

# Wood Fibre Supply: Global Trends and Changing Forces

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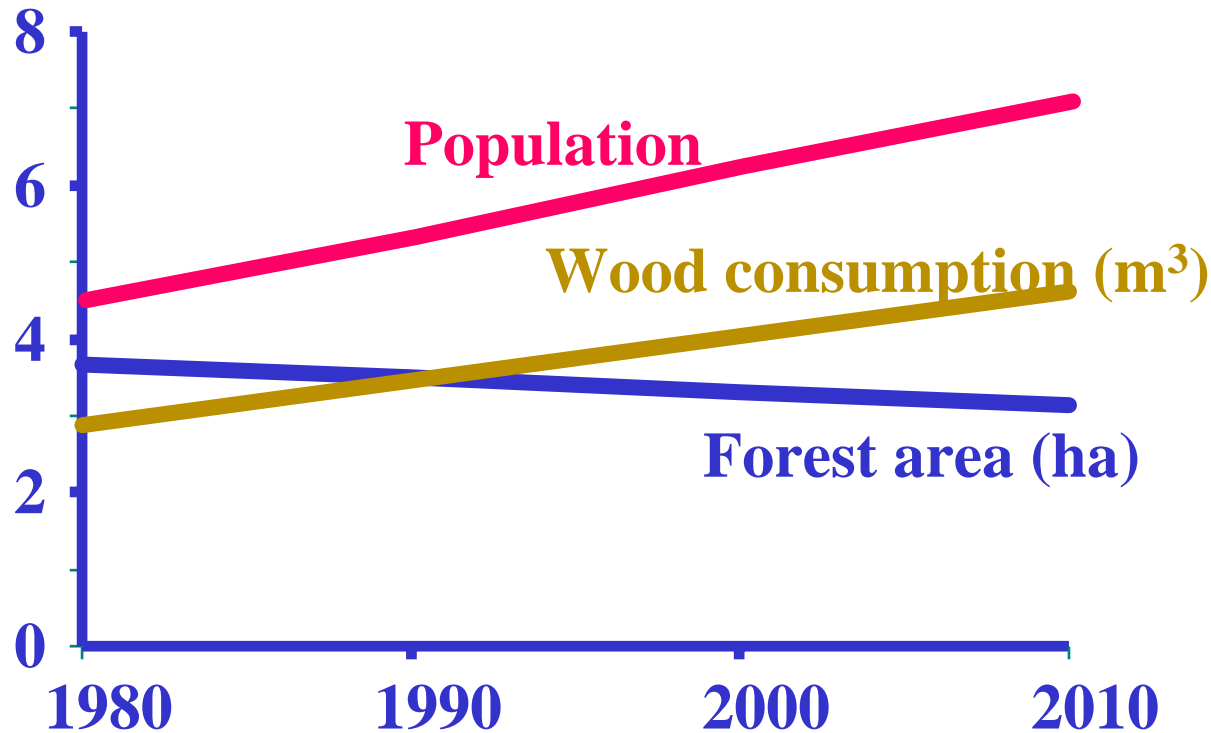
# The World Needs Wood

# What is influencing global wood demand?

- **Population:** More people = More wood
- **Economic growth:** Rich people use more wood
- **Demographic Changes:** City people use wood differently to rural people
- **Technological change:** Modern industries can use new wood supplies
- **Environmental issues:** Recycling, carbon issues, climate change

# Population increases challenge global wood supply

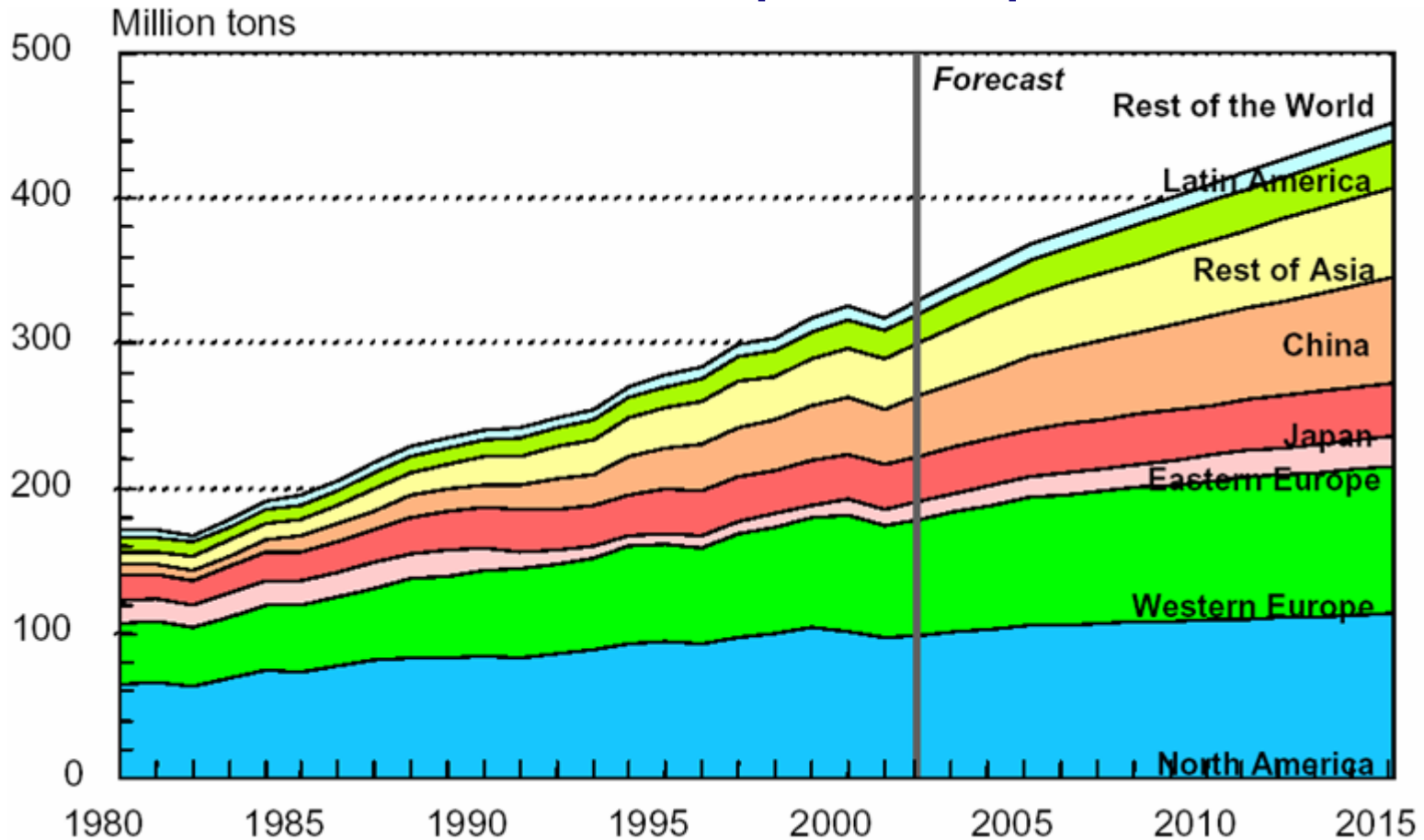
Billion units



Source: FAO data

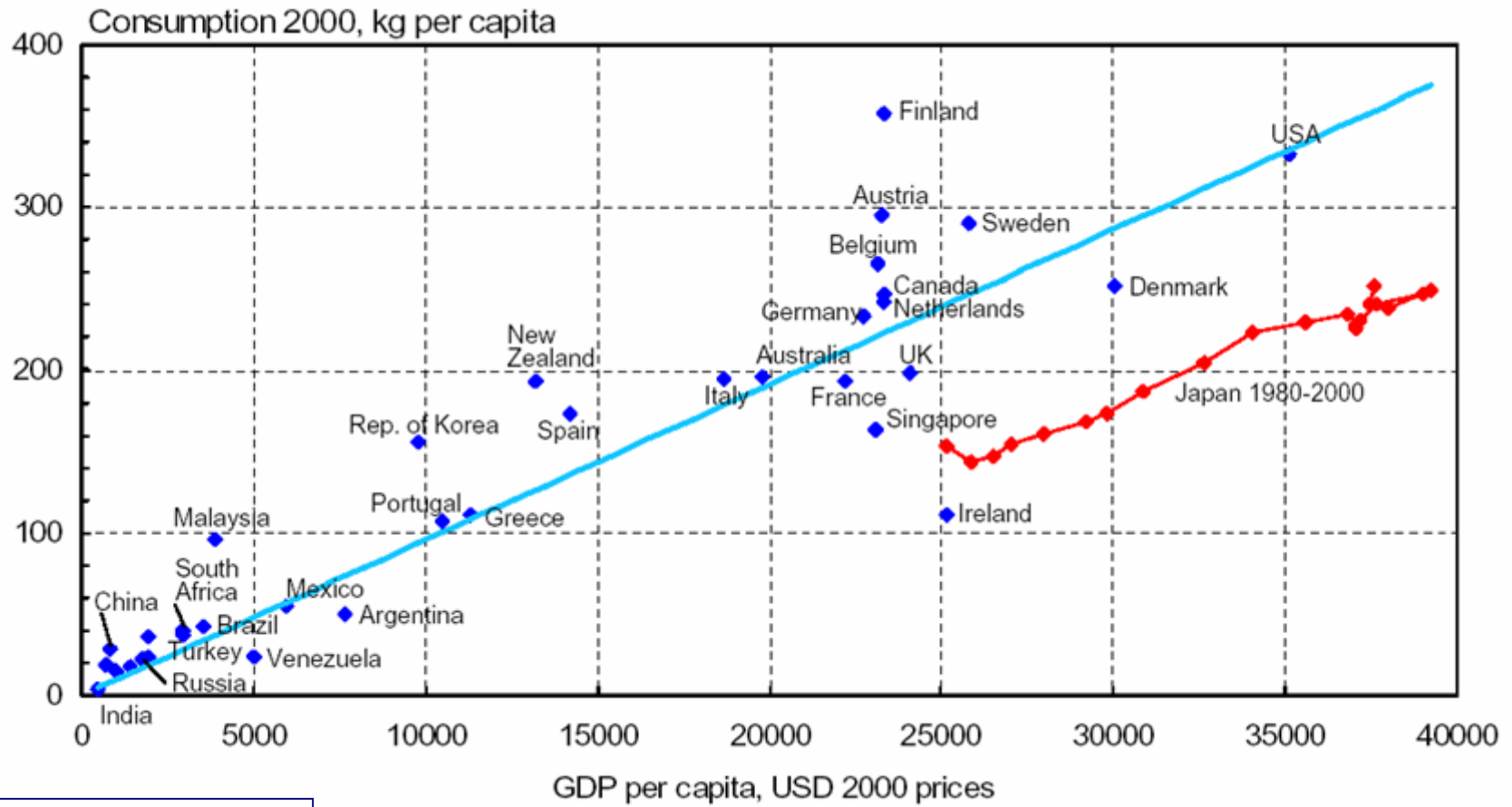
# More People = More Wood Fibre: Paper and Paperboard

## World Demand for Paper and Paperboard



Courtesy Jaakko Poyry Consulting

# Wealth strongly linked to consumption of paper and board products

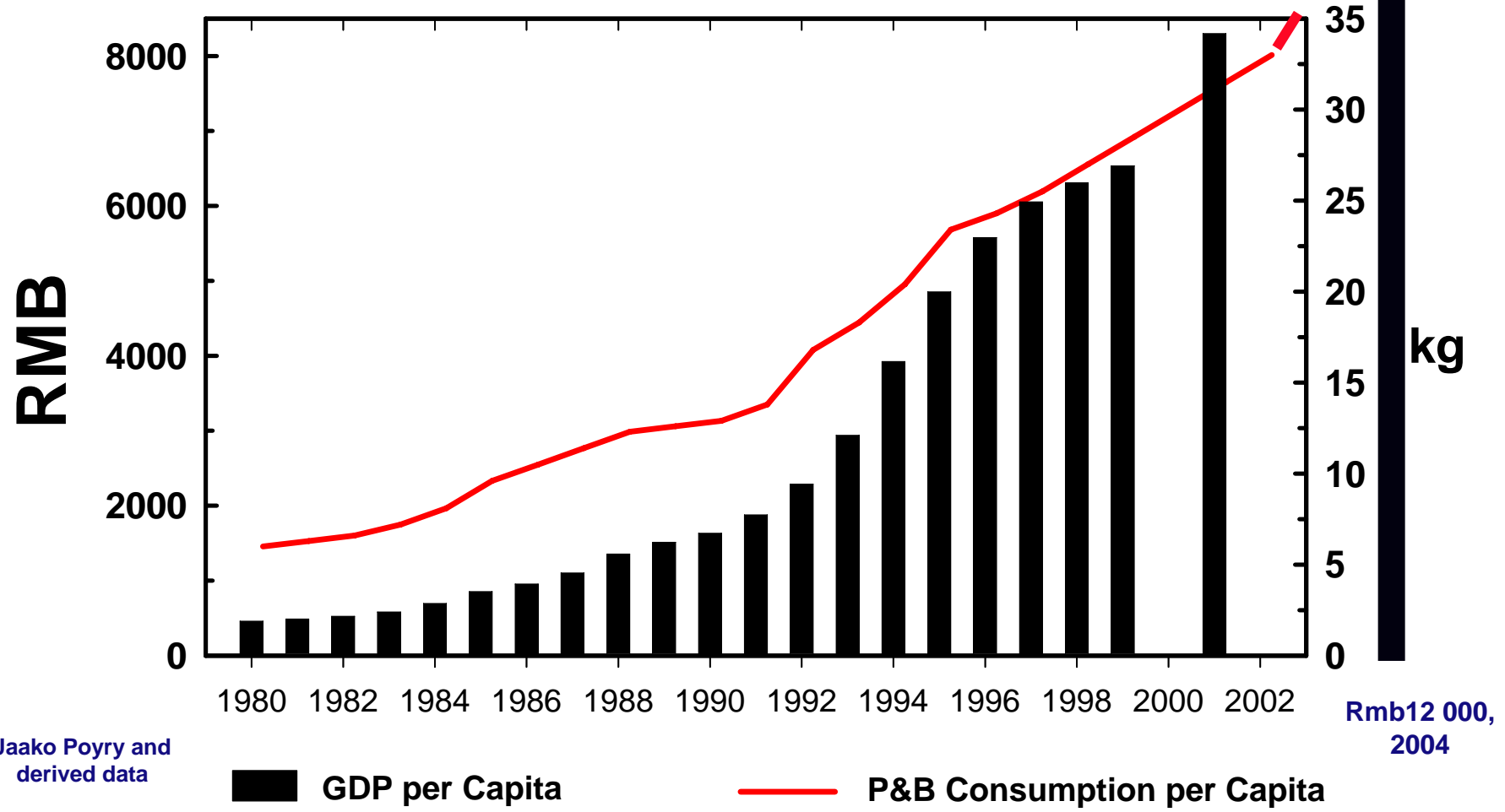


Courtesy Jaakko Poyry Consulting

# China's Wealth and Wood Fibre Consumption

2015 estimate = 56 kg/person

## GDP and Paper Consumption in China



Jaako Poyry and derived data

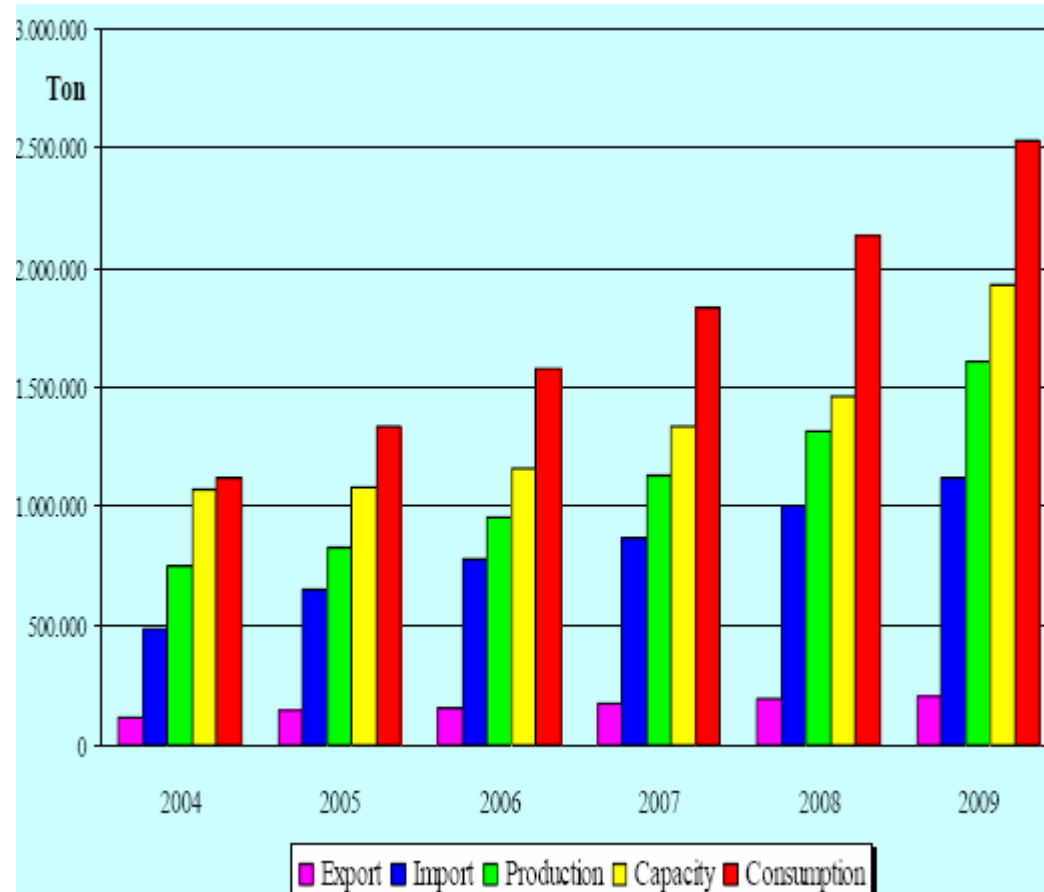
GDP per Capita
  P&B Consumption per Capita

Rmb12 000, 2004

# Vietnam's Expanding Economy

## Paper consumption Vietnam:

- 2001 – 7 kg/person
- 2006 – 19kg/person.



Courtesy: Nguyen Phuc, Vietnam-Japan Chip Corporation

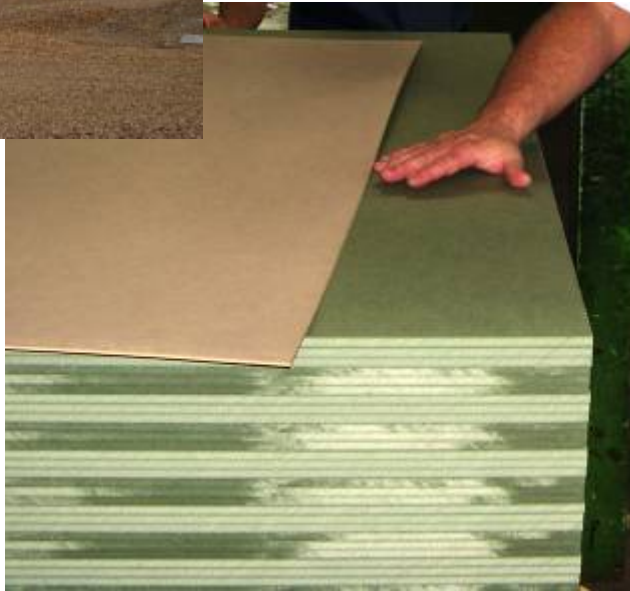


# Technological Change: new products allow utilisation of new fibres



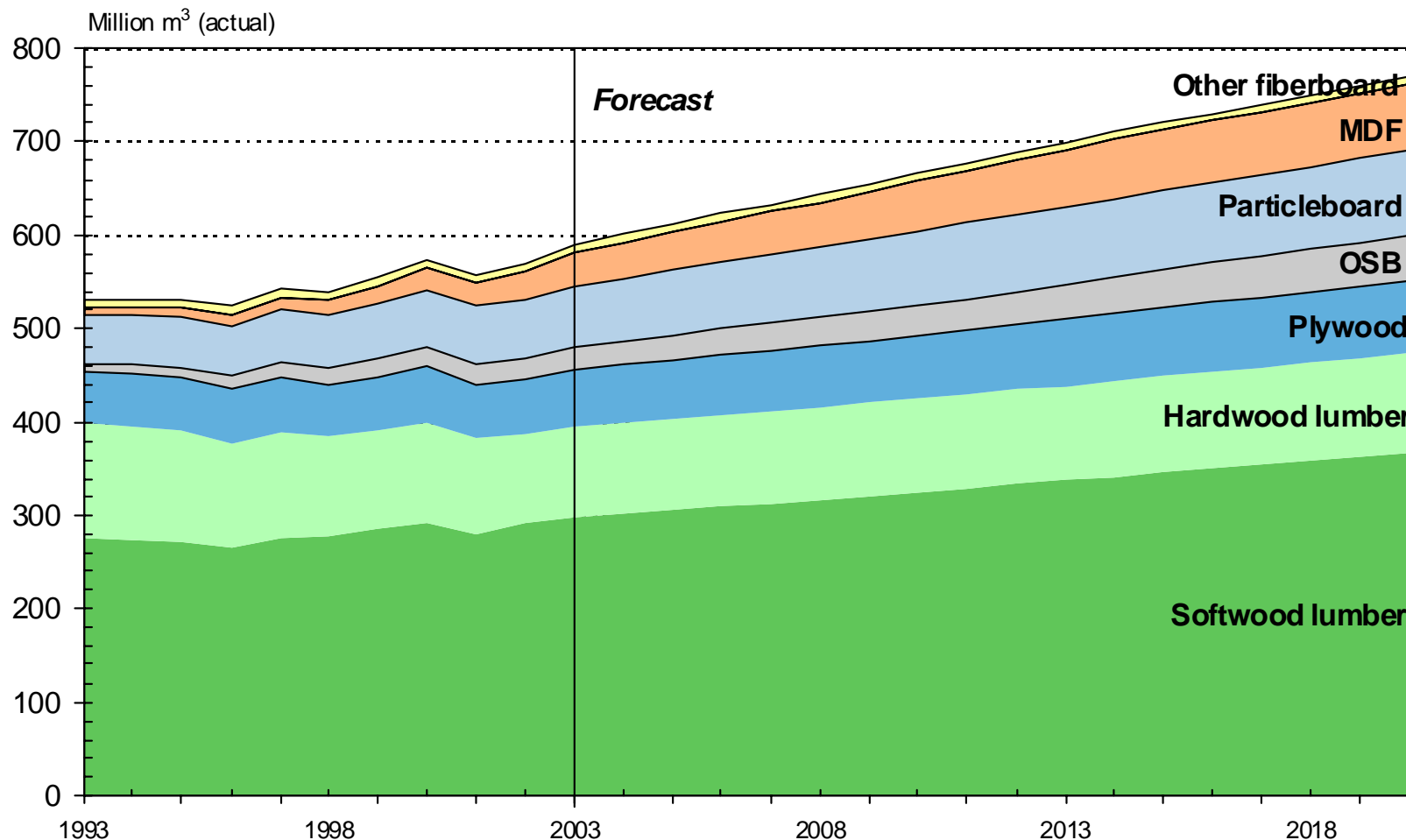
**OSB**

# Technological Change: new products use new fibres



**MDF**

# Technological Change and Wood Products Demand 1993 to 2020



Courtesy Jaakko Poyry Consulting

IFC Indian Farm Forestry Workshop: Global Supply

New Delhi. 22-23 September 2008.

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# **The Environment:**

**Recycling**

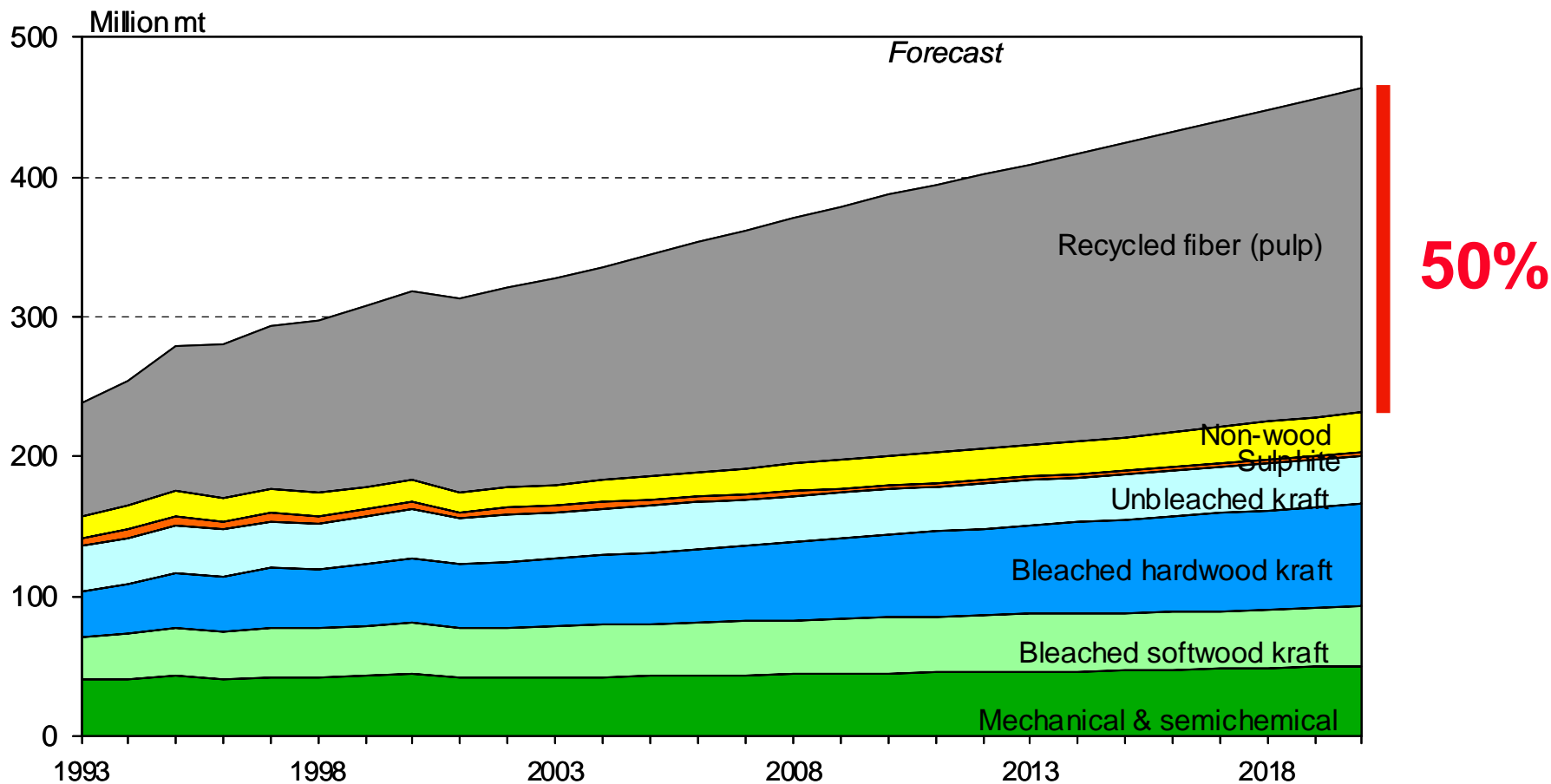
**Water**

**Carbon**

**Biofuels and Biomass Energy**

**Climate Change**

# We recycle more: Global Papermaking Fibre Demand 1993-2020



Courtesy Jaakko Poyry Consulting

# What about India

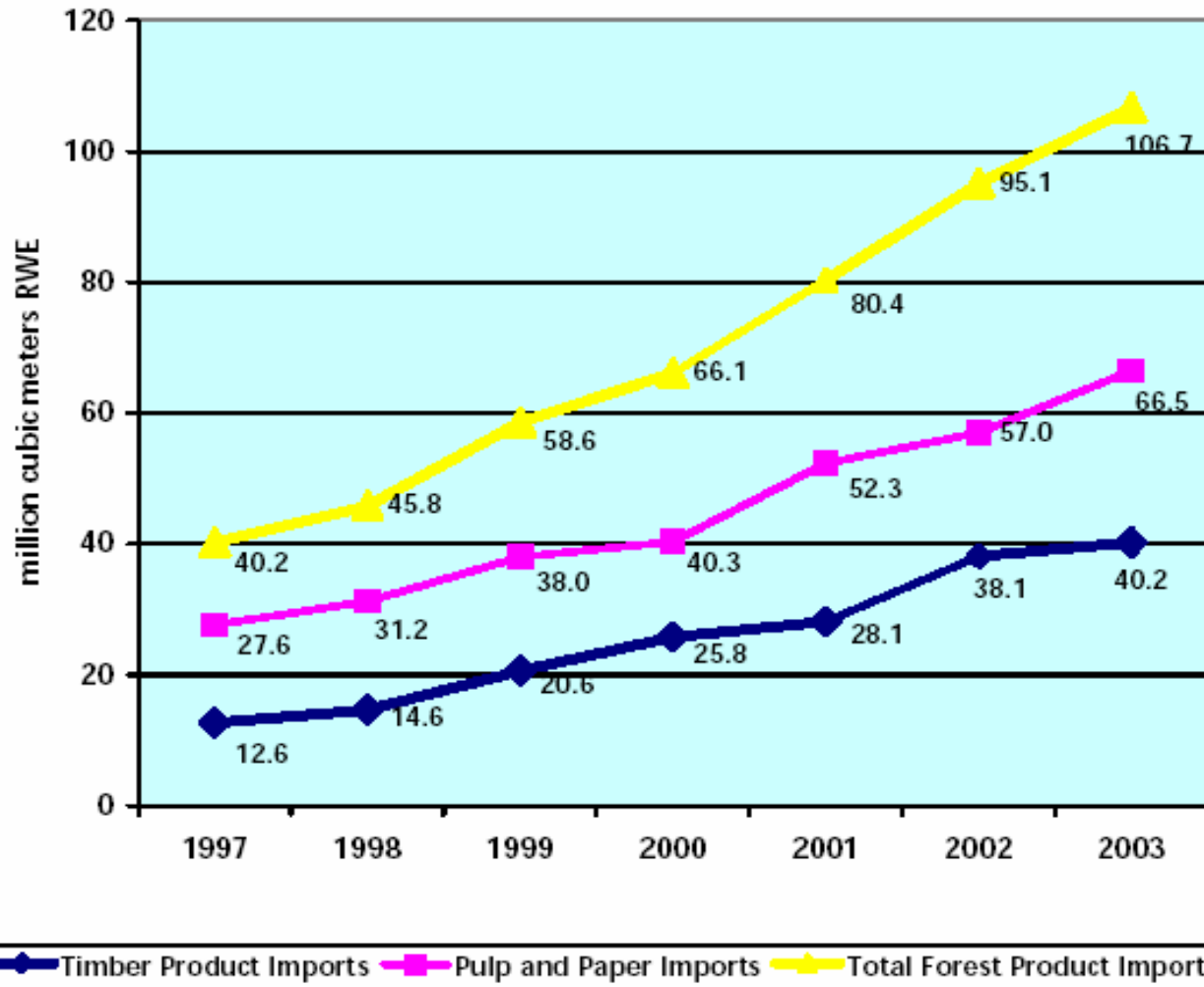
- **Expanding population**
- **More city dwellers**
- **Increasing wealth**
- **Adapting new technology**
- **Increasing environmental concern.**

# The consequences of high demand for industrial wood

- **Trade and Imports Increase**
- **Price increases/ Increased demand for plantation fibre**
- **Increased competition for resources**
- **Increased engagement with smallholders**

# Global wood trade is large ... and growing

## China -



Forest Trends 2004 .

IFC Indian Farm Forestry Workshop: Global Supply

New Delhi. 22-23 September 2008.

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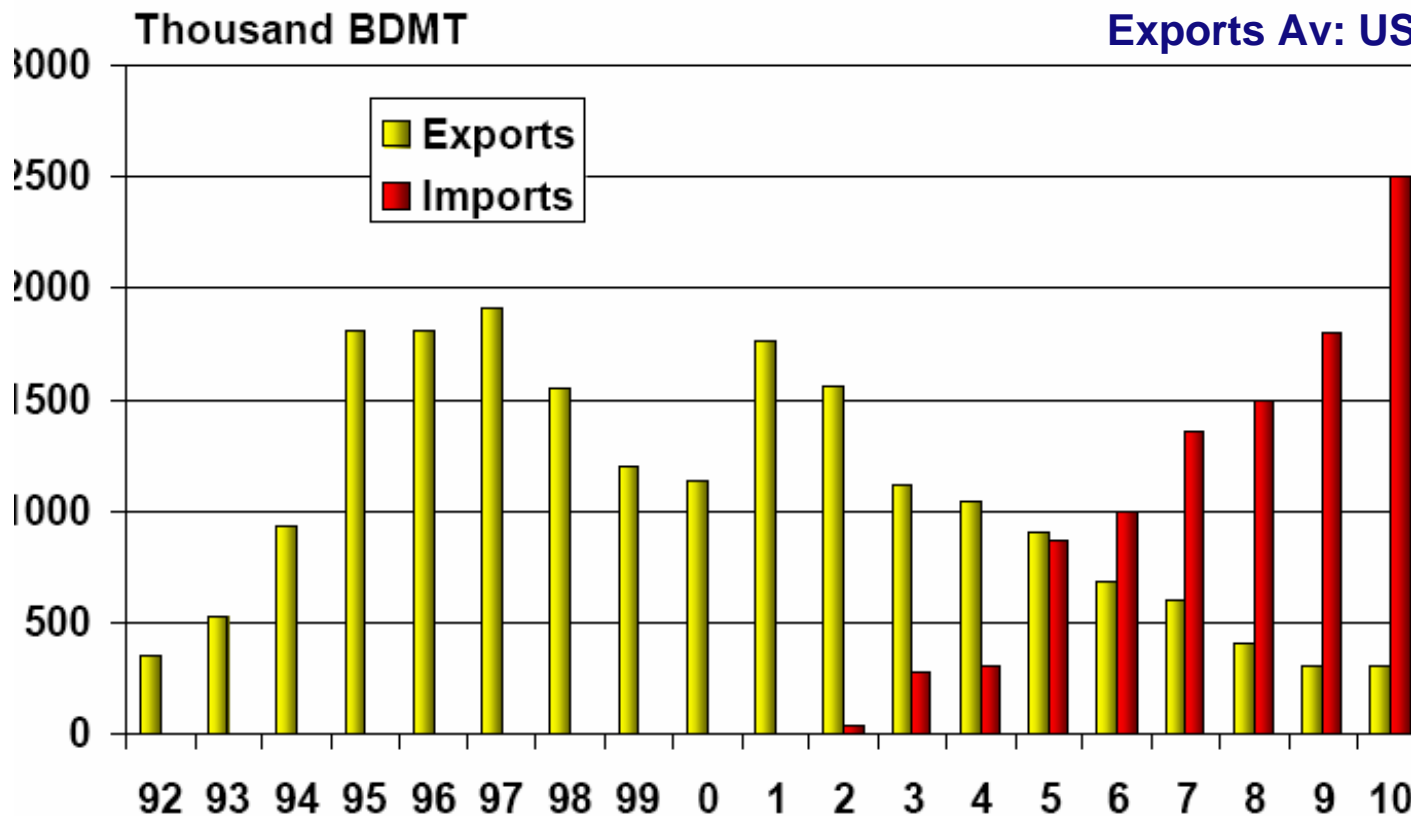


# China's forecast trade in wood chips

2008:

Imports Av US\$170/bdmt CNF

Exports Av: US\$120/bdmt FOB



Courtesy RISI 2007

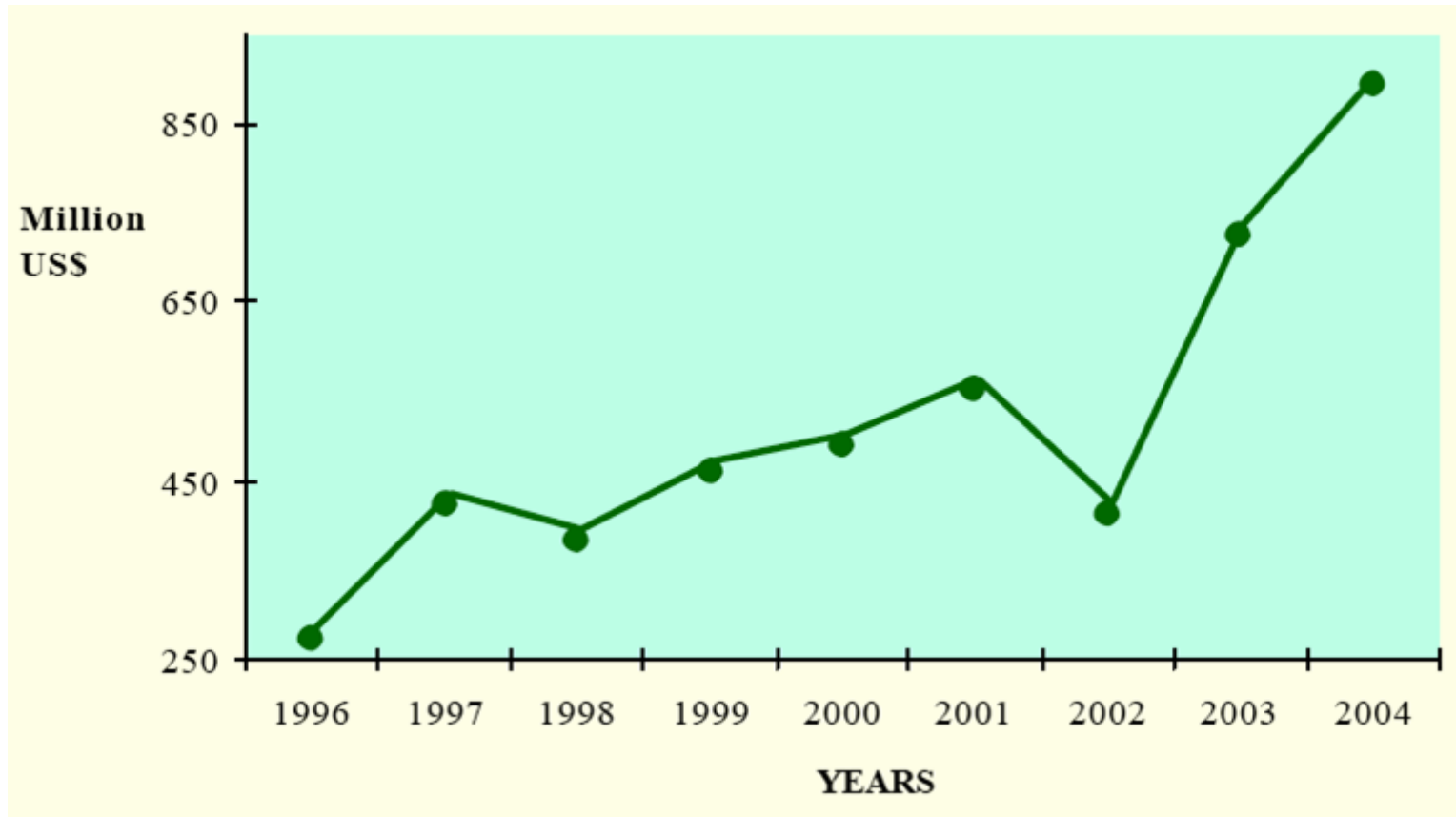
IFC Indian Farm Forestry Workshop: Global Supply

New Delhi. 22-23 September 2008.

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# India's Imports of wood and wood products

(Indian Fiscal Years 1996/97 – 2004/05)



USDA GAIN Report, 2006

IFC Indian Farm Forestry Workshop: Global Supply

New Delhi. 22-23 September 2008.

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# Will the imports continue?

## Estimates of commercial wood deficits: 2010

Country	Study	Import volume needed to match demand (Deficit) (M m <sup>3</sup> )
China	WWF, 2004	125 mill
India	Khanduri and Mandel (2005)	90 mill
<i>Australia's total harvest 2010</i>	<i>Parsons et al (2007)</i>	<i>40 mill</i>

# Price Increases

- **Hardwood pulpwood global average prices at record highs**
- **Australia/Japan prices for plantation eucalypt wood chip: Indian Rs 7817/bdmt FOB.**
- **Regional mill gate prices for pulp logs (Indian Rs per green tonne):**
  - **Thailand: 1597**
  - **Vietnam: 2229**
  - **China: 2682**
  - **India: 2800**

# Competition for Resources: Veneer



- **Southern China (Indian Rs/green tonne):**
  - Farm Gate for Veneer (>12 cm sed): 4567
  - Farm Gate for Pulp: 2486
- **Pulp mills purchase at Year 3.**

# Competition for Resources

- **Biomass for Fuel:**
- **MDF**
- **Set the standards – particularly for outgrowers/ smallholders**

# Global supply: Who can provide?



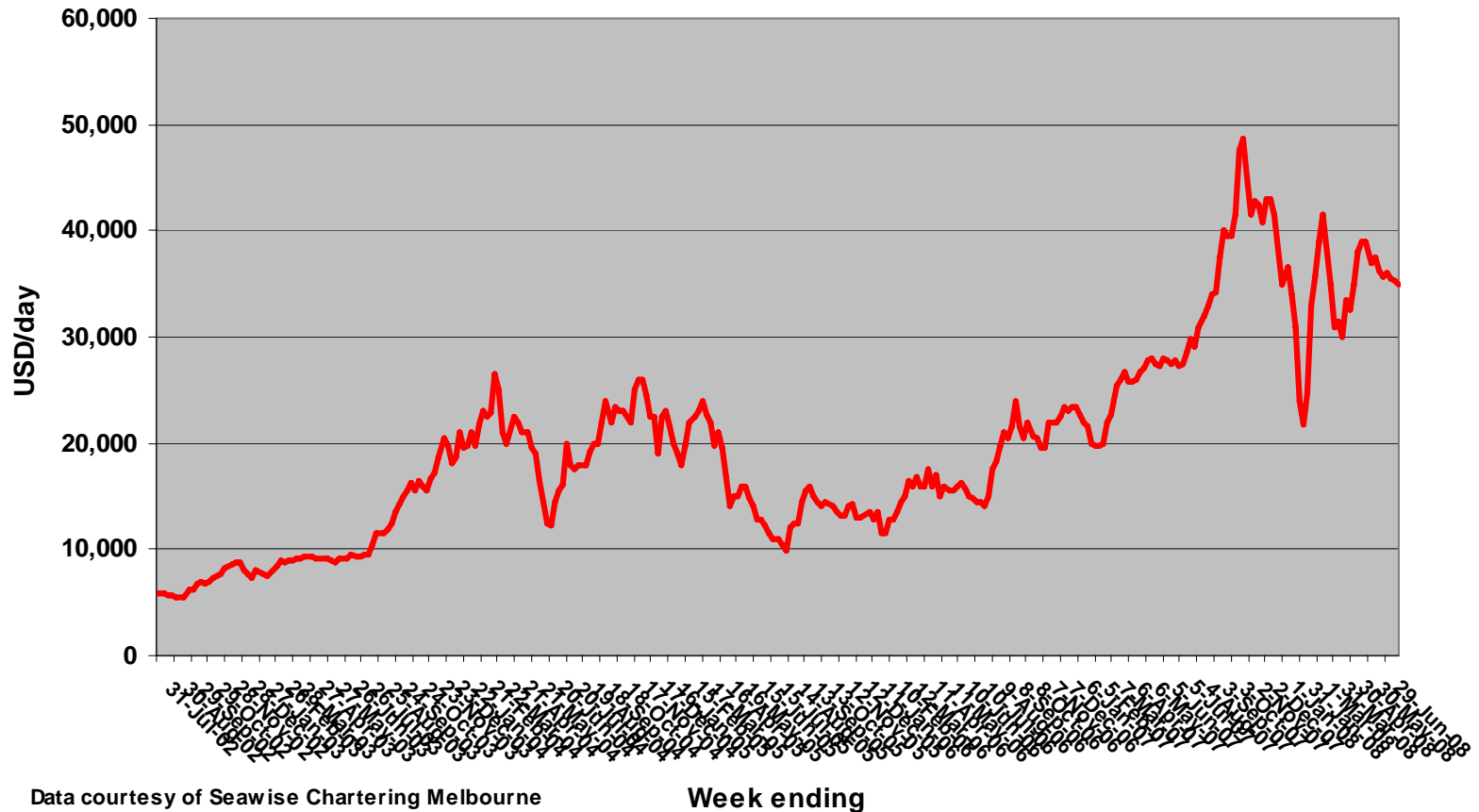
**Geography will Win!!**

# Geography will Win!

## Shipping Costs:

2002 - 2008

Handy size (27,000 dwt) Daily Hire Rates Trans Pacific Round Voyage



Data courtesy of Seawise Chartering Melbourne

Week ending



# Conclusions

- **Global demands for industrial wood will increase**
- **Plantations the dominant source of industrial timber**
- **Increasing competition for resource – new products, biofuels, ethanol.**
- **India has serious resource problems:  
*Look after your smallholders!***



# Thank you