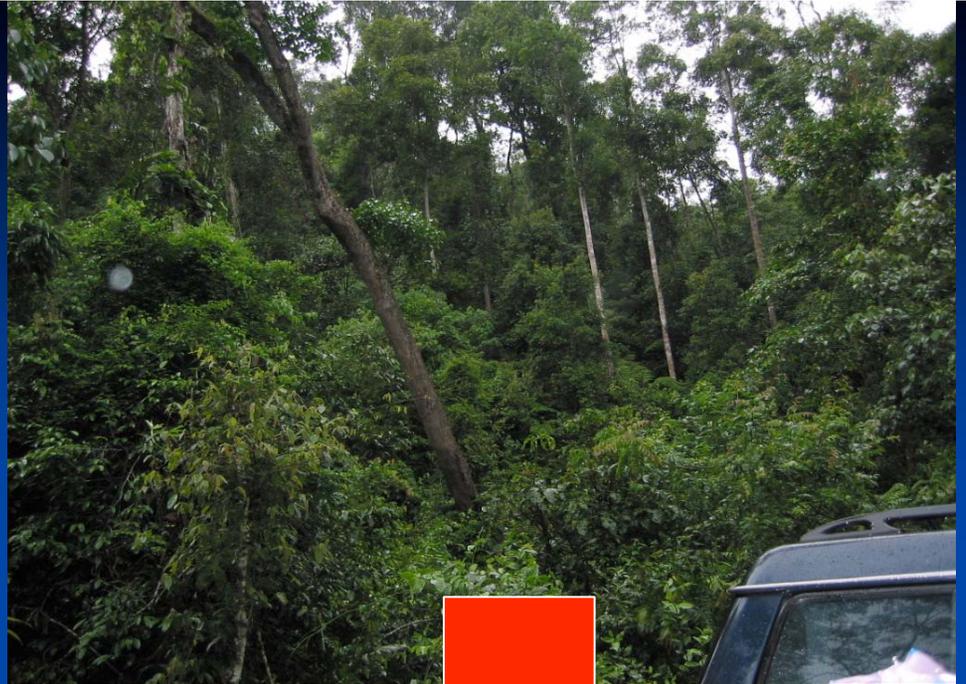
But

Artificial Lumber Replace  
the Tropical Species

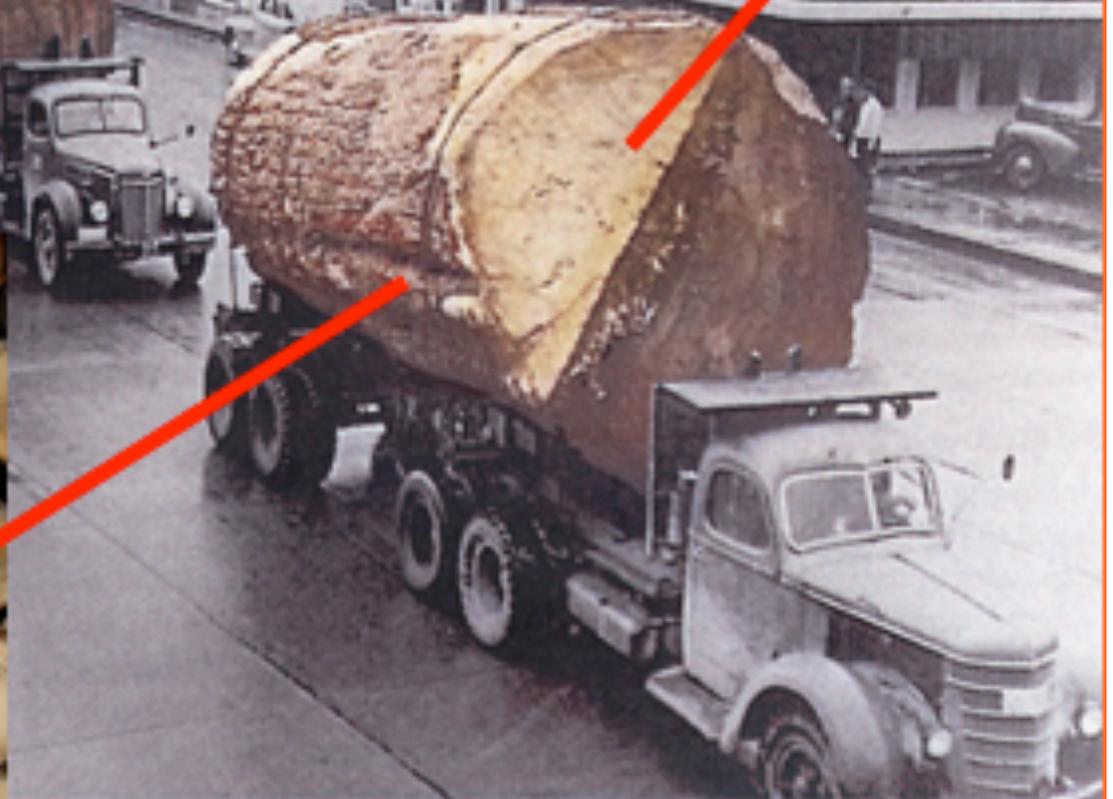


Bamboo Strong Products  
Replace the Tropical  
Species

***Substituti  
on of the  
Tropical  
Timber***



# Log changes in the plywood industry



# Veneer processing managed well



Different veneer has different application with max recovery

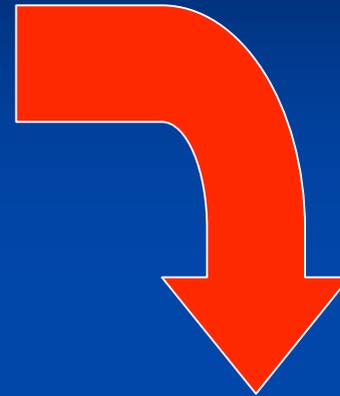


# Material yard in MDF mill

Peelable logs selected and separated by diameter



## Traditional Plywood Peelin



Traditional peeling, the  
core diameter left  $\Phi=140-$   
160mm

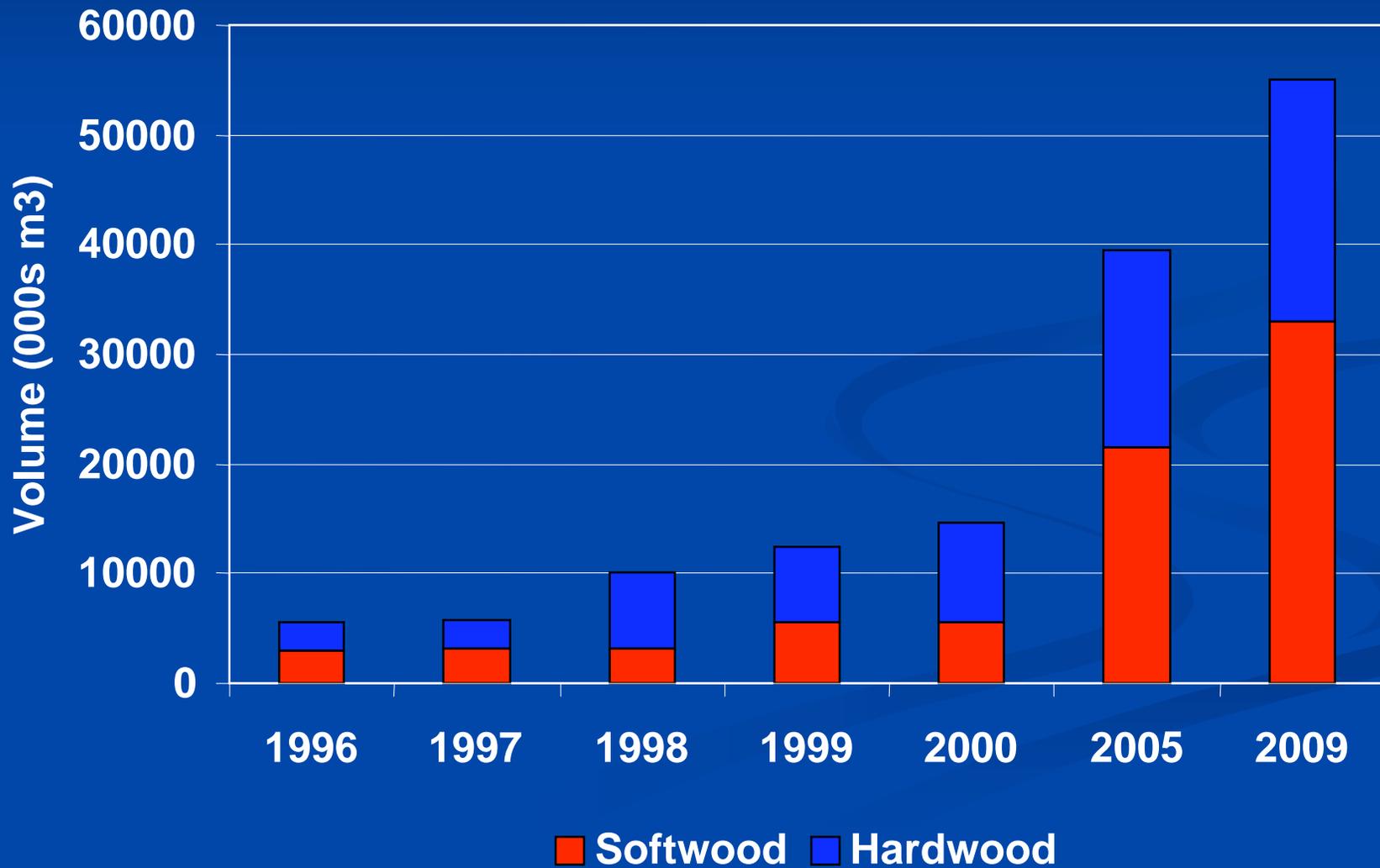




**Spindleless lathe  
peeling**  
for the plantation logs, the  
core diameter left  $\Phi=30-35\text{mm}$

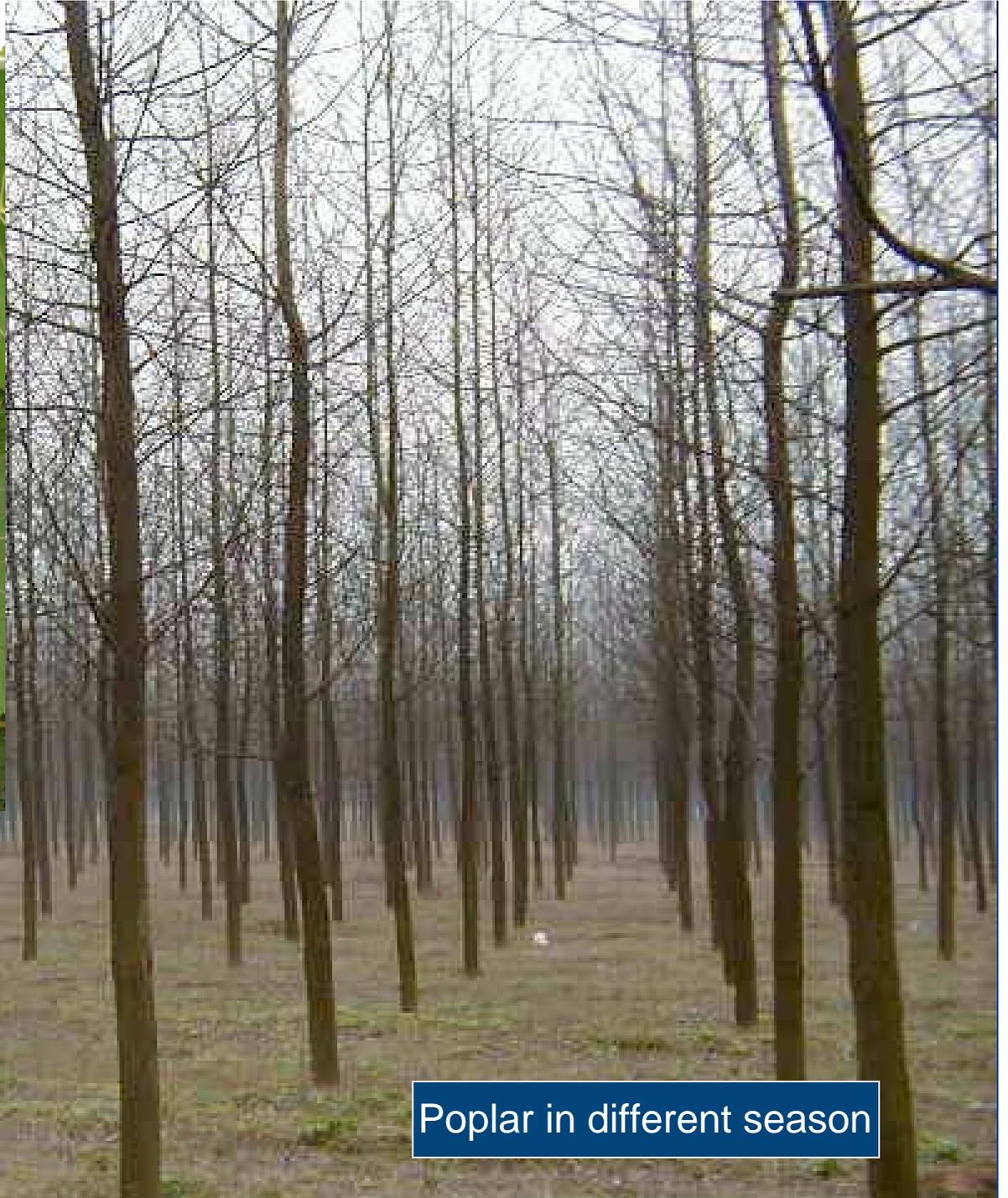


# China Plantations is booming



# Why Poplar so Popular?

Products	Invest (RMB)	Capacity (kg)	Price (rmb/kg)	Total Value (RMB)	Net Value (RMB)
Wheat	290	350	1.00	430	140
Corn	201	400	0.90	360	159
Cotton	240	100	9.00	900	660
Oil veg.	170	150	1.80	270	100
Pinuts	235	190	2.20	426	196
Water melon	400	2500	0.40	1000	600
Calot	185	2000	0.20	400	215
黄花菜	310	100	8.00	800	490
Speice	415	200	4.20	840	425
Poplar	445	3 m <sup>3</sup>	450 元/ m <sup>3</sup>	1350	905



Poplar in different season

# Take good care on the Poplar Plantation





**Poplar  
everywher  
e**



Agriculture forest is the  
key of the plantation in  
China





In 2005 **Plantation** areas have reached **53.2573** million hectares with the total stocking volume of **1.505 billion** m<sup>3</sup> ranking **top one** in the world, accounting for 31% and 12% of the total.

# Eucalyptus



# Tropical Replacement Plywood Panels

- -Proprietary knowledge for processing Eucalyptus veneer and plywood
- -Deployment of advanced veneer and plywood processing technology
- SFM and environmental certification key
- Eucalyptus: Medium-density hardwood (520 – 540 kg/m<sup>3</sup>) but very strong longitudinally: MOE // = 7200 N/mm<sup>2</sup>



# Acacia mangium



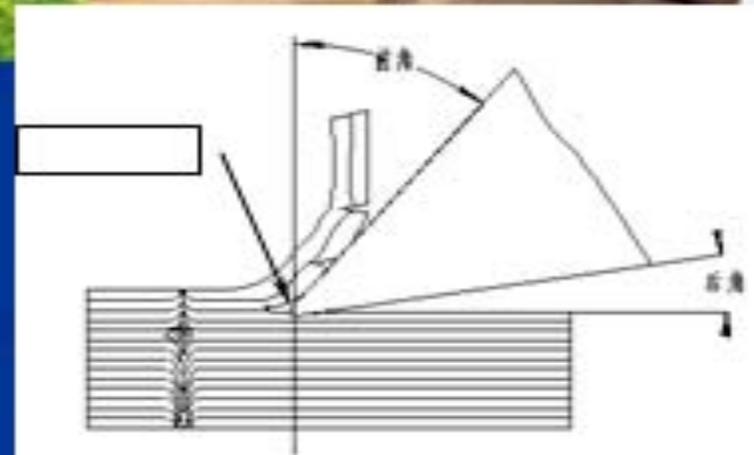
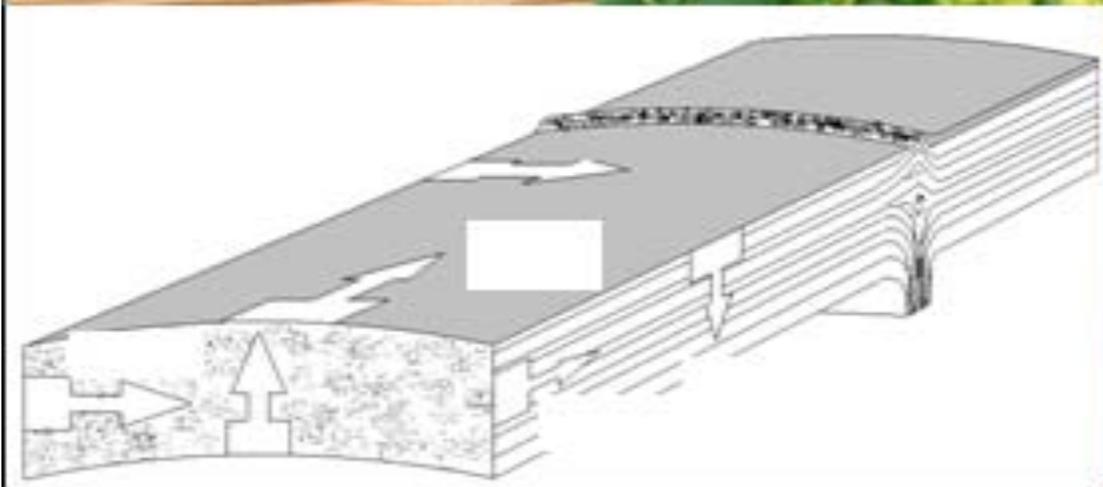
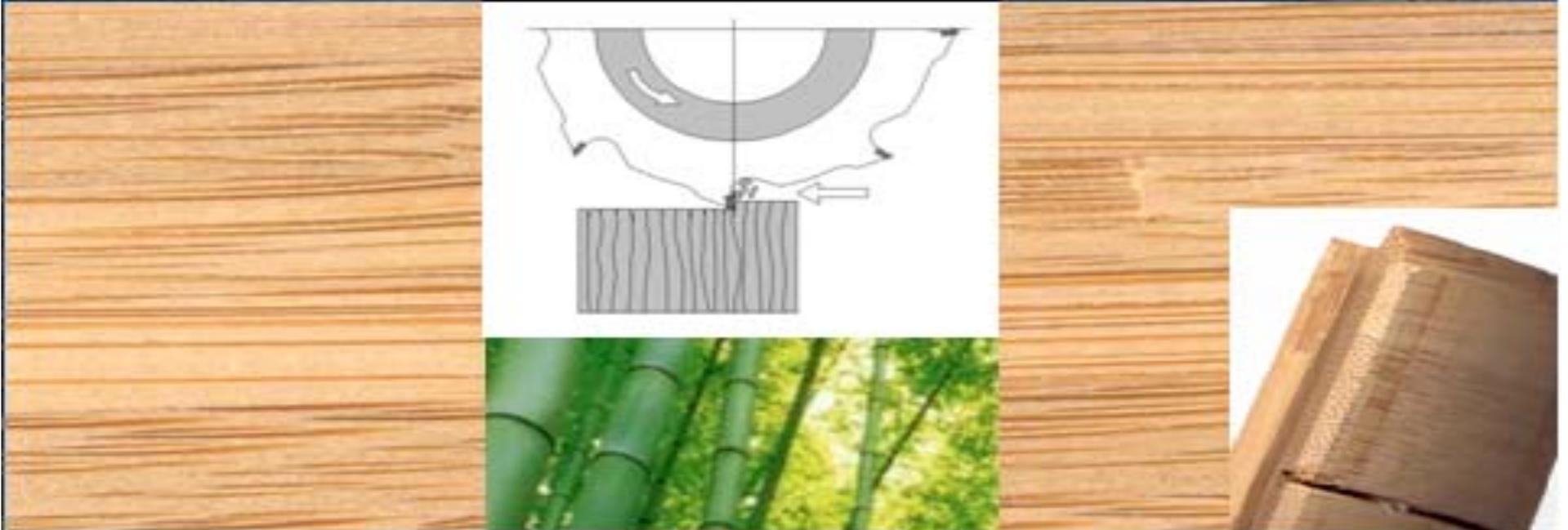


# Bamboo Resources



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# Bamboo Processing is Different



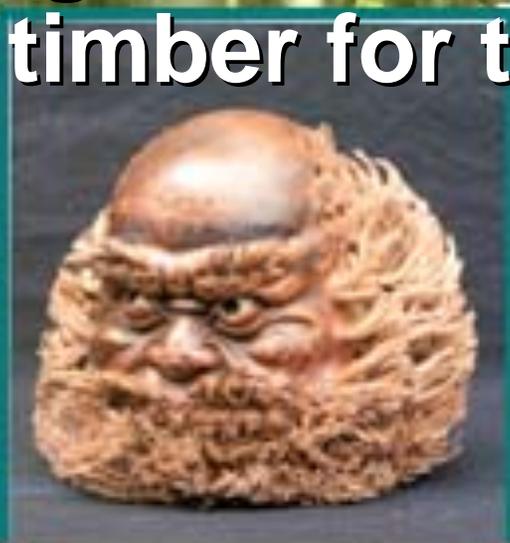


## Bamboo Could be Peel for Veneer





**Bamboo resources can be manufactured into different products as good as wood replace the tropical timber for the market**



# Forest Tenure in China

- Two land ownership types
- State-owned forest land
  - 42.45% forest area and 42.16% volume;
  - Managed by state forest enterprises and farms
- Collective
  - 57.55% area and 57.84% volume
  - Diversified models of forest management

# Forestry Industry Policy in General in 2010



The turn over of the forest industry keeps growing



Forest products market keeps stable

# 6 Key National Forestry Programs

- Natural Forest Conservation
- Land Conversion
- Desertification prevention and control surrounding Beijing and Tianjin areas
- The protection of fauna and flora and the construction of natural reserves
- Shelterbelt Systems in North and M&L Reaches of Yangtze River
- The construction of timber forest bases with fast-growth and high-yield

# Forest related legislation

- Law:
  - Forest law(1998,enacted by the NPC)
  - Law on wild animal protection (1988)
  - Law on combating desertification.(2000)
- Regulations:
  - regulation on implementing forest law(2001,state council)
  - Regulations on conversing cropland to forests(2002)
  - Regulations on preventing forest disease and insects(1988)
  - Regulations on suppressing forest fire.(1988)
  - Regulations on natural reserve conservation. (1994)
- 30 rules
- Local regulations and rules

# Outlook of China National Forest Certification Scheme

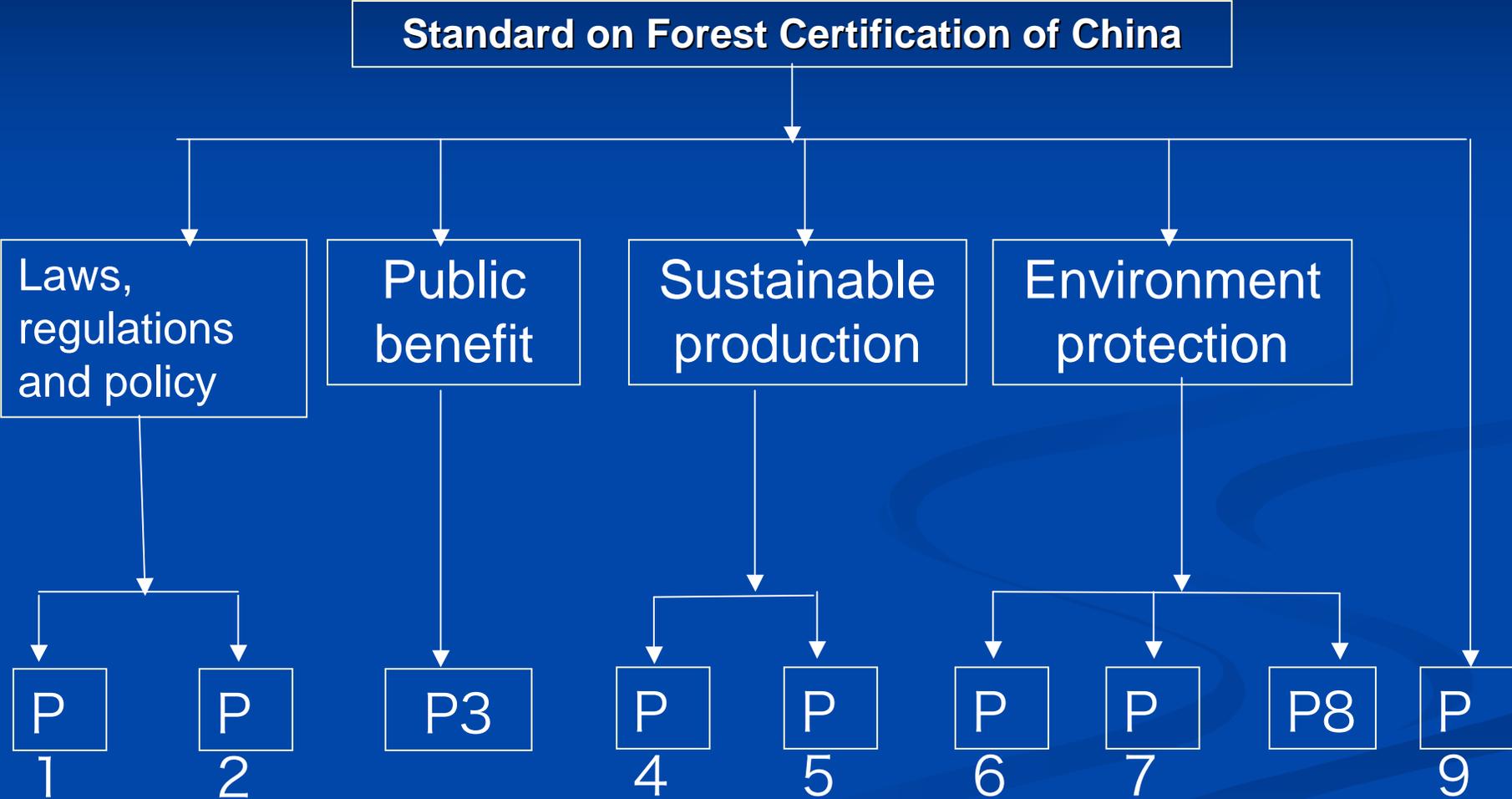


- National Forest Certification Scheme adapted to China's characteristics and open to all international systems.
- Endorsement / mutual recognition with FSC, PEFC or other systems.

# Contents of 9 principles

- Principles 1 National Legal and Policy Framework
- Principles 2 Forest Tenure
- Principles 3 Local community and worker's right
- Principles 4 Forest Management Plan
- Principles 5 Forest operation and production
- Principles 6 Biodiversity protection
- Principles 7 Environmental Impact
- Principles 8 Forest protection
- Principles 9 Forest monitoring

# Structure (composed of 9 principles 45 criteria and 118 indicators)



# Forest Certification

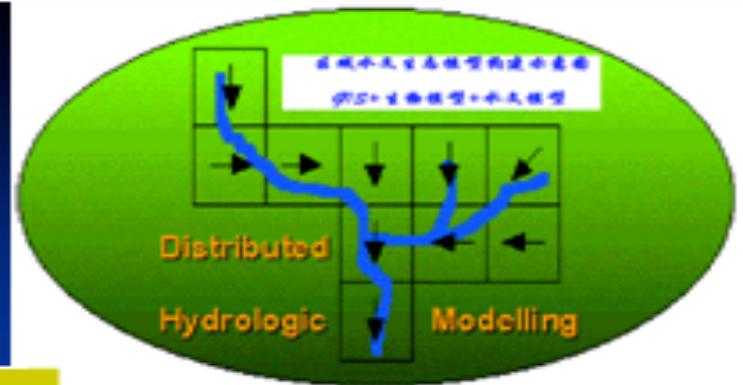
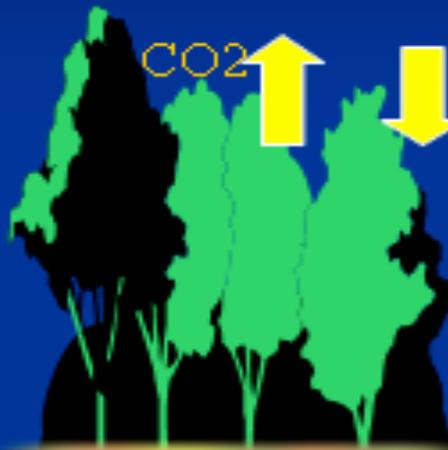
- Promoting SFM and not a tools of trade barrier
- Concept introducing
- National Standard development
- Capacity building (auditors, forest managers etc.)
- Development of bodies of certification and accreditation
- Testing or verification
- Mutual Recognition of Forest Certification Schemes

# Carbon friendly materials

- National policy established to use materials with small carbon footprints
- Forest energy is one of important national strategic on future development
- Energy forestry plan has been build up by the SFA and State Planning Committee
- Green building is driving both by Government and market
- Timber will be one of the most important material in future;

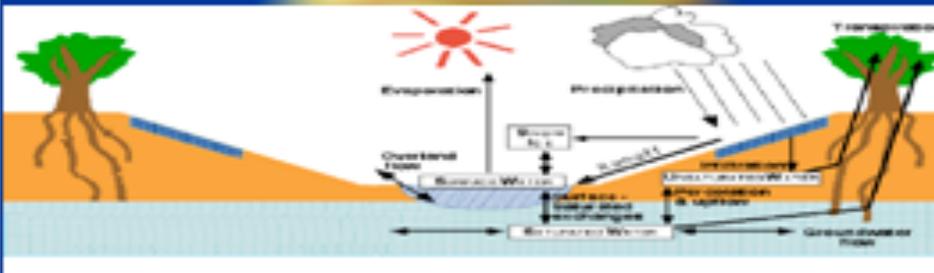
# Not only forestry, but also Ecological, Environmental, Social and Economical

Coupling forest ecological and biological processes with hydrological processes



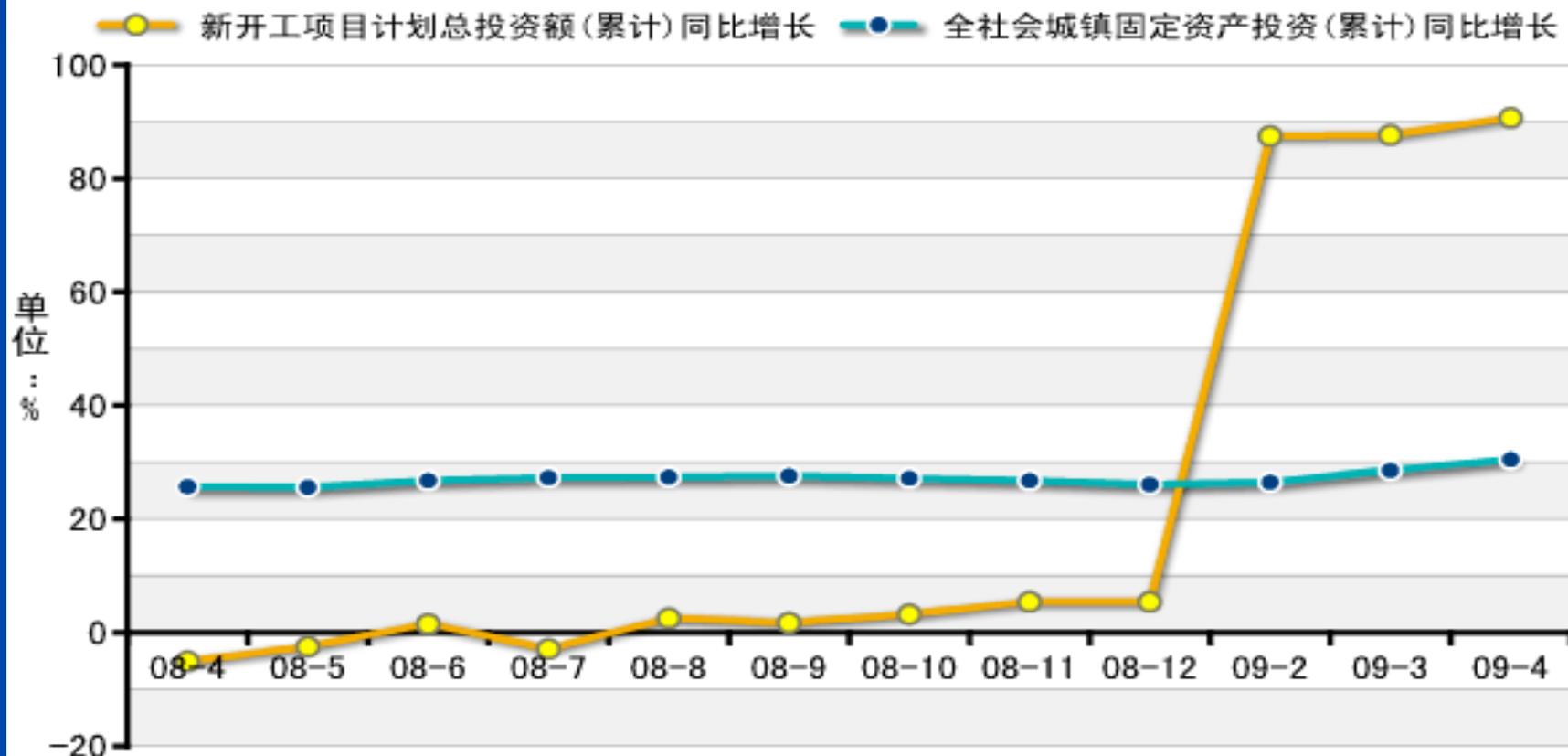
Addressing forest structure, pattern & dynamic changes

Forest cover, spatial pattern  
LAI, growth potential, root  
Depth, environmental gradient



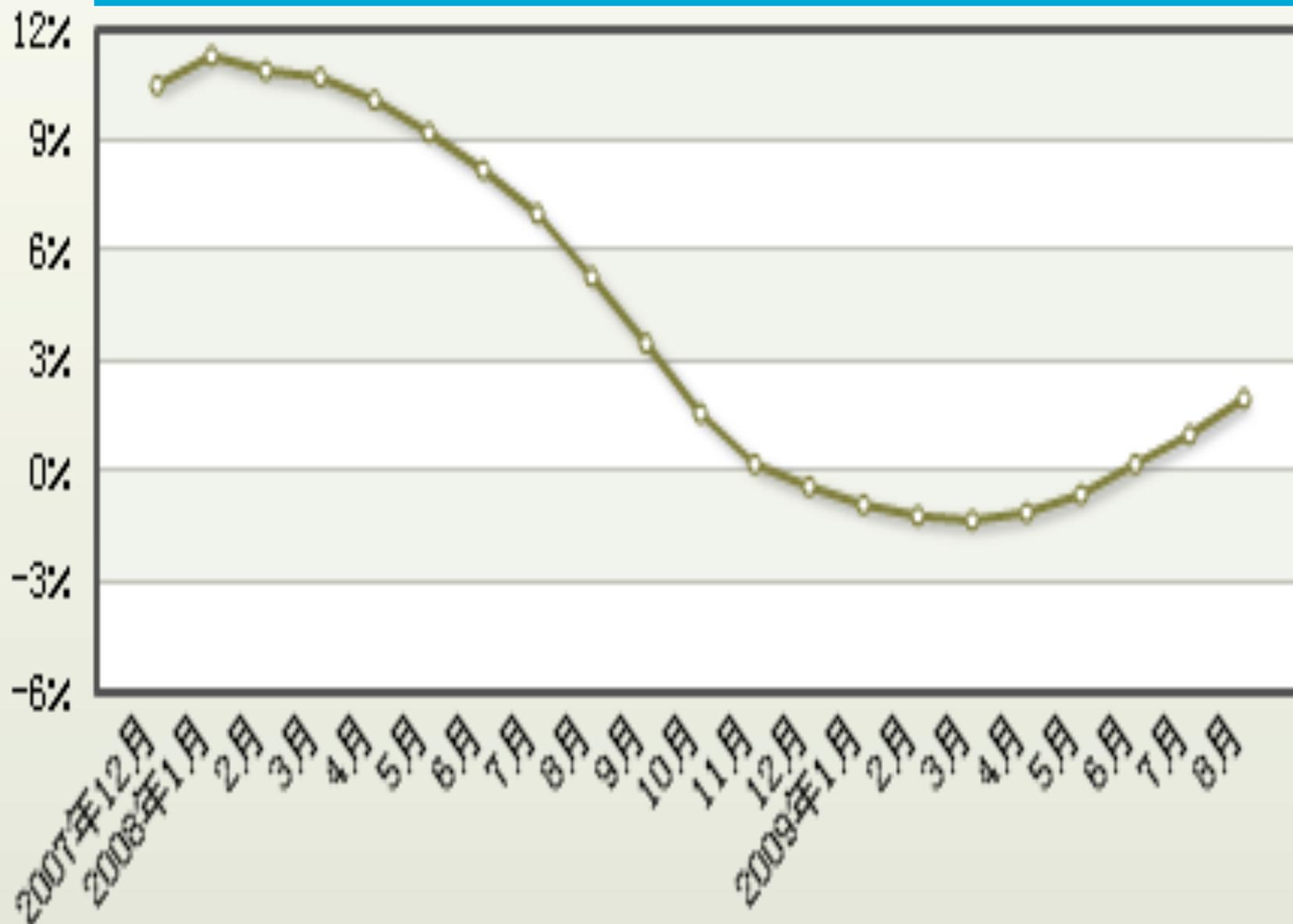
# Potential Market of the Tropical Timber in China

## 城镇固定资产投资及新开工项目投资额



来源：中宏数据库

# Recently Housing Price in the main Cities



# Feedback from the Industry

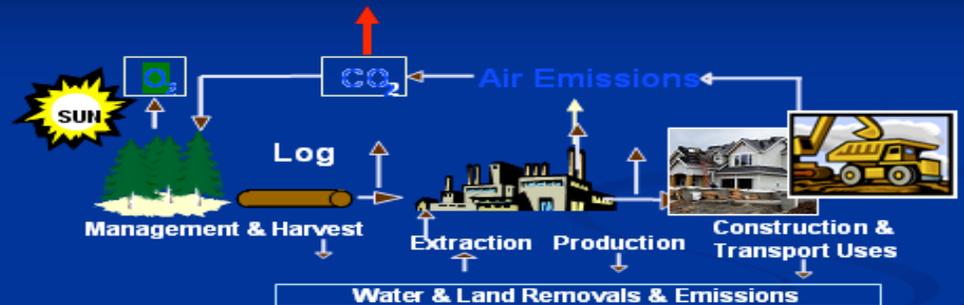
- Investment has been done
- Infrastructure is there with the machines
- China has **20 Million labors** could be employed now with hardworking, diligent and discipline
- GDP reach 8% this year and over 10% 2010
- Woodworking industry in 2010 could be **15%** increase compared 2009
- The increase will both in the **volume and**

# Tropical Timber Market is Still There

- How to keep resources constant supply?
- How to make its product sufficiently for the market?
- How to achieve this balance?
- How can be responsible & sustainable?

## Sustainability:

Timber house is long tradition and coming fashion recent years. Short of supply of raw Materials for the booming market requirement in China.



绿奥诺

**THANK YOU**

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