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China Takes the Lead as U.S. No. 1 Hardwood Buyer

Report Categories:

Wood Products

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Report Highlights:

As China's middle class continues to expand, China's demand for U.S. hardwood lumber for furniture interior products continues to soar, especially in Northeast China.

China's wood demand is at an all-time-high and China is the world's largest hardwood importer. However, the nature of this demand is changing. A decade ago, most of the timber imported by China was for further processing into furniture for re-export, now most imported hardwood, and an increasing amount of softwood is for furniture production for the domestic market. New demand for wood in interior applications, especially for flooring and doors, is taking off. The domestic market for hardwood lumber is growing as China's newly expanding middle class is looking for quality interiors in their new homes. China's middle- and upper class now outnumbers the residents of the United States. This in turn is leading for more demand for more high-end products, more willingness to purchase based on quality, and more demand for long-term, consistent suppliers.

Chinese home buyers are looking for quality cabinets, flooring, doors, bedroom and living room furniture, fancy molding, and window frames.

China is also the world's number one buyer of U.S. hardwood. Since the middle of 2015, China has imported more U.S. hardwood lumber than the rest of the world, combined. China continues to be the world's largest wood furniture exporter. This trend is expected to continue well into the future. To take advantage of strong worldwide demand and increase local income, more wood manufacturing businesses are being established and smaller ones are being consolidated.

This is particularly true for the three provinces of Northeastern China, Heilongjiang, Jilin and Liaoning. Northeast China used to be a major source of China's domestic timber, especially spruce, pine, and fir and to a lesser degree, poplar and ash. However, in 2016 China banned logging in domestic forests which put a lot of the region's mills out of business. With a skilled labor force, relatively low wages, and ample supply of milling equipment, companies in the Northeast are retooling themselves to create jobs and take advantage of the housing market.

Like cities throughout all of China, northeastern China's cities of Changchun, Dalian, Daqing, Harbin, Jilin City, Qiqihaer and many others are homes to hundreds of 40- and 50-story high-rise towers where each flat is individually custom fitted by the owner. Each of these cities are home to over three million residents. Demand for housing products is so strong that the Liaoning Furniture Association is offering two shows this year. The last one was in March of 2018 and the next will be held in Shenyang on August 5-7.

The United States enjoys the enviable position of being the world's largest hardwood exporter and its reputation of being a sustainable supplier is very attractive to Chinese importers and designers. Product from other regions, such as Southeast Asia or West Africa, is very intermittent. The species profile of the U.S. hardwood forest is another factor making U.S. wood popular in the China market. Approximately 50% of the U.S. hardwood forest is red and white oak. Red and white oak are favored by Chinese furniture and panel manufacturers because of its sturdiness, consistency and the fact that it can easily be stained to appear like more traditional but more expensive tropical hardwood species or given a lighter color to be more attractive to younger consumers who want a more modern look to their furniture.

Species Profile of U.S. Production

Red Oak:	35%
White Oak:	15%
Tulipwood:	9%
Soft Maple:	6%
Hard Maple:	5%
Other:	30%

Other species includes mainly Black Walnut, Hickory and Ash.

From conversations with several U.S. hardwood lumber importers at the American Hardwood Asia Annual Conference in Xi'an, China, this past July, Post learned that U.S. hardwood lumber prices have been dropping over the last three months as supply has increased. U.S. hardwood lumber broke a record \$1.5 billion and 2.4 million cubic meters in 2017.

United States Hardwood Lumber Exports to China

	2013	2014	2015	2016	2017	Jan-May 2017	Jan-May 2018	Change
Value (\$1,000)	812,958	1,095,957	965,110	1,196,207	1,506,441	605,650	670,384	7.2%
Volume (cubic meters)	1,470,431	1,750,303	1,620,408	2,009,220	2,410,711	986,273	1,038,631	5.3%

United States Hardwood Log Exports to China

	2013	2014	2015	2016	2017	Jan-May 2017	Jan-May 2018	Change
Value (\$1,000)	291,185	377,375	334,615	445,102	645,504	264,255	305,245	15.5%
Volume (cubic meters)	601,157	825,329	778,255	1,078,359	1,276,491	504,793	645,160	27.8%

To learn more about China's wood market overall and Northeast China in particular, please see: **Strong Demand and Declining Production Encourage Wood Imports|Wood Products|Beijing|China - Peoples Republic of|11/14/2017**

China's wood products imports are forecast to continue increasing in 2017 as a result of strong domestic demand and a decline in domestic production. Starting in early 2016, China banned commercial logging in natural forests to allow forests to recover from decades of over-logging and to help restore forest ecosystems. This ban is estimated to reduce China's wood production by about 50 million m3. In the next three to five years China will need to import more timber to compensate for the reduc...

[Strong Demand and Declining Production Encourage Wood Imports Beijing China - Peoples Republic of 11-6-2017](#)

U.S. Wood Hot Amongst Northeastern Chinese Wood Importers |CSSF Activity Evaluation CSSF Activity Report Wood Products|Shenyang ATO|China - Peoples Republic of|4/24/2018

In the second of its ongoing "Friends of the ATO" series of seminars, ATO staff hosted business leaders from throughout Northeast China to discuss the U.S.-China wood market outlook at its headquarters on April 12, 2018.

[U.S. Wood Hot Amongst Northeastern Chinese Wood Importers _Shenyang ATO China - Peoples Republic of 4-19-2018](#)

Interested in exporting U.S. wood to Northeast China? The Shenyang Agricultural Trade Office will be more than happy to introduce you to buyers tailored to your mill's production profile. Please send all inquiries to Roseanne Freese, ATO Director, Shenyang, at atoshenyang@fas.usda.gov