



Media Release

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Timber industry shows resilience to global financial crisis

Government statistics released yesterday confirm that Australia's forest industries have remained resilient to the effects of the global economic crisis. These results show that the fundamentals of the industry are sound and we should be in a good position to rebuild our domestic and international markets now the effects of the crisis are waning.

Of interest is the housing sector, a major market for structural timber products. Housing starts fell 17 percent to 131,000 in 2008-09 and demand for structural wood products fell accordingly. However, forecasts are that the underlying housing demand is around 190,000 housing starts per year, indicating that we should have growing demand for structural wood products in coming years as housing starts increase to meet this demand.

The other interesting result is for our woodchip export sector. Allan Hansard, NAFI CEO says "our export woodchip sector generates valuable export revenue to help offset our \$2 billion trade deficit in forest products." Soft demand in our key woodchip markets resulted in the volume of exports falling by 15 percent in 2008-09.

However, the value of woodchip exports only fell by 7 percent. This is due to the price for our woodchips actually remaining relatively stable over 2008-09, with some contract prices actually increasing, and reflects the high regard our trade partners have for the quality of our product.

In contrast to the recession market trend, imports of Australian woodchips to China increased by 74 per cent. We are seeing this trend for a number of export forest products. With China becoming a major pulp and paper producer, their demand for woodchips is expected to remain strong and as we have seen for other Australian exports such as iron ore, minerals and agricultural products, China has an insatiable appetite.

"Australia is in an excellent position to meet China's strong demand for wood products. To meet this demand though, continuing investment in Australia's sustainable native forest and plantation industries is imperative," says Mr Hansard.

Source: ABARE report *Australian Forest and Wood Product Statistics* November 2009
http://www.abareconomics.com/publications_html/afwps/afwps_09/afwps_nov09.pdf

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