

MEGATRENDS AFFECTING THE FOREST PRODUCTS INDUSTRY: PART 2

BY CHARLIE LEVESQUE



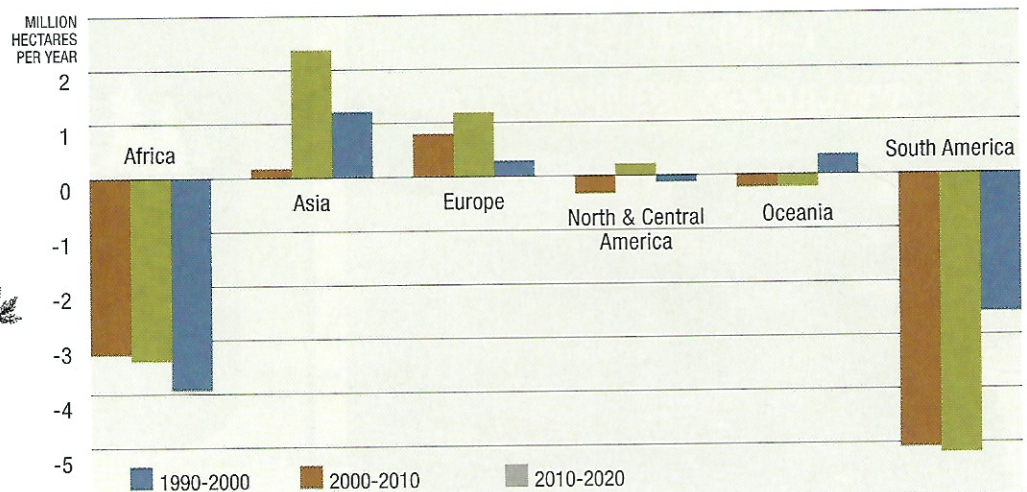
This is the second in a series of three articles for The Northern Logger on industry trends based on a presentation made by the author at the 2021 Loggers Expo in Bangor.

In last month's article, we covered the worldwide megatrends that affect the forest products industry. Those included:

- The US is the **wealthiest country in the world** – still the biggest market for forest products;
- The **fastest growing economies** are in Asia and the Pacific Rim – where there is growing demand for forest products;
- Worldwide our **population is aging**, more so in the US and other developed countries as compared to developing countries – this paints a less than favorable picture for labor in the US;
- Worldwide **populations are urbanizing** – putting more and more people in places that are removed from where the forest products industry is generally located;
- There has been an unprecedented **rise in technology** in the world with smartphones everywhere that are more powerful than the fastest computers of the 1980s and 7 connected computers for every person on the planet. Is the forest products industry taking advantage of this tech?
- World **population growth is increasing rapidly**. There are 7.8 billion people in the world today and there will be 8.3 billion by 2030 or so. This increasing population will need increasing amounts of housing, energy, food and water – an opportunity for the forest products industry.

Next, we will look at worldwide trends in the forest products industry. The forest products industry depends on sustainable forest practices on a stable forest landbase. **Figure 1** shows that Africa and South America are losing forestland since 1990

FIGURE 1: Global Forest Area Changes 1990-2020 FAO 2021



while North America and Asia and Europe are gaining acreage overall. This is a good sign and trend although these statistics do not account for the nibbling away at the availability of forests for harvesting due to subdivisions and set-asides by governments and the NGO community. We know this well in the US.

Worldwide consumption of roundwood and fuelwood has increased substantially from 1960 to present (Figure 2). Though not broken out, a substantial part of the roundwood and fuelwood volume – over 30% - is for cooking and heating in developing countries. While we use a substantial amount of timber in the US for fuelwood, it pales in comparison with how much people in the developing countries depend on wood as fuel.

Some other major global trends in the forest products industry include:

- OSB and particleboard production is up (especially in Asia and Eastern Europe);
- World mass timber (CLT et al) production has increased and will continue to increase;
- Wood pellet production is up (a lot from the US South for export and elsewhere for both export and domestic use) – Europe and North America are over 90% of world production and consumption of wood pellets;
- World forest products production and consumption have rebounded well after the recession and now pandemic;
- For imports of forest products: China is the number one importer of roundwood, sawnwood, veneer, pulp & paper while the UK is number one in wood pellet imports and Germany number one in paper and paperboard imports;
- For exports of forest products: The US is the top exporter in the world for pellets and recovered paper and in the top 4 in industrial roundwood, sawnwood, veneer, pulp for paper and paper and paperboard. Russia leads in roundwood exports while Canada leads in sawnwood (much of it to the US), Vietnam in veneer, China in wood panels, Brazil in pulp for paper and Germany in paper and paperboard.

The most startling worldwide statistic for forest products is found in Figure 3.

While we might sense it intuitively, the data clearly shows that China and the US dominate the world in forest products consumption in virtually all product categories. Only the UK, Scandinavia, and Germany and Korea really show up ahead of China and the US – and that only for wood pellet consumption. A lot of the wood pellet consumption is for electricity generation, substituting for coal in coal-fired power plants but a lot of the use is also for domestic heating purposes.

Clearly, the takeaway from all of these data is that the US and China dominate all aspects of the forest products economy worldwide. That represents a continued opportunity for growth in the US industry.

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FIGURE 2: Global Roundwood and Fuelwood Production/Consumption 1961-2020 FAO 2021

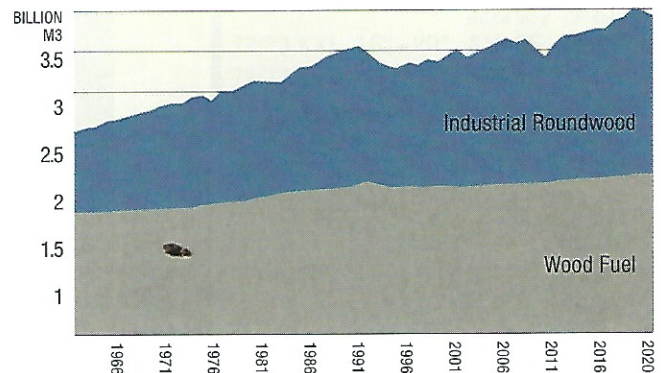


FIGURE 3: World Consumption of Forest Products FAO 2020

