Forest Research Group

Forest Research Notes

Volume 7, Number 2

Second Quarter, 2010

Published November, 2010

Why the Focus on the US? -- Update

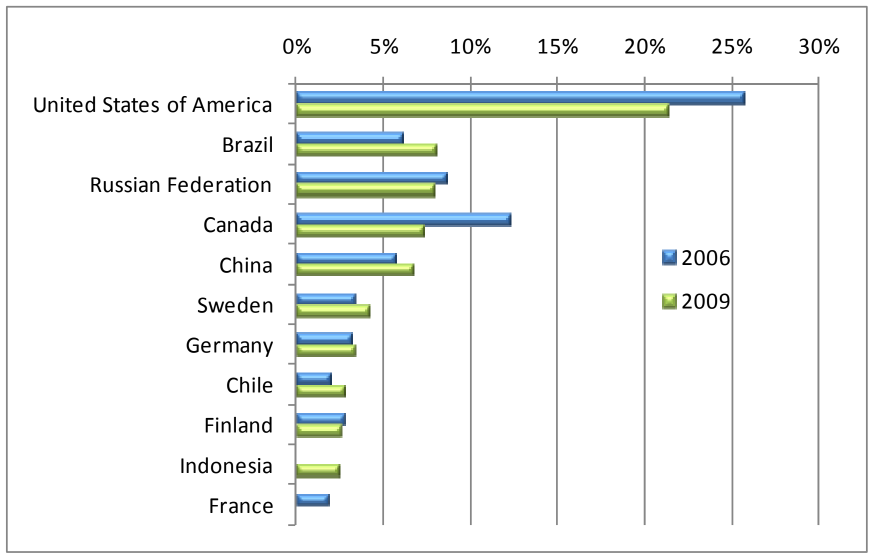
In 2008 we presented some data and explained why the US continued to be a major focus in discussions about timberland investing (Volume 5 Number 1). We have been asked to update that data. Coincidentally, some updated data was just published in October.

The US is still a Leader in Timber Production and Consumption

Figures 1 through 4 show data from the United Nations Food and Agriculture Organization (UN FAO) on production of industrial roundwood (logs), sawnwood (lumber), panels and wood pulp. Each chart shows the top 10 producers of each product for 2006 and 2009. The 2006 data were the latest available when we published Vol 5 No 1 and was also the peak before US housing starts collapsed and the world went through some serious economic turmoil.

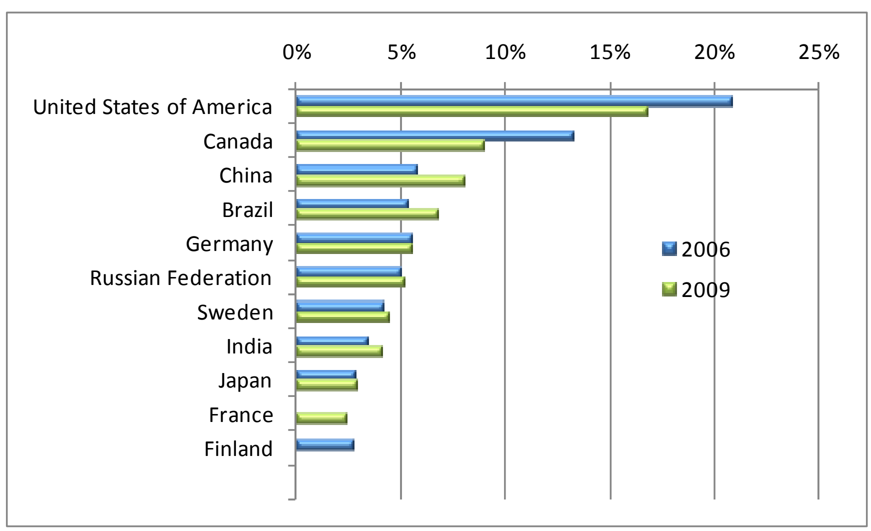
The US and Canadian log production are down 29 percent and 48 percent, respectively from 2006 to 2009. Canada fell from second to fourth place (Figure 1), but the US still produced more than twice as much log volume as second-place Brazil in 2009.

Figure 1. Industrial Roundwood Production, 2006 and 2009



Source: UN FAO FAOStat

Figure 2. Sawnwood Production, 2006 and 2009 (CM)



Source: UN FAO FAOStat

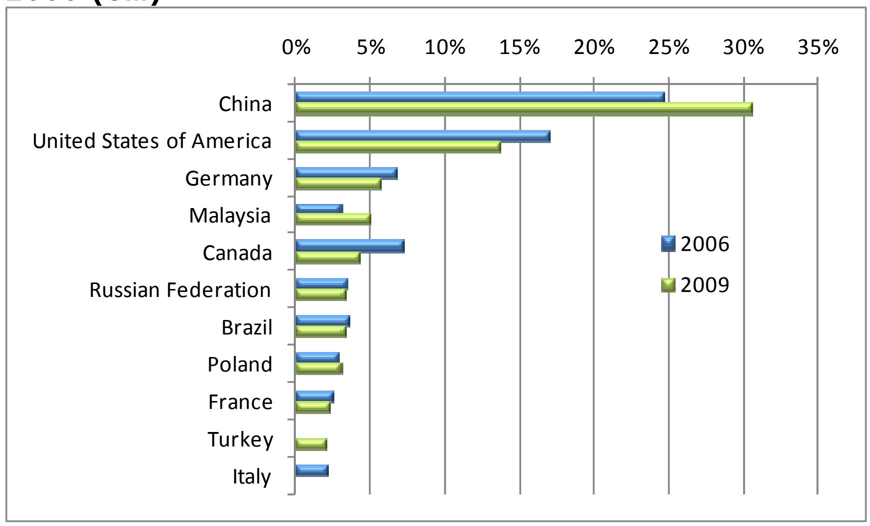
US lumber production was down 33 percent from 2006 levels while Canada's production was down 57 percent.

We discovered an possible error in our 2006 chart in Vol 5 No 1 (or the data was revised since that issue was published): China should have shown up as the third largest producer, just ahead of Germany (Figure 2). The US accounted for almost 17 percent of the world's lumber production in 2009, with Canada running at just over half that amount and third-place China at just under half.

Figure 3 shows wood-based panel production. China's production was up 25 percent between 2006 and 2009, while US production was down 18 percent and Canada dropped from third place to fifth as production declined 41%

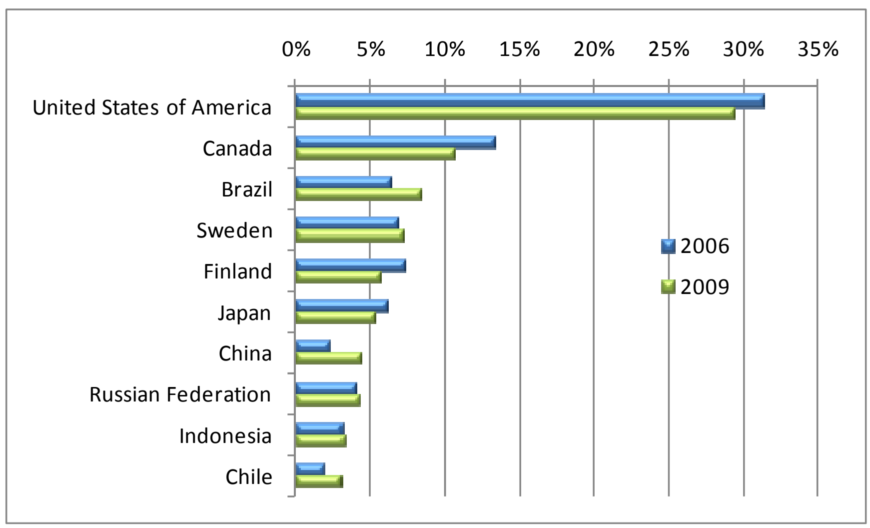
Finally, the US is still the world's largest wood pulp producer by far (Figure 4).

Figure 3. Wood-Based Panels Production, 2006 and 2009 (CM)



Source: UN FAO FAOStat

Figure 4. Wood Pulp Production, 2006 and 2009 (MT)



Source: UN FAO FAOStat

The US Has the Largest Private Timberland Base in the World

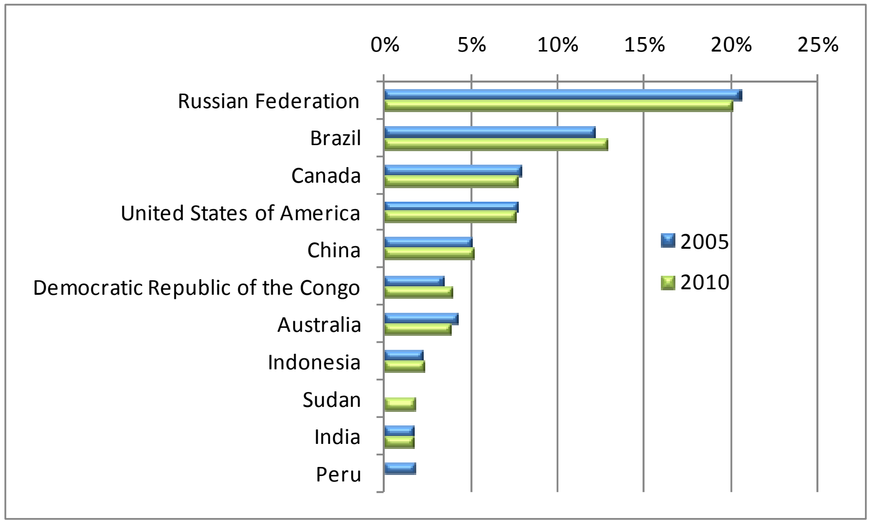
A second reason for a US focus is that, in the early days of institutional timberland investment (the 1980s), investments were focused on US investors buying US timberland. There was (and is) a lot of timberland in the US and much of that is privately owned.

While the US ranks only fourth in total forestland area (Figure 5), it has the largest reported area of private timberland (Figure 6).

A big change this time is that private ownership data were presented China. Colombia and Brazil. All three of these countries now appear in the top ten and this resulted in a major shifting of top ten countries (Figure 6).

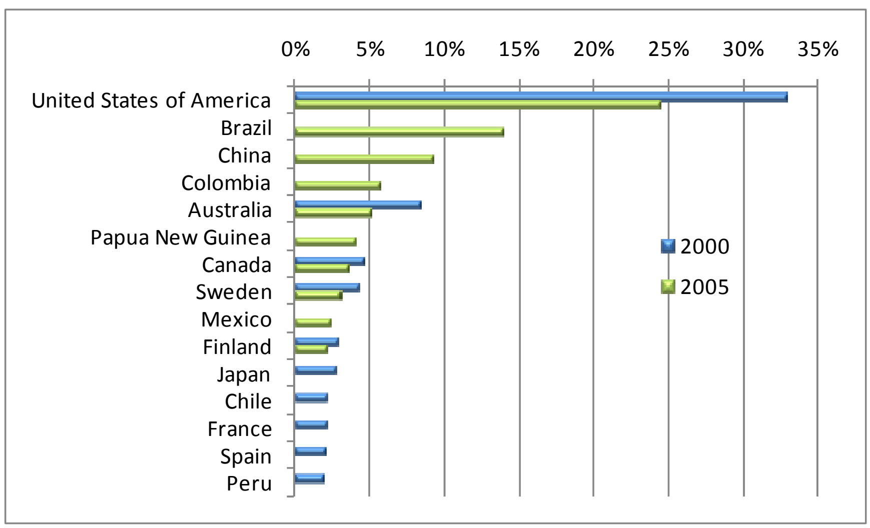
The addition of these three countries (and Papua New Guinea) are the reason the US share of world private forests declined—the reported area of private forest ownership in the US did not change.

Figure 5. Total Forestland, 2005 and 2010



Source: UN FAO, 2005 and 2010

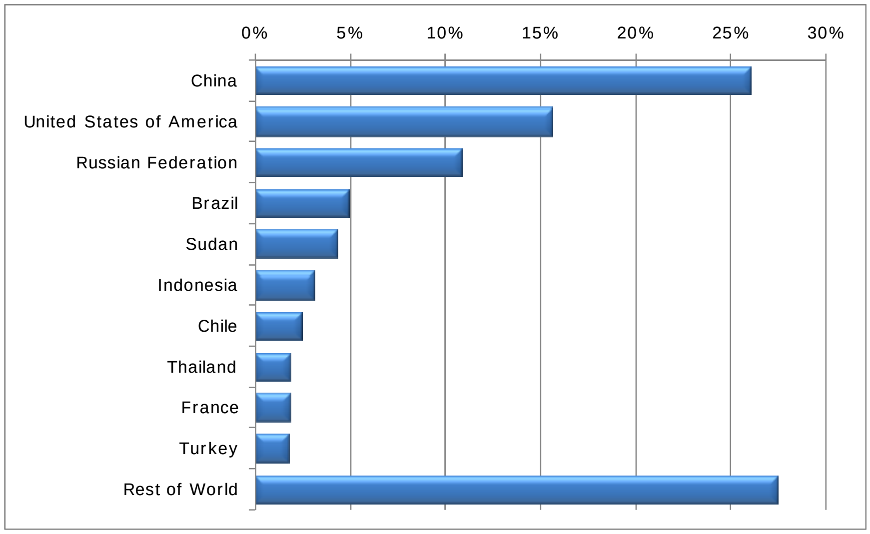
Figure 6. Private Forestland, 2000 and 2005



Source: UN FAO, 2005 and 2010

We are unable to provide an update of Figure 7. The data we showed in Vol 5 No 1 were for something the FAO called production plantations. The data reported in 2010 is for total plantation area, which includes protection and conservation plantations—the production plantation area is not reported separately.

Figure 7. Plantation Forestland (2005)



Source: UN FAO, 2005

Summary

The collapse in US housing starts had a significant impact on log, lumber and panel production in the US and Canada. The change was big enough that it shifted Canada's position in the top ten producers.

Changes in data availability changed the ranks of private forest area, with Brazil, Colombia, China and Papua New Guinea now appearing in the top ten.

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