Report on the Analysis of Development of Forestry Industry and Wood Processing Industry in China

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Background

According to the result of the seventh forest resources inventory (2004-2008), there is 195 million hectares of forests, 14.913 billion of living trees accumulate, 13.721 billion cubic meters of forests accumulate, and 20.36% of forest coverage which is far from the average level of 29.6%. Among the existing forests, young-middle-aged forests take up a big percentage, the area and accumulate of which amount to 51.4% and 70% of the total area and accumulate respectively. However, forest resources in other regions are relatively less, especially Xinjiang and Qinghai where the forest coverage is less than 5%. On the whole, the status quo of forest resources in China is insufficient in total volume, low in quality and uneven in distributing.

In recent years, our country frequently encountered natural disasters which includes the snow disasters in early 2008, snow and rain weather in early 2010, droughts in southwestern region and flood disaster in summer resulted in the reduction of hundreds millions of wood reserves. In addition, since 2011 the state will reduce the cuts of wood in Greater Higgnan Mountains with a reduction scope of 52%, accelerating the tight situation of wood supply in our country.

With a view to log export, Russia increased its export duty again and again in order to encourage wood deep-processing in Russia. Since April of 2008, Russia increased the log export duty to 25% and not less than 15 Euros per cubic meter and declared to increase it to 80% and not less than 50 Euros per cubic meter since January of 2009. But the new tariff has been delayed; Russia will maintain the tariff at the level of 25% in 2011. Though Russia made policy room, the national policy that limits log export has been decided, and in the future, log exports tariff will go up and China’s log import origin will change.

Considering demand, in recent years, forest industry in China maintained a fast momentum of development, domestic demand for wood and wood products increased rapidly, among them the consumption of artificial board, pulp and paper ranked second in the world. While the export volume of artificial board, pulp and paper increased year after year, China has been the world-class “wood processing base”.

Facing with the emergency events, what will happen to China wood supply and demand situation?

Facing with the reduction of domestic capacity and rising labor cost, how will Chinese wood industry develop?

Facing with rising export tariff of Russia log, what will happen to China's wood import source?

What impacts will the relevant real estate policies published in recent years have on wood processing industry?

We will make a comprehensive analysis and clear judgment to the future development of forestry industry and wood processing industry in China based on the data from the State Statistics Bureau, the General Administration of Customs and the State Forestry Bureau as well as the changes of policies. This will provide a reference for both foreign and domestic professionals who focus on forestry industry and wood processing industry in making their decisions.

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