



# Global Updates for US Hardwoods

Tripp Pryor  
American Hardwood Export Council  
August 2023



Tulipwood Staircase – Tel Aviv, Israel  
by Oded Halaf

## Hardwood Exports in a Changed World

- Update on Export Stats
- What's going on in China?
- Where are New Opportunities?
- Update on EUDR



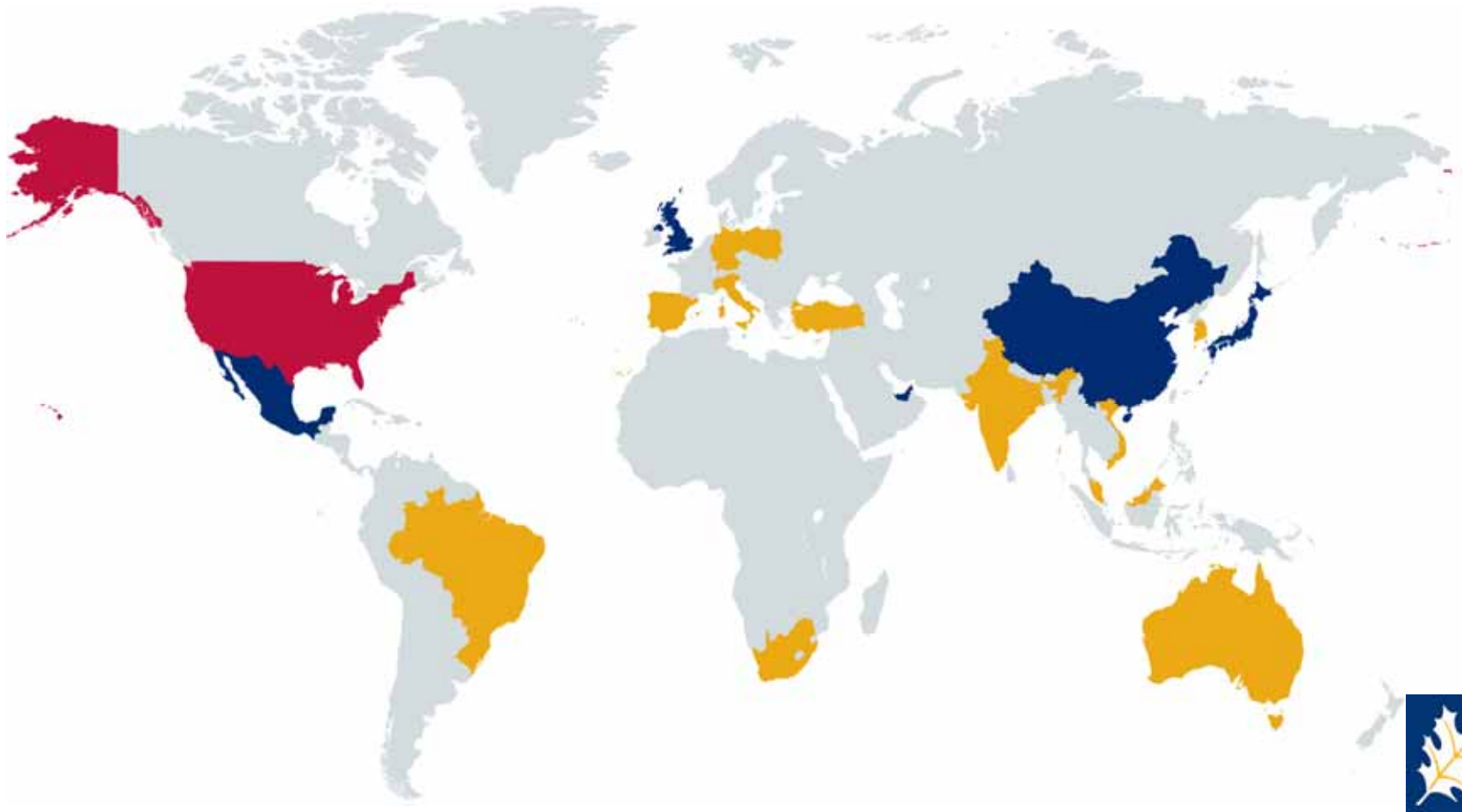
# Takeaways

- Education and Promotion Shape Markets
- China is still our largest market, but is facing serious issues
- Post-COVID: Two Years of Demand Squeezed Into One
- Looking Forward: Embrace Sustainability and New Technologies to combat challenges

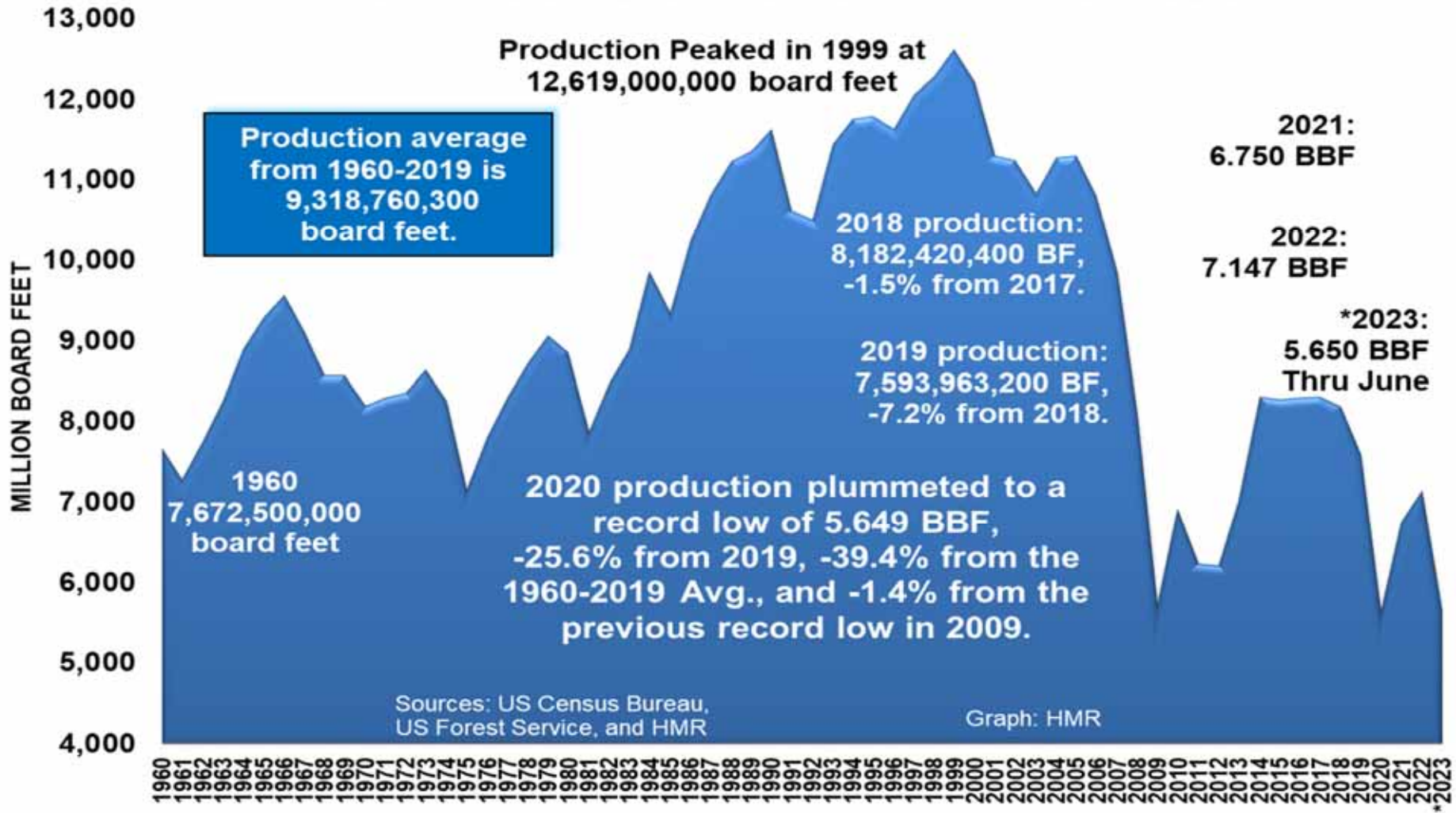


*Natural Born in Red Oak*– Warsaw, Poland  
by Tomek Rygalik

# AHEC's International Reach



# Eastern US Hardwood Sawmill Production



*“Eastern US hardwood sawmill production was trekking at 5.65 billion board feet (BBF) at the midpoint of 2023.*

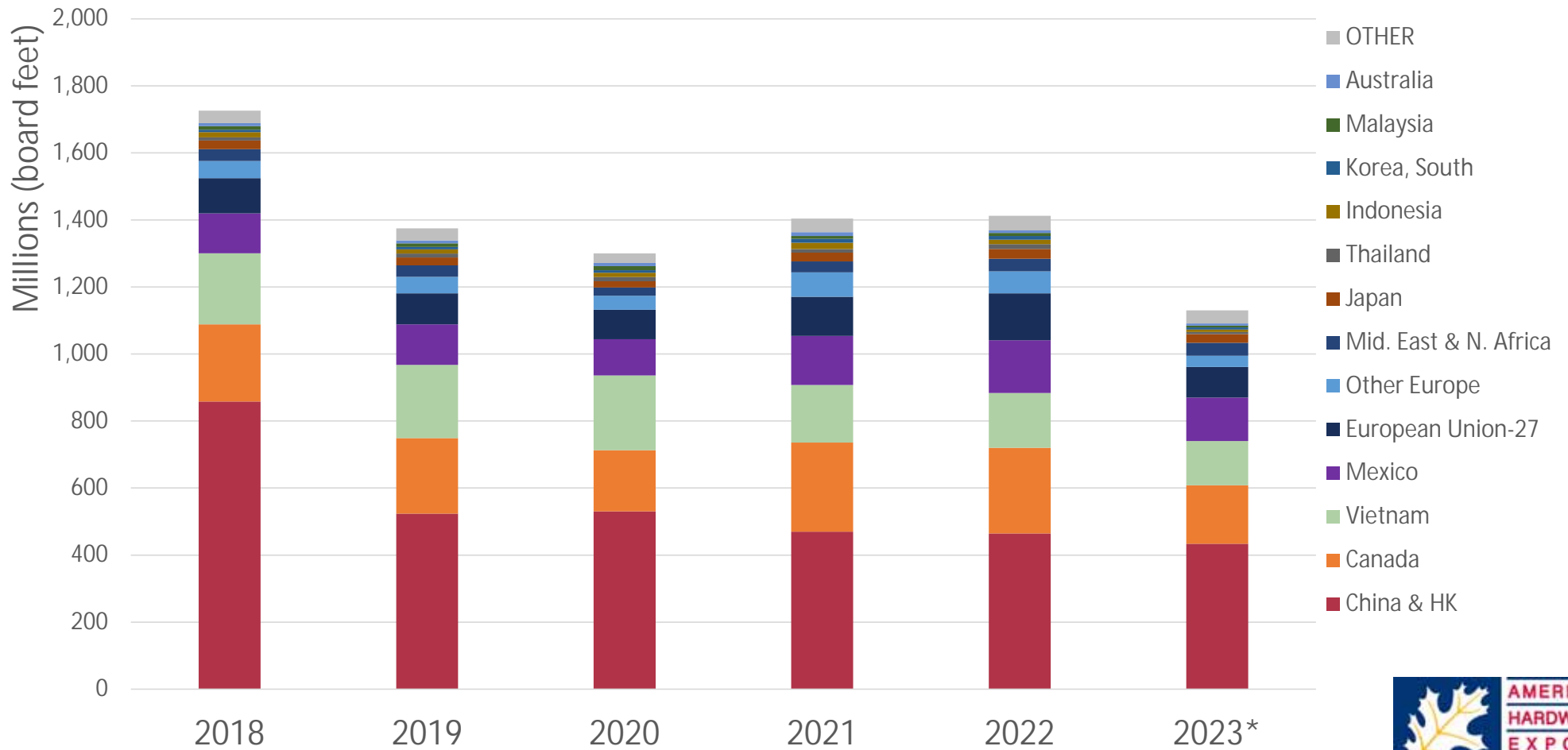
*This compares to 7.38 BBF at the midpoint of last year.*

*The difference is a drop of 1.73 BBF or minus 23.4%.”*

*-Hardwood Market Report, August 2023*



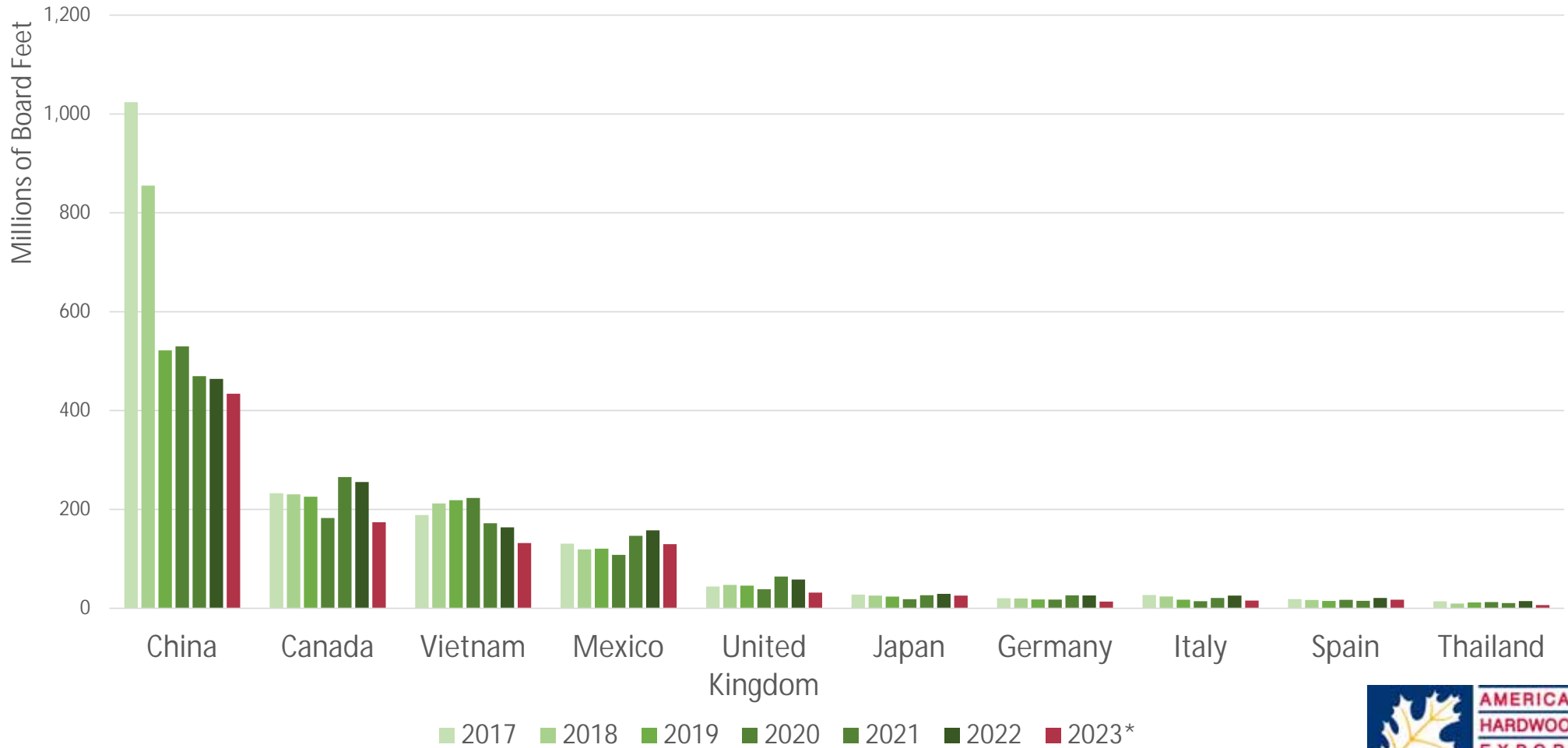
# US Lumber Exports (Board Feet)



Source: USDA GATS, 2023 number annualized based on May data



## Top 10 Markets for US Lumber Exports

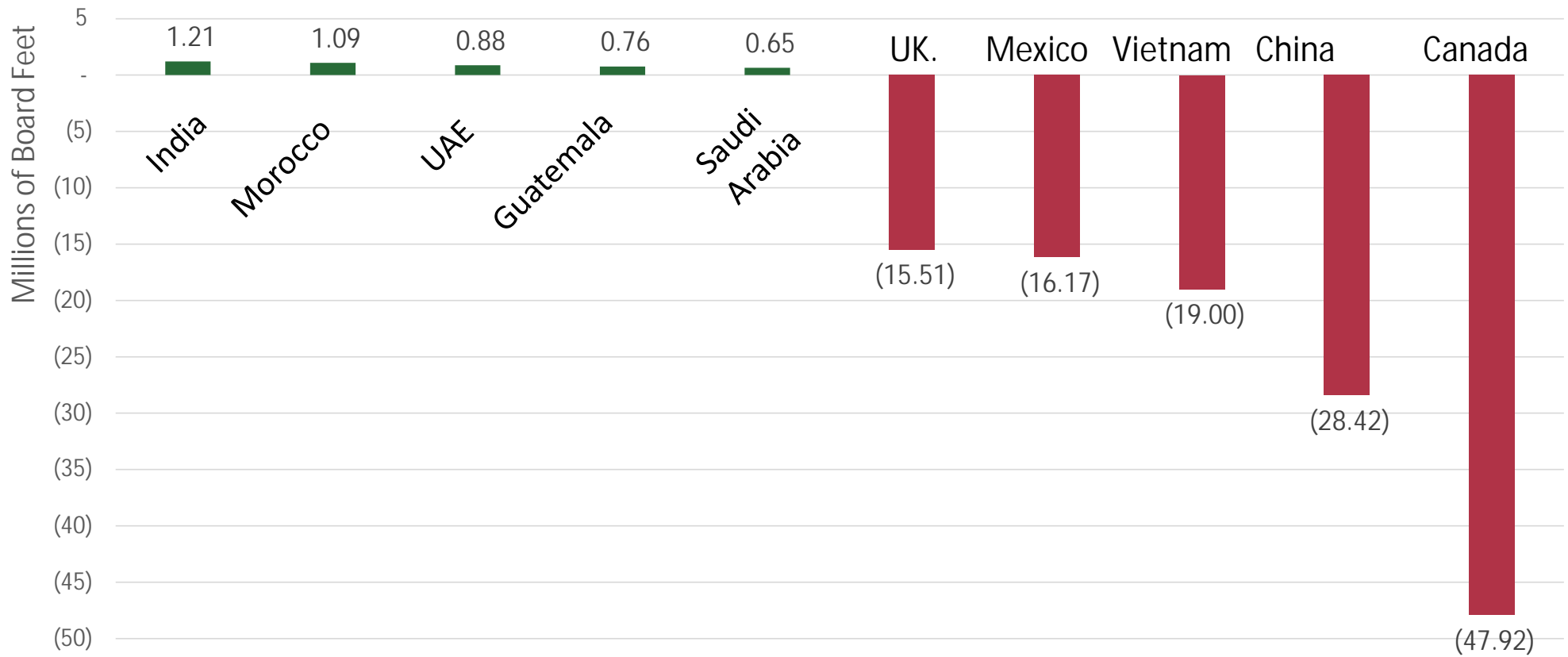


Source: USDA GATS, 2023 number annualized based on May data





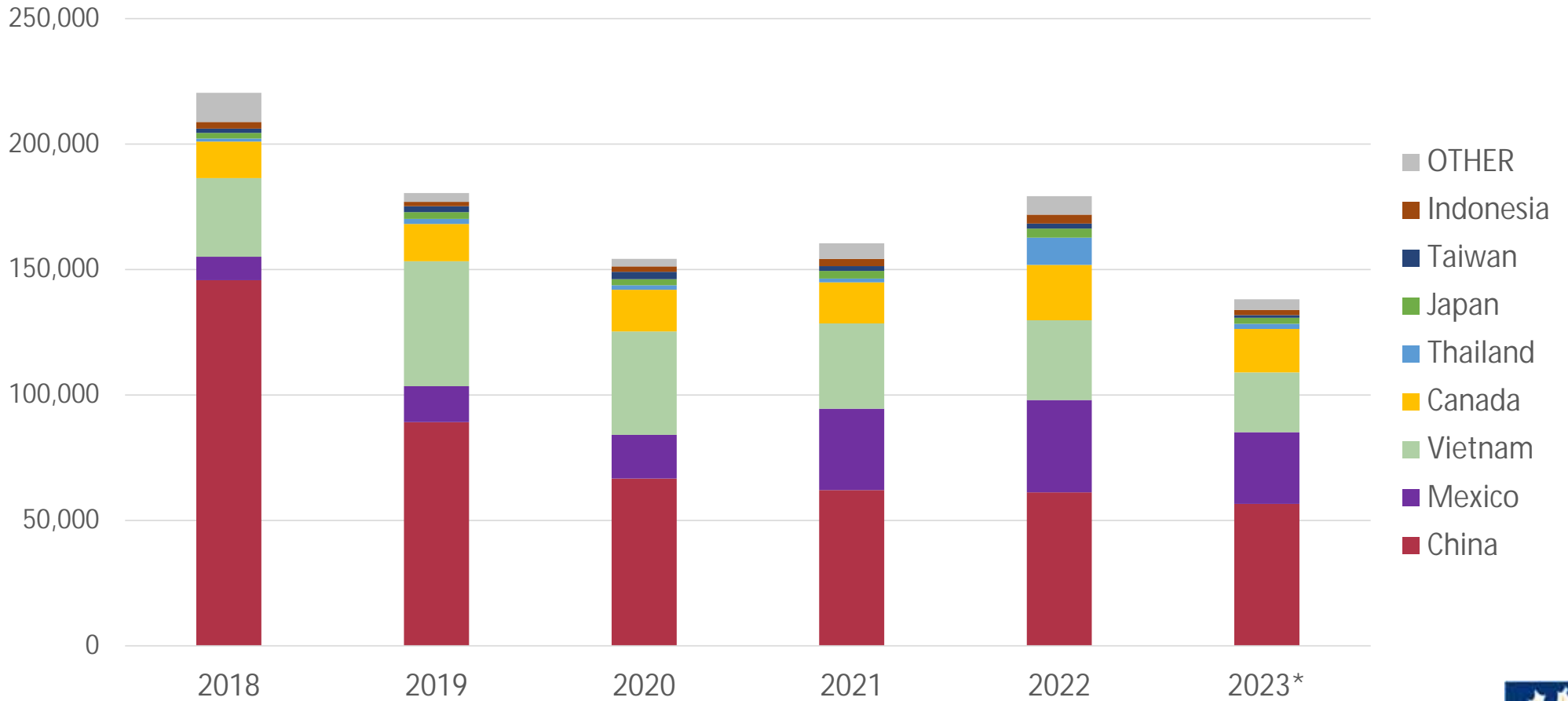
## Jan-June YOY Volume Change in 2023



Source: USDA GATS



# Alder Exports (m3)



Source: USDA GATS, 2023 from annualized May data

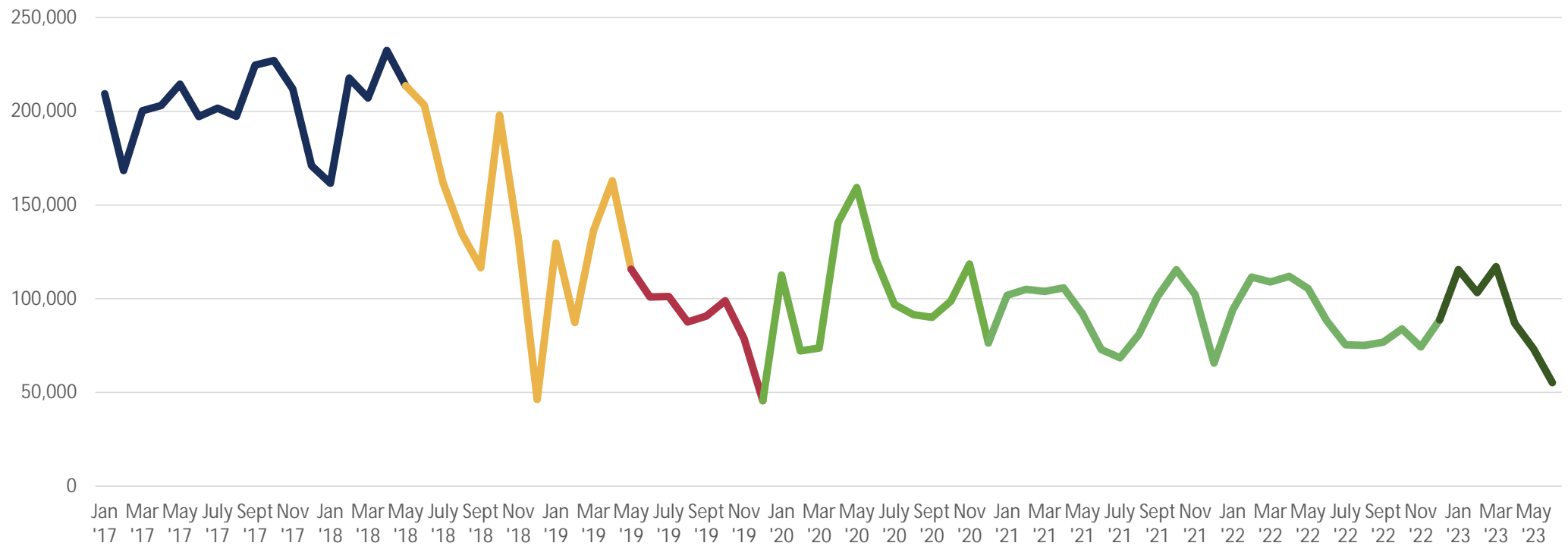


# What is going on in China?



# No Tariffs, No Lockdowns, Still a Problem

Monthly US HDWD Lumber Exports to China (m3)

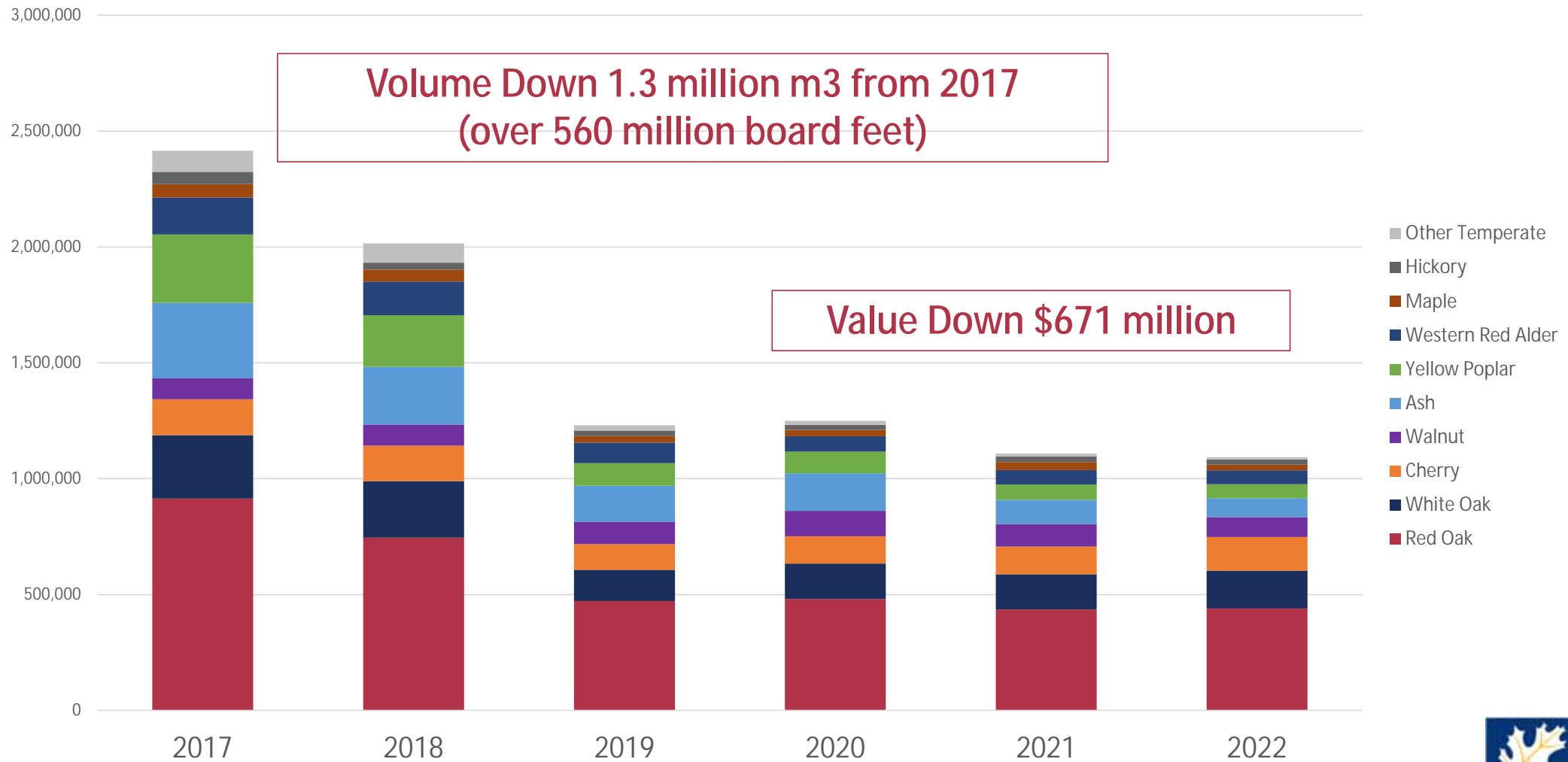


Blue – Before Tariffs. Yellow – Initial Tariffs Red- Full Tariffs Green – Tariffs Removed  
 Dark Green Lockdowns Removed

Source: U.S. Census Bureau Trade Data



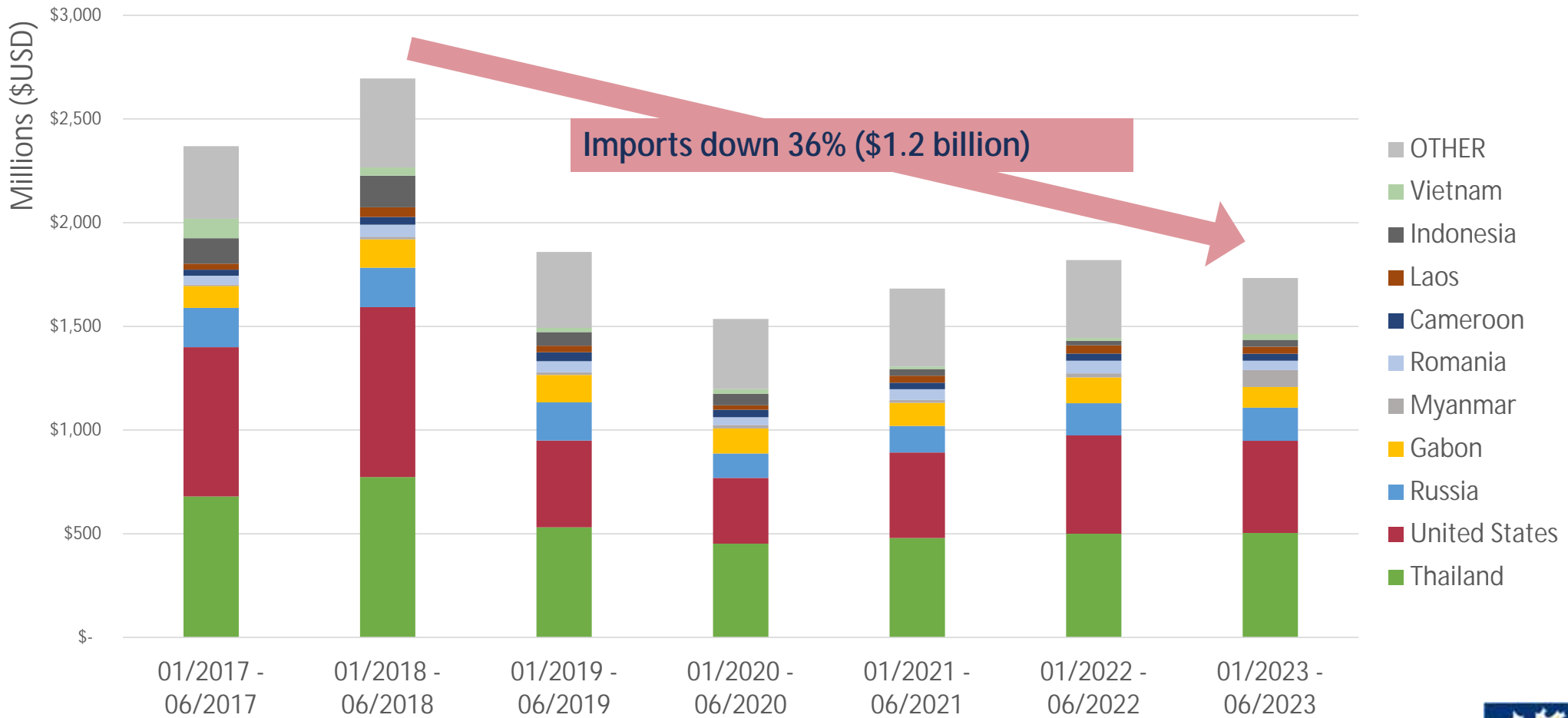
# US Hardwood Lumber to China (m3)



Source: USDA GATS



## China Lumber Imports from All Countries (Jan-June each year)



Source: Global Trade Atlas



# Peak China?

- Consumer spending down – even after lockdowns lifted
- Manufacturing contracted for 4th straight month in July
- Exports down 14.5%, imports down 12.4% through July
- Youth unemployment 21%, shrinking population
- Housing prices continue to decline, home sales down 33%
  
- De-Risking/De-Coupling?

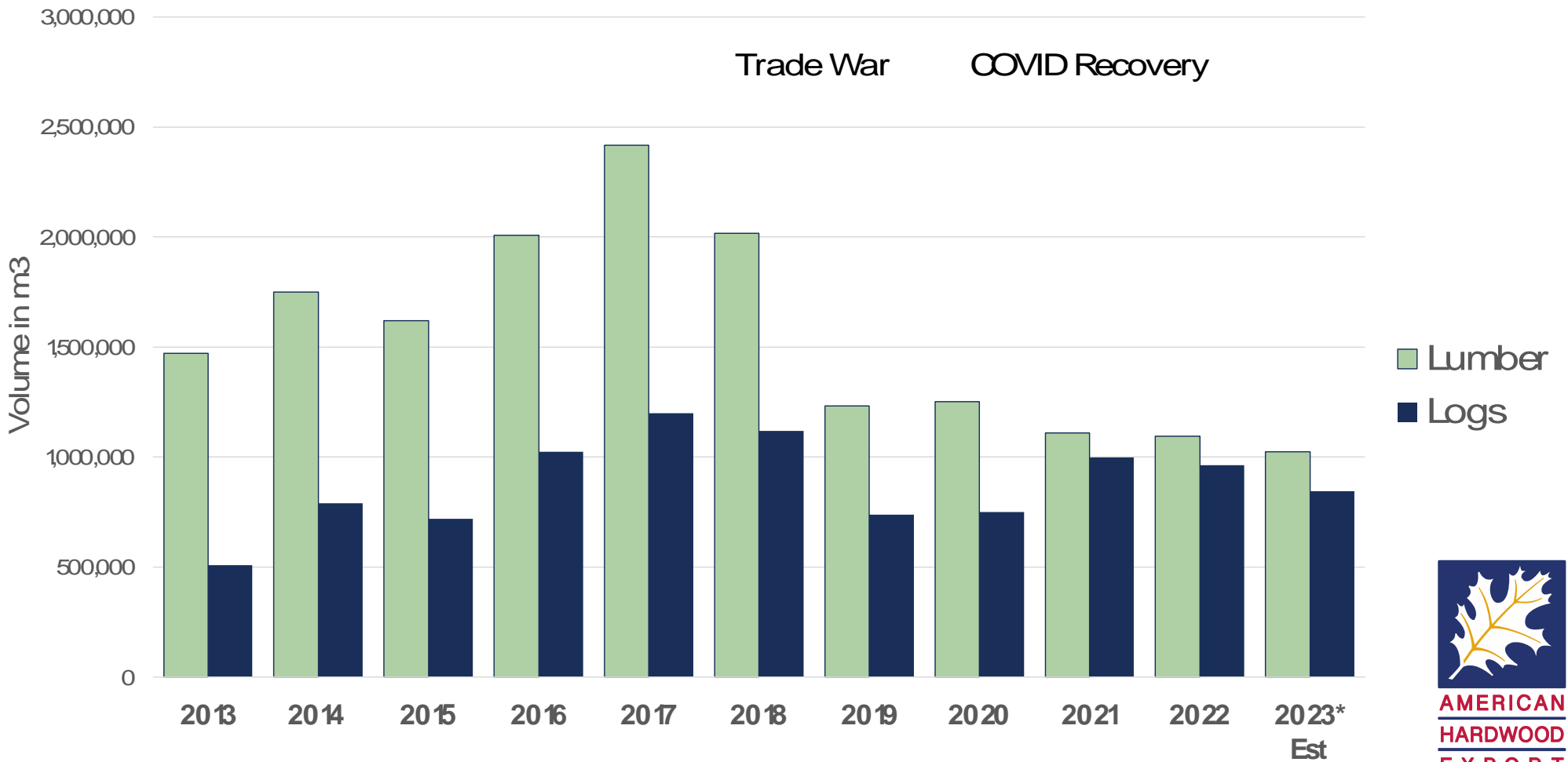


Oxford Economics estimated at the end of 2022 that Chinese housing demand was **8 million** units per year from 2010 through 2019 but would drop to only **4.6 million** per year from next year through 2030.

People have moved to the cities, birth rates are falling, and housing speculation has cooled



# US Hardwood Lumber and Logs to China (m3)



Source: USDA Global Trade Atlas Ag. Export Data

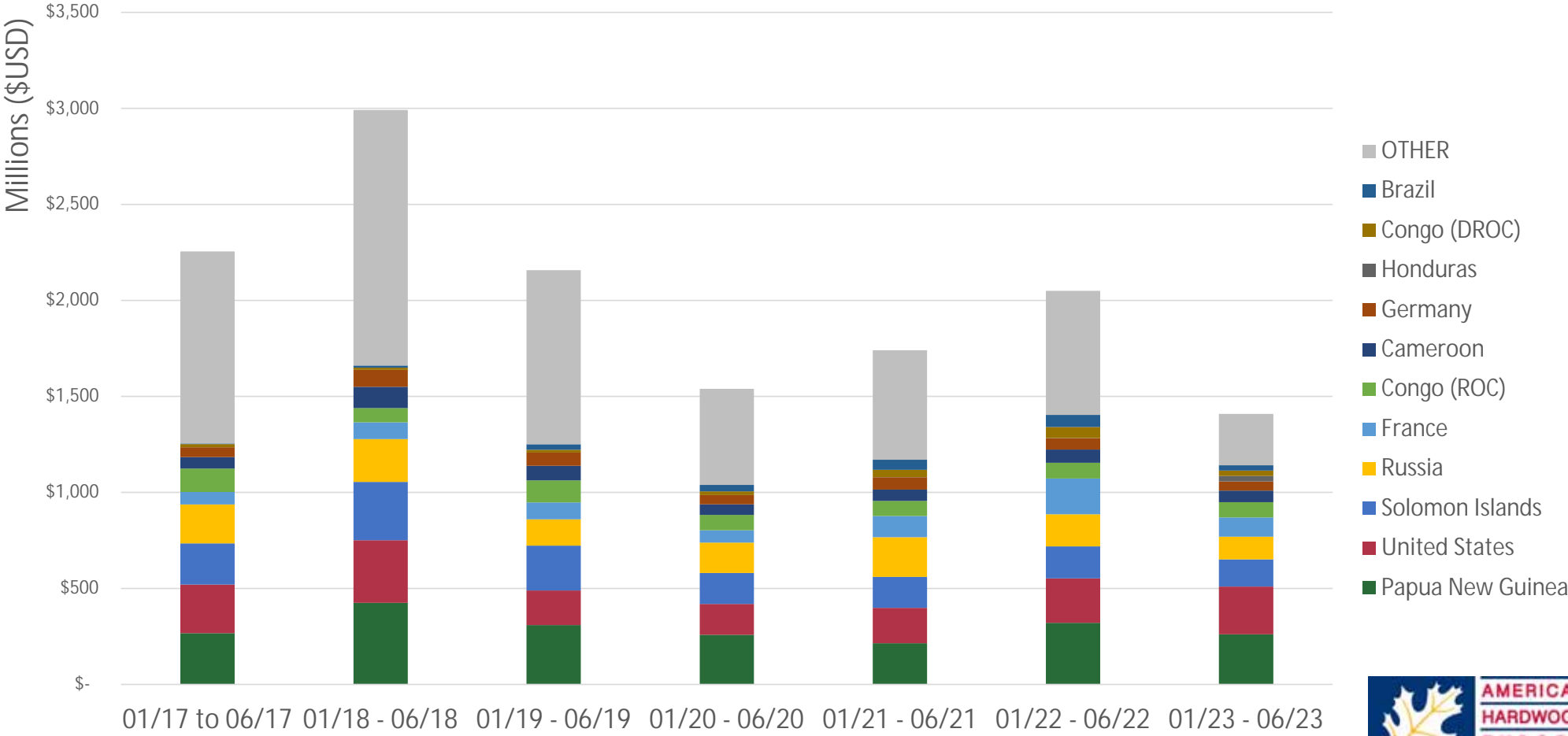


# Logs and Lumber to China

- Easier to hold lumber inventory – logs must be used faster
- Chinese companies prefer to saw their dimensions/grade
- Chinese High-End market prefers US-sawn lumber, but that market segment has slowed down – consumers more price conscious



# China Hardwood Log Imports



Source: Global Trade Atlas



# Current Trends in China

- Small bounce in spring, timing price of market
- Starting to pick back up over last two weeks
- Show seasonal buying
- US Sawmills willing to keep supply low at current price

A banner for the AHEC 26th Southeast Asia & Greater China Convention. The background features a night view of a traditional Chinese building with lit-up roofs and modern city buildings. On the right, a circular inset shows a giant panda eating bamboo. The text is overlaid on the left side.

# AHEC 26<sup>TH</sup> SOUTHEAST ASIA & GREATER CHINA CONVENTION

**SEPTEMBER 8, 2023 (FRIDAY)**

**JW MARRIOTT HOTEL CHENGDU, CHINA**

## Re-Engaging with China

- AHEC Conference in Chengdu Sept 8, 2023
- FMC Trade Show, Shanghai Sept 11-15, 2023
- Pavilion at Interzum Guangzhou March 2024

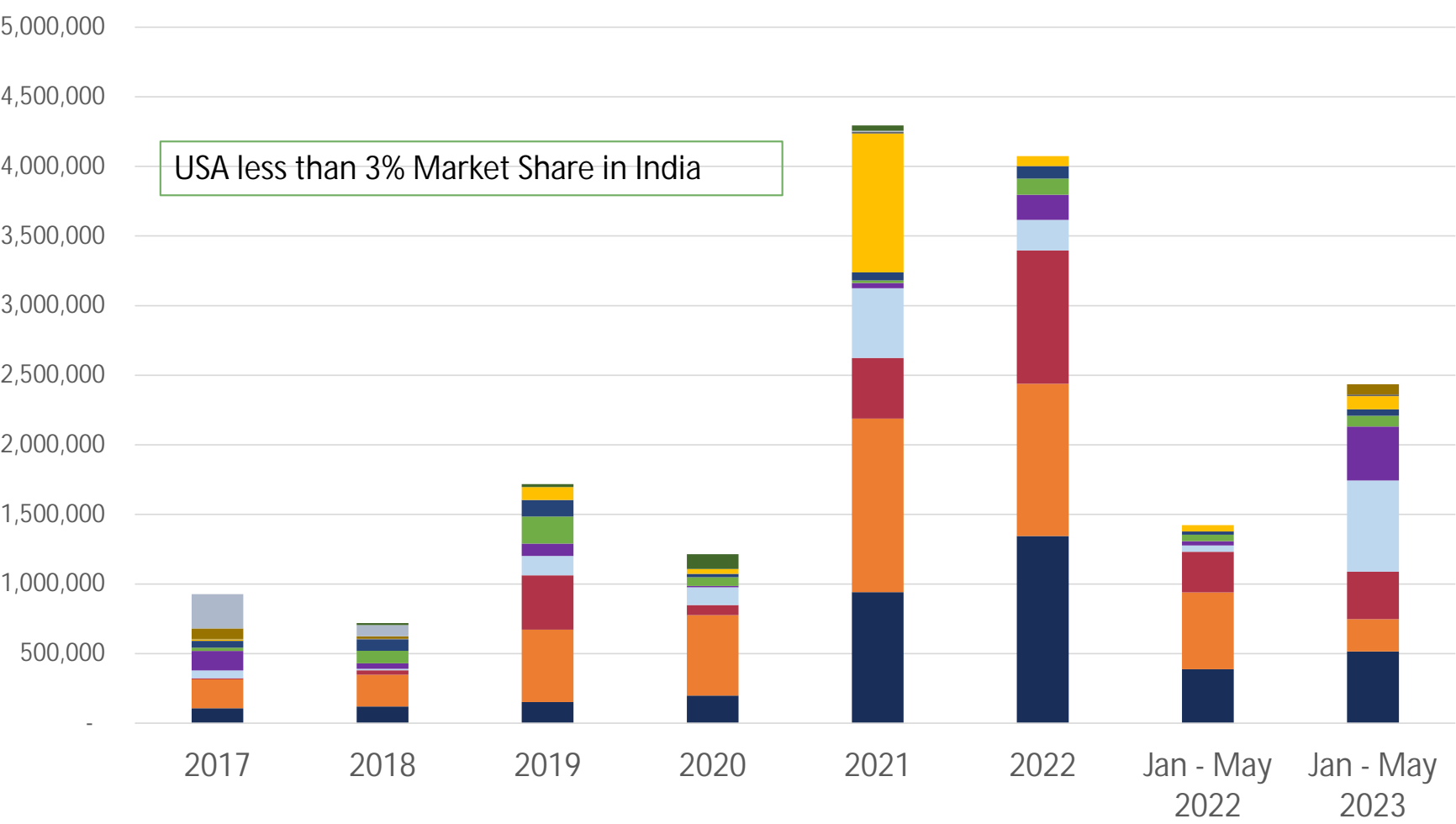
# New Markets



# Lumber to India (Board Feet)

USA less than 3% Market Share in India

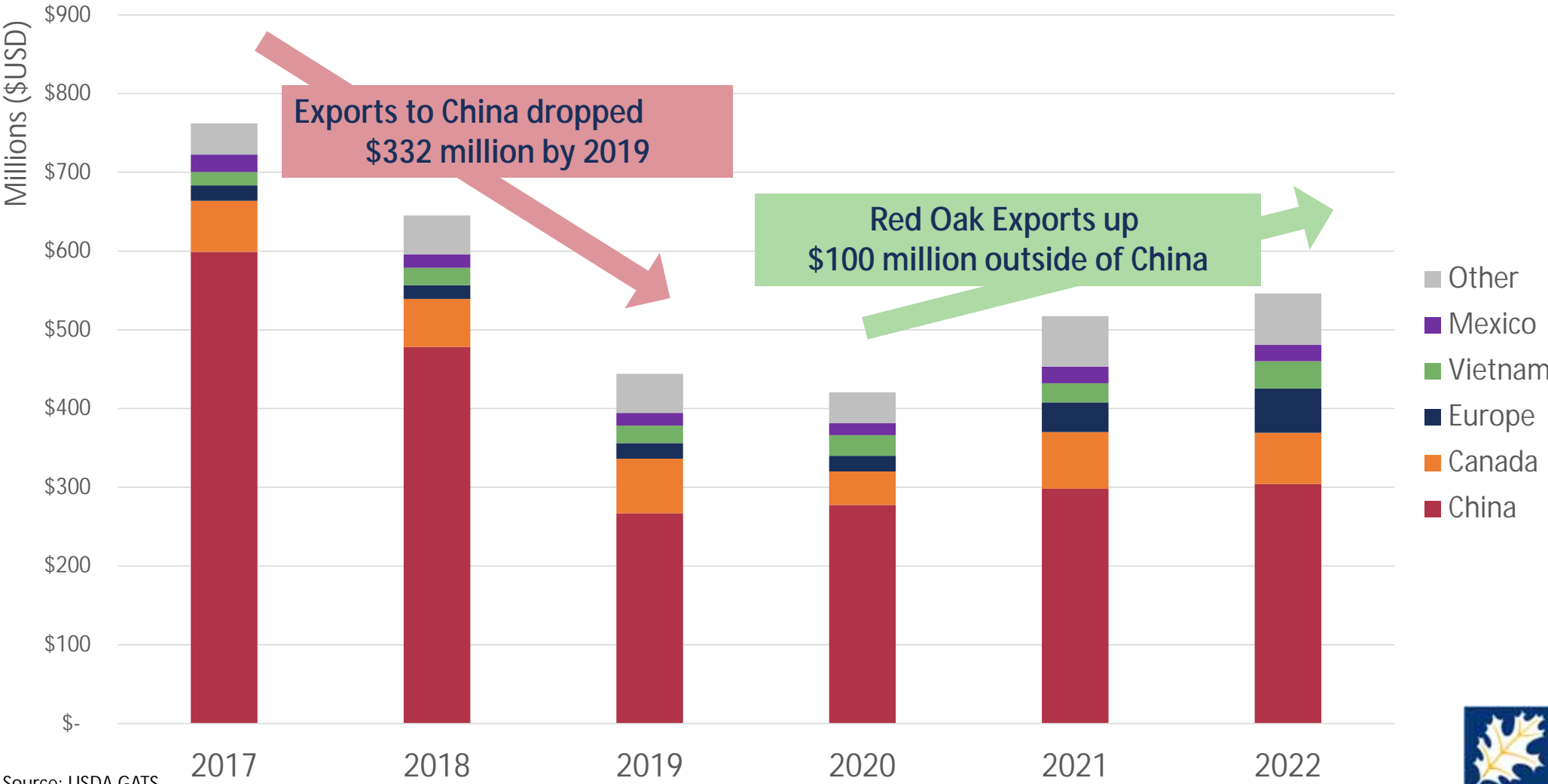
- Tropical
- Birch
- Yellow Poplar
- Cherry
- Western Red Alder
- Walnut
- Other Temperate
- Maple
- Ash
- Red Oak
- Hickory
- White Oak



Source: USDA GATS



# Red Oak Lumber Exports



Source: USDA GATS





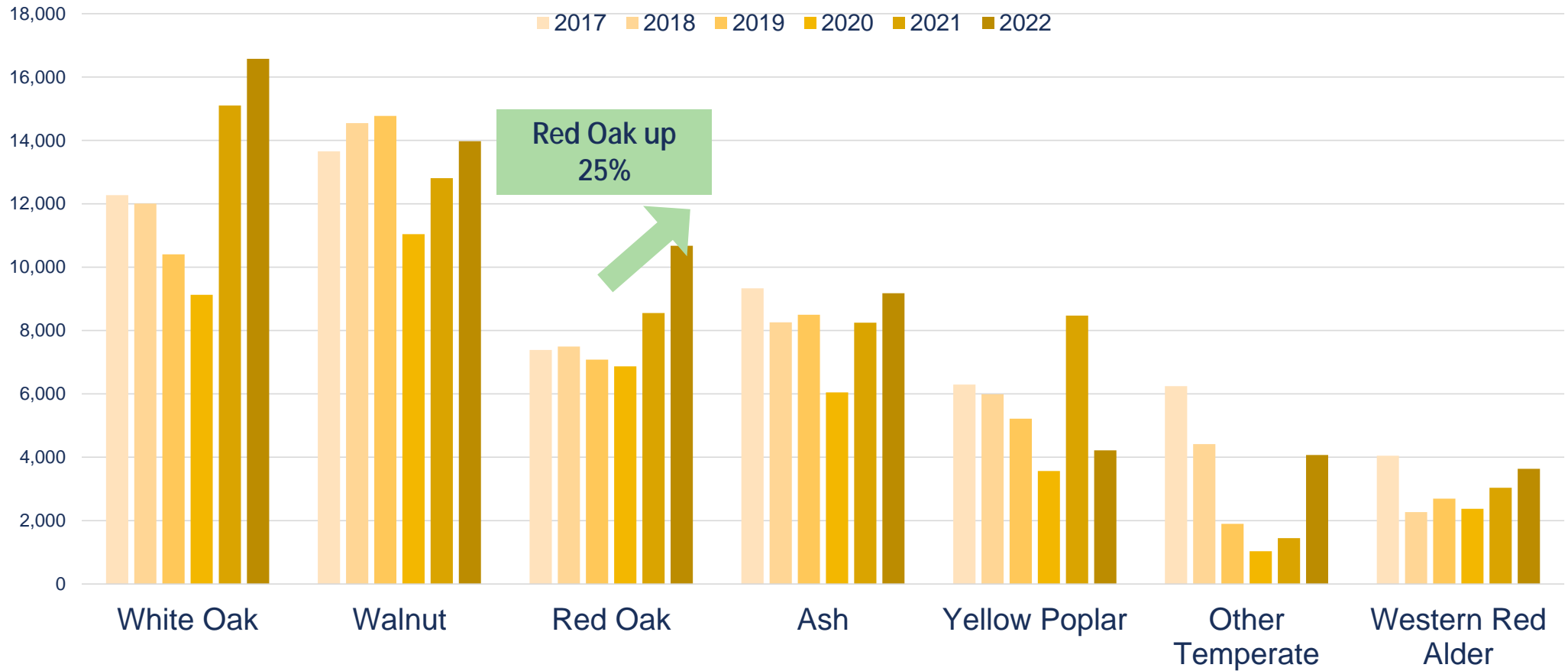
# Japanese Designer Outreach



**Japan Home and  
Building Show**  
Hickory and Red Oak

**IFFT March 2024**  
Donation of Hard Maple  
and Red Alder from  
NWH

# US Lumber to Japan, m3



Source: USDA GATS



# Red Oak Exports to Europe

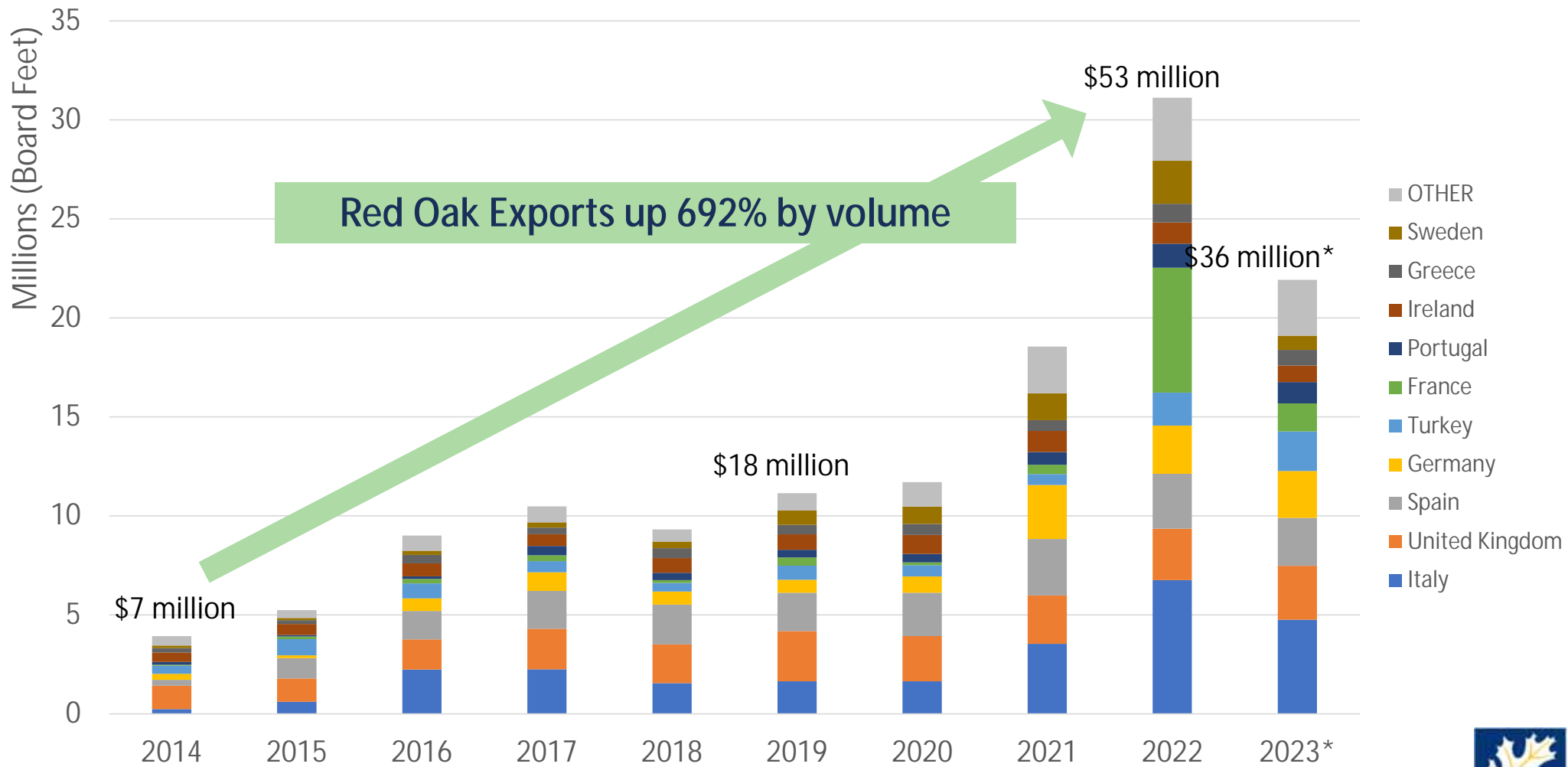
"The Nest" in TMT Red Oak  
by Dallas Pierce Quintero for Sir John Sorrell



The Blushing Bar – Milan Design Week  
*dye-injected red oak*  
Chan + Eayrs, by Sebastian Cox



# Red Oak Lumber to Europe (Board Feet)



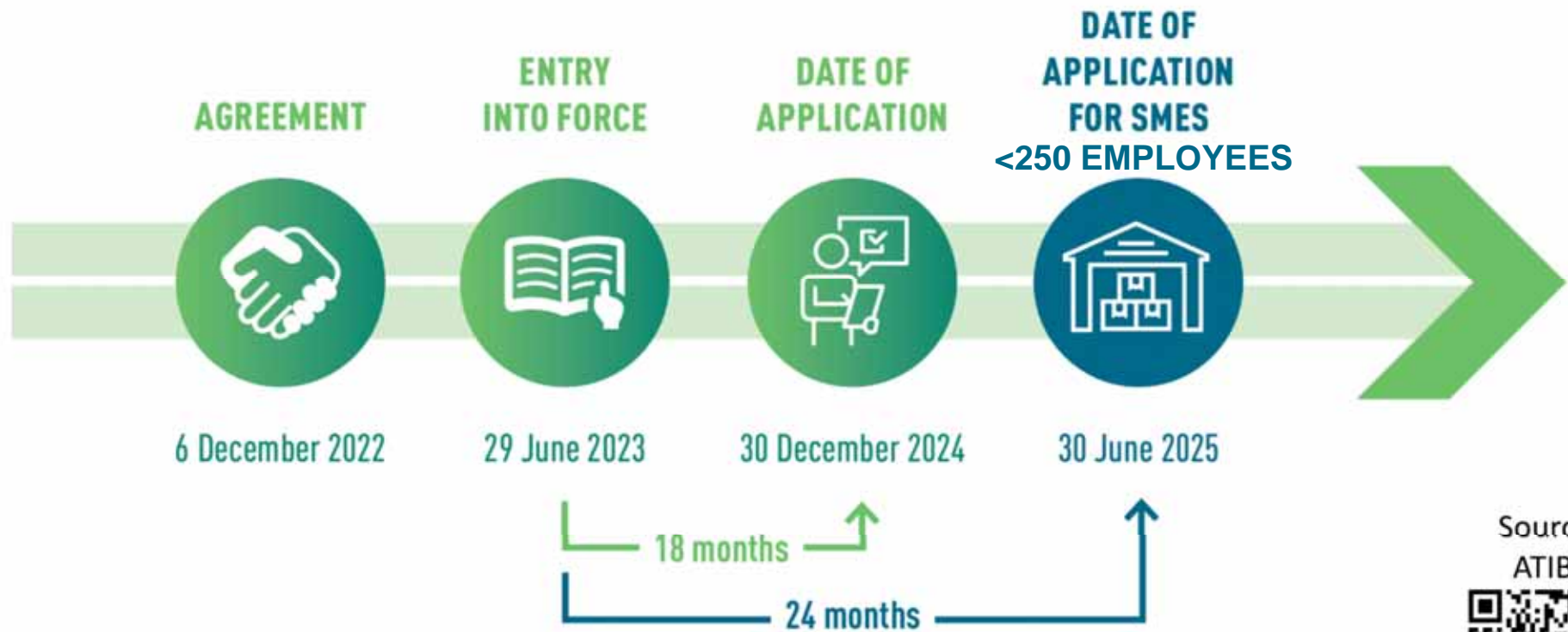
Source: USDA GATS, 2023\* Annualized from June Data



# European Union Deforestation-Free Regulation (EUDR)



# EUDR Timeline



Source:  
ATIBT



	EUTR (Current)	EUDR (New Law)
Products	Timber	Timber, cattle, cocoa, coffee, oil palm, rubber, soya
Prohibitions	Illegally Harvested	Illegally harvested, contrary to social law, deforested, degraded
Traceability	To Country of harvest, beyond that to the extent necessary to demonstrate <u>negligible risk</u>	Geolocation of "plot of land(s)" where harvesting took place with each consignment irrespective of risk





# Definitions of deforestation & forest degradation

**"Deforestation-free" means:**

- (a) that the products are sourced from land that **has not been subject to deforestation after 31 December 2020**, and
- (b) **specifically for timber products**, that the timber was harvested from the forest **without inducing forest degradation after 31 December 2020**.

**"Deforestation" means (from FAO):**

conversion of forest to agricultural use, whether human induced or not.

**"Forest" means:**

land that exceeds 0.5 hectares with trees higher than 5 metres and a canopy cover that exceeds 10%.

**"Forest degradation" means (no internationally agreed definition):**

structural changes to the forest cover, taking the form of a conversion of primary forests or naturally regenerated forests into plantation forests or other wooded lands.

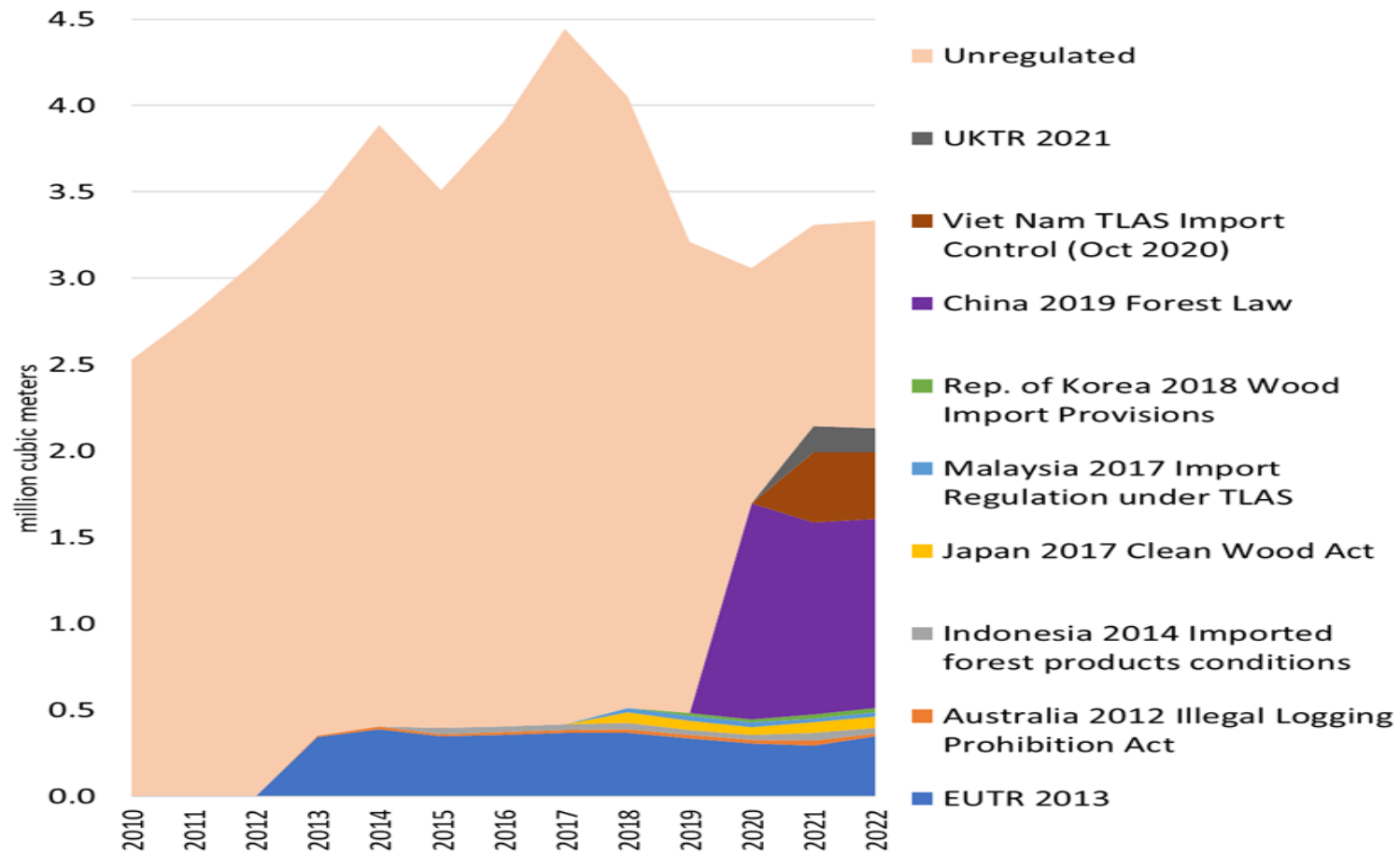
**"Primary forest" means**

naturally regenerated forest of native tree species, without any human activities or ecological disturbances.

**"Naturally regenerated forest" means**

forest predominantly composed of trees established through natural regeneration including (examples given....)

# US Hardwood Lumber Trade to Regulated Countries



# What Does this Mean for the US?

- US widely expected to be classified as “low risk,” but not guaranteed
- Geolocation requirement applies regardless of risk level
- Geolocation will limit direct exports to EU and sales to manufacturers in third countries (China, SE Asia, Turkey, UK) selling into EU
- Will incentivize purchasing from large companies with timber land
- Exporters will have to provide hundreds of geolocations with their exports, and if **one** site is deforested/degraded, the consignment will be confiscated and the exporter prosecuted

# AHEC Response to EUDR

- Outreach to European Industry
  - Target EUDR Regulators in largest markets
  - Work with trade associations (CEI-Bois, ETTF, etc) to pressure representatives
- Outreach to Environmental Journalists
- Study to assess:
  - Impact/cost to average hardwood producer
  - Technology solutions (like onX mapping)
  - Potential legal action with WTO
- Update American Hardwood Environmental Profile (AHEP)



# What you can do today

- Reach out to your European customers and have them contact their Parliament representative
- Evaluate your supply chains – what level of geolocation data can you provide?
- Watch the AHEC EUDR Webinar for full details
  - Email me: [tpryor@ahec.org](mailto:tpryor@ahec.org) for the link





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EXPORT  
COUNCIL

Thank You

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