- Statistics of China Softwood Market
- Policies and Factors Affect Softwood Demand
- Short-term and Long-term Demand Outlook
China Log and Timber Imports
2015-2020

Data Source: China Wood Importers, CTWPDA
Monthly Import Unit Price for Softwood
2015- Jun 2021

Unit: USD/m³

Data Source: China Wood Importers, CTWPDA
China Sawn Softwood Imports by Country

2020 Total Volume -12.63% yoy

Data Source: China Wood Importers, CTWPDA
CHINA SAWN SOFTWOOD IMPORTS BY COUNTRY

11.18 MILLION M3  -27%  JAN – JUL 2021

No.1 Russia -19 %
No.2 Canada - 54%
No.3 Ukraine +13 %
No.4 Finland -24 %
No.5 Belarus -18%
No.6 Chile -14%
No.8 Sweden -60%
No.7 Germany -51%
No.9 Brazil -2%
No.10 New Zealand -38%

Data source: FEA
China Softwood Log Imports by Country

2020 Total Volume +4.78% yoy

Data Source: China Wood Importers, CTWPDA
CHINA SOFTWOOD LOG IMPORTS BY COUNTRY

29.13 MILLION M3  +31%  JAN – JUL 2021

No.1 New Zealand +48%
No.2 Germany +94%
No.3 Russia -14%
No.4 USA +37%
No.5 Uruguay +264%
No.6 Canada +38%
No.7 Czech -49%
No.8 Japan +28%
No.9 Brazil +1159%
No.10 Poland +179%

Australia -98% (No.4 in 2020)

Data source: FEA
### Main Applications for Imported Sawn Softwood in China

**Cost performance is important**

<table>
<thead>
<tr>
<th>Application for Imported Sawn Softwood</th>
<th>Visible application</th>
<th>Invisible application</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Furniture</strong></td>
<td>Children furniture, bed slat and cheap solid wood furniture, sauna room</td>
<td>Sofa frame</td>
</tr>
<tr>
<td><strong>Decoration</strong></td>
<td>Exterior and interior Cladding, façade, flooring</td>
<td>Joist for ceiling and flooring, middle layer for parquet</td>
</tr>
<tr>
<td><strong>Construction</strong></td>
<td>Wooden structure incl. log house</td>
<td>Concrete molding, some light frame wood structure</td>
</tr>
<tr>
<td><strong>Landscaping</strong></td>
<td>Decking, terrace, pergola, fence etc.</td>
<td>-</td>
</tr>
<tr>
<td><strong>Packaging</strong></td>
<td>Pallets</td>
<td>-</td>
</tr>
<tr>
<td><strong>Door and window</strong></td>
<td>Massive wooden door, window and its frame</td>
<td>Invisible layer of door, alumina wood window</td>
</tr>
<tr>
<td><strong>Other wooden products</strong></td>
<td>Easel, picture frame, pet home, toy, handcrafts etc.</td>
<td></td>
</tr>
</tbody>
</table>
CONTENTS

TOPICS TO BE COVERED

- Statistics of China Softwood Market
- Policies and Factors Affect Softwood Demand
- Short-term and Long-term Demand Outlook
Energy Consumption Limitation

Several Factors

- **Barometer of the Achievement of Dual Energy Consumption Control Targets by Regions in H1 of 2021**
  issued by General Office of National Development and Reform Commission on 12 Aug

- A large wave of manufacturing enterprises, including listed enterprises, were forced to suspend production

- Control and reduction of energy consumption intensity and total energy consumption under the target of Carbon Emission Peak by 2030 and Carbon Neutrality by 2060

- Lack of energy, coal shortage
4 Key Points for Wood Frame Construction Development in China:

- **Wood structure standard** → Ministry of Housing and Urban-Rural Development
- **Land property** → Ministry of Nature Resources
- **Fire prevention** → Ministry of Emergency Management
- **Public awareness** → MarCom and education

Wood frame construction share in all Chinese buildings < 1%

Public building is more promising than the private sectors

Wood frame construction has a good trend in China, but will take years or decades to develop

**Wood Construction Market**

Has great potential, but takes time
• House property is important for Chinese
• 8.13 million couples married in 2020
• Family redecoration, around 15 years
• **No DIY market** especially in the cities
• Whole House Customization encroach furniture industry market share for the new decoration family

**Decoration and Furniture Market**
Linked with real estate market closely
Real Estate Market

Enter into the toughest control era since this summer
The Market Scale of Chinese Garden and Ecology Landscape

<table>
<thead>
<tr>
<th>Year</th>
<th>Landscape</th>
<th>Improvement of Municipal Environment</th>
<th>Improvement of Ecological Environment</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>299.5</td>
<td>44.9</td>
<td>163.3</td>
<td>40.9</td>
</tr>
<tr>
<td>2016</td>
<td>321.1</td>
<td>50.3</td>
<td>171</td>
<td>40.4</td>
</tr>
<tr>
<td>2017</td>
<td>344.8</td>
<td>52.9</td>
<td>176.6</td>
<td>48.1</td>
</tr>
<tr>
<td>2018</td>
<td>378.8</td>
<td>57.1</td>
<td>179</td>
<td>54</td>
</tr>
<tr>
<td>2019</td>
<td>417.7</td>
<td>61.3</td>
<td>184.5</td>
<td>60.1</td>
</tr>
<tr>
<td>2020E</td>
<td>455.7</td>
<td>65.5</td>
<td>188.9</td>
<td>66.3</td>
</tr>
<tr>
<td>2021E</td>
<td>500.6</td>
<td>69.7</td>
<td>193.2</td>
<td>73.1</td>
</tr>
<tr>
<td>2022E</td>
<td>545.8</td>
<td>73.9</td>
<td>197.3</td>
<td>80.6</td>
</tr>
<tr>
<td>2023E</td>
<td>591.2</td>
<td>78.1</td>
<td>201.4</td>
<td>88.8</td>
</tr>
<tr>
<td>2024E</td>
<td>636.9</td>
<td>82.3</td>
<td>205.6</td>
<td>97.9</td>
</tr>
</tbody>
</table>

Data Source: www.askci.com

Landscaping Market
Steady Growth
Forest Resource in China

2004-2019

- 2019: Forest Coverage Rate: 23%
- 2025*: Forest Coverage Rate: 24.1%

Growing Stock:
- 2019: 17.56 Billion m³
- 2025*: 19 Billion m³

Data Source: China National Bureau of Statistics
CONTENTS

TOPICS TO BE COVERED

- Statistics of China Softwood Market
- Policies and Factors Affect Softwood Demand
- Short-term and Long-term Demand Outlook
Sawn Softwood Demand Outlook in China

Short-term

- Domestic demand is weak due to the competition with cheap softwood log + weak real estate market
- Blooming export demand has been curbed due to the high sea freight + power consumption limitation
- Carbon emission peak by 2030, carbon neutrality by 2060, affect the industry both in short term and long term
- Eliminate the outdated production facilities and push SME to upgrade.
- Large manufacturers will have more pricing power due to industry upgrading, centralized purchasing
- Weak demand until next Q1 at least
• Large population base with great number of high-end consumers

• The economy is still trending upward and has great consumption potential to be released

• World's second largest wood consumption country and largest importer for timber & log

• High external dependence for the wood raw material

• Softwood log supply decline from Russia and Central Europe

• Great potential for wood construction in public sectors and rural revitalization

• Carbon emission peak by 2030, carbon neutrality by 2060

• No matter the market ups and down, China is one of the key markets for the global suppliers

Sawn Softwood Demand Outlook in China

Long-term
THANK YOU

Anna Ni, Senior Advisor, Business Finland
anna.ni@businessfinland.fi
www.woodfromfinland.fi