

China Softwood Log and Lumber Imports

... Evolving Supply and Demand Dynamics

The New Zealand forest sector depends on the Chinese market to absorb much of its log production. Other suppliers also rely on China as an important export destination. However, in recent years, both supply constraints and weakening Chinese demand have reshaped the competitive landscape for softwood imports.

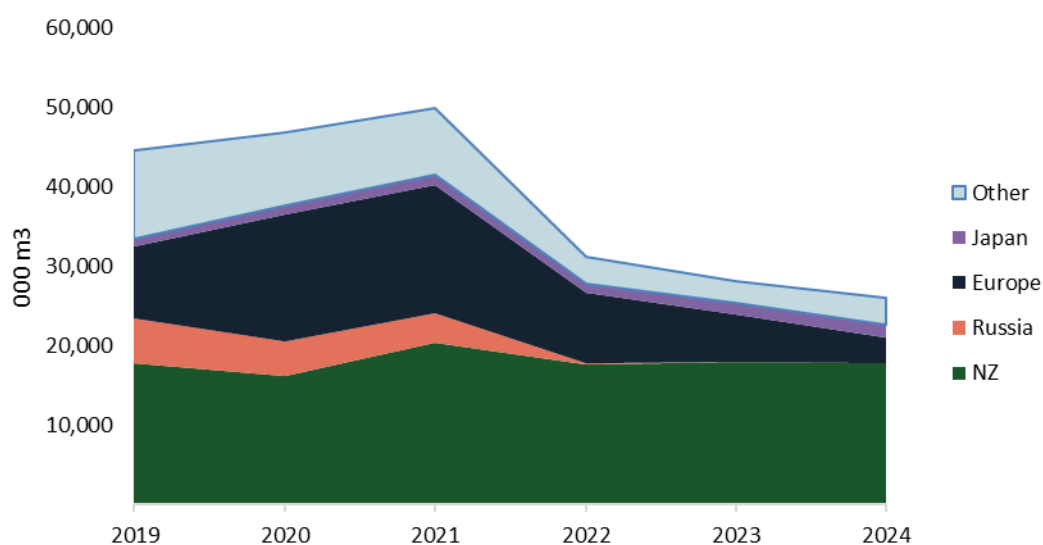
Softwood Logs

Since 2021, China's softwood log imports have declined sharply and are now well below 2019 levels. Among major suppliers, New Zealand stands out as the only country that maintained or increased its export volumes to China over this period.

In contrast, several key exporters faced constraints. European log production fell after 2022 after a surge in salvage harvesting of beetle-damaged trees. Russia imposed a ban on log exports in the same year, and both Canada and the United States redirected their logs to meet domestic demand. These developments contributed to China experiencing a 41.6% decline in softwood log imports between 2019 and 2024.

As supply from other countries contracted, New Zealand's market share grew—from 40% in 2019 to 68% in 2024—positioning it as the premier softwood log supplier to China. However, this did not automatically result in market dominance, especially when viewed within the broader context of China's softwood log and lumber imports.

Figure 1 China Softwood Log Imports



Source: GTA

Softwood Lumber

Softwood lumber imports, followed a similar downward trend to logs. Despite a 34% drop in volume due to rising harvesting and transportation costs, Russia remained the leading supplier. Canada, particularly British Columbia, struggled with diminishing timber supply, the impacts of wildfires, and rising production costs. Meanwhile, European exports were affected by the disruptions from the beetle epidemic and the EU's ban on Russian timber, further tightening supply.

These factors collectively contributed to the overall decline in China's softwood lumber imports.

Total Softwood Imports

China's imported logs were primarily processed into lumber to be used in applications similar to imported lumber. Therefore, to understand the full scope of the market requires evaluating both log and lumber volumes on a comparable basis.

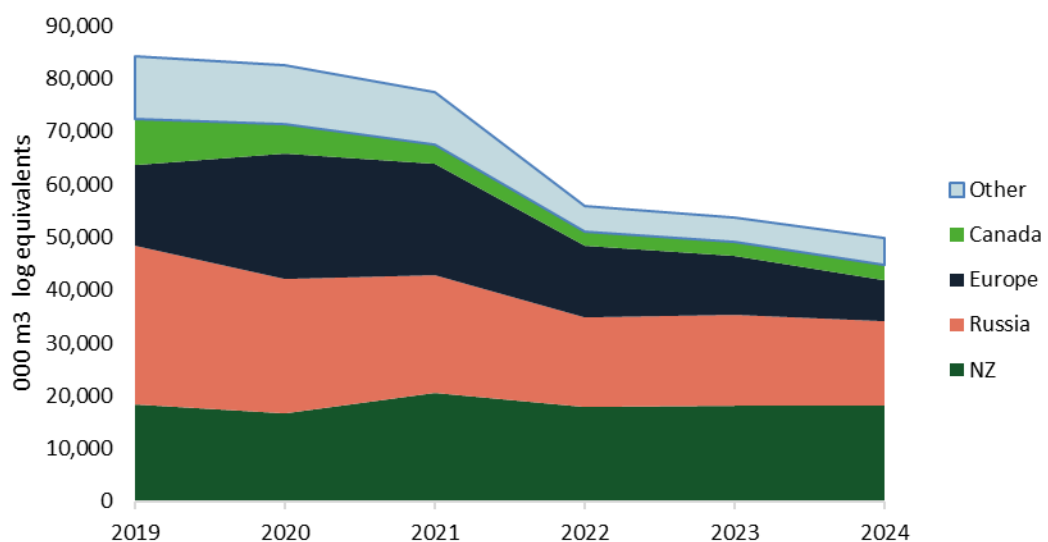
To do this, lumber imports were converted into their log volume equivalents—by estimating the volume of raw logs required to produce the volume of imported lumber. Using this approach, China's total softwood imports was 49.9 million cubic metres (log equivalent) in 2024, which represented a 40.8% reduction from 2019.

In terms of market share shifts between 2019 and 2024:

- Russia's share fell from 36% to 32%
- Europe's share declined from 18% to 15%
- Canada's share dropped from 10% to 6%
- New Zealand's share increased from 22% to 36%, making it the largest overall supplier of softwoods to China

Despite its leadership position, the fragmented nature of China's demand and the presence of alternative supply options mean that New Zealand suppliers are unlikely to be able to exert market power and secure better pricing.

Figure 2 China Softwood Log and Lumber Imports



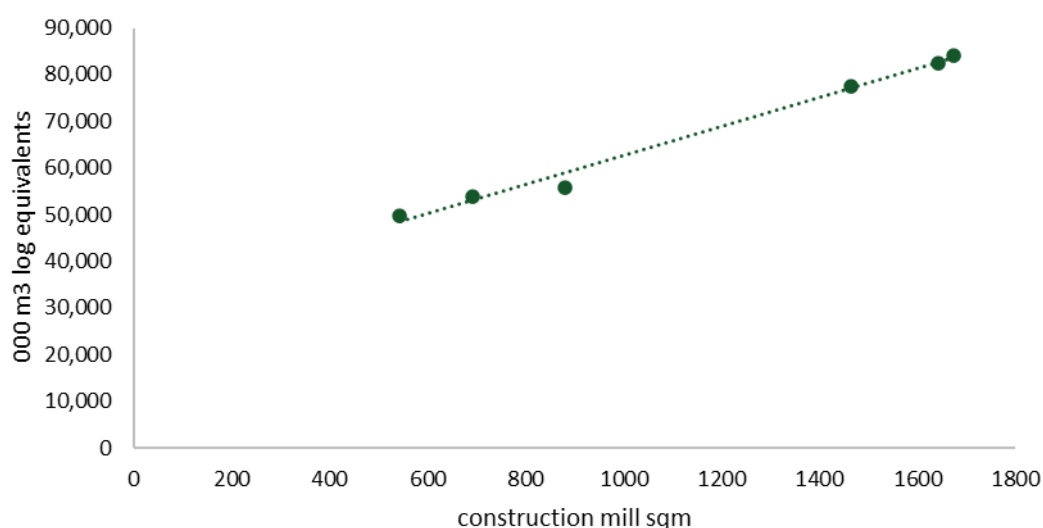
Source: GTA, Alphametrik

The Role of Construction and Broader Demand Trends

The downturn in China's softwood imports is closely linked to reduced demand from the residential construction sector. In 2024, the total floor area of new construction starts fell by 68%, a much steeper decline than softwood log and lumber imports. This raises the question: where did the remaining softwood volume go?

A substantial portion was absorbed by non-construction sectors, including packaging, furniture, interior applications, and export-oriented manufacturing. Our analysis (see Figure 3) suggests that these segments accounted for approximately 22 million cubic metres of lumber in 2024, underscoring the importance of other demand drivers beyond construction.

Figure 3 China Softwood Imports and Construction Started 2019 to 2024



Source, China Stats, Alphametrik

Conclusion

China's softwood import market has shifted significantly in favour of New Zealand, both in terms of log and overall softwood supply. However, total volumes have declined due to constrained supply from other regions and a substantial reduction in Chinese construction activity.

While future import volumes will be influenced by any recovery in construction, broader economic activity—particularly in sectors like manufacturing, packaging, and furniture—will play a critical role in underpinning demand growth for softwood products.

*We provide industry, market, and price forecasting services
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