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This market report has two parts. The first looks at log exports from Australia, and the second gives stumpage prices received by Australia's small scale private forest growers.

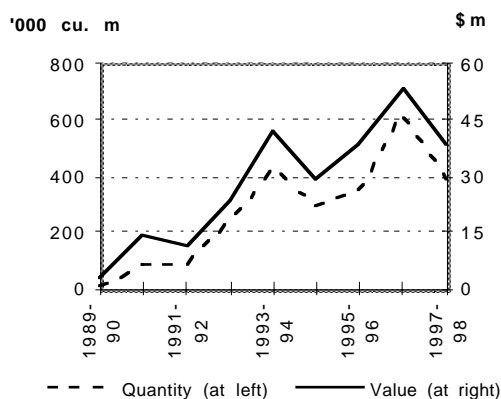
## Log exports

Ability to export logs injects an element of healthy competition in the Australian domestic market; it also helps expansion of Australia's forestry sector. These alone are good enough reasons for taking a closer look at log exports.

In the following discussion on log exports, words 'log' and 'logs' refer to 'roundwood'. Roundwood is a category in the international commodity trade classification. It represents sawlogs, veneer logs, fence posts, piling, pitprops and pulpwood; in round or quarter split; treated or untreated with paint and preservatives; with or without bark; and in the rough or roughly squared.

Data from the Australian Bureau of Agricultural and Resource Economics show that log exports from Australia were tiny until recently. But now they are shaping as a major export item (figure A), having grown faster than the exports of forest products as a whole. Log exports peaked in 1996-97, when they were worth \$53 million on a free on board (f.o.b.) basis. The quantity was 615,500 cu. m or 3 per cent of the total log removal.

A: Quantity and value of log exports, Australia

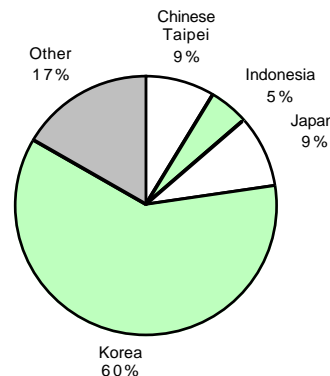


Softwood sawlogs, veneer logs and pulplogs are major export categories. In 1996-97, softwood sawlogs and veneer logs together contributed 65 per cent and pulplogs 17 per cent to the total value of log exports. Their respective contributions to the total quantity were 78 per cent and 19 per cent.

In the same year, ports in Tasmania shipped 36 per cent of the total value of log exports. Shipments from the Victorian and Queensland ports accounted for 33 per cent and 21 per cent, respectively.

Korea is the largest market. Other main markets are Japan, Chinese Taipei (Taiwan) and Indonesia (figure B).

B: Value of Australian log exports, by markets: 1994-95 to 1997-98



Prices of Australian log exports have fallen in the last two years but more so in the latter half of 1997-98. But Australia is not alone in feeling the pinch. Data from the New Zealand Ministry of Agriculture and Forestry show a fall in NZ export log prices as well (table 1). Prices are also down sharply for log exports from South-East Asia. For example, according to the International Tropical Timber Organisation, Sarawak's f.o.b. prices of Meranti 'sawmill quality and up' logs fell to US\$110-120 per cu. m in October 1998 from US\$180-195 per cu. m a year ago.

I: Indicative radiata pine export log prices, f.o.b., New Zealand

Log type	NZ\$/JAS cu. m	
	September quarter	
	1997	1998
Pruned: Japan, Korea	230-235	210-240
Unpruned A grade: Japan	108-128	106-112
Unpruned J grade: Japan	98-112	64-84
Unpruned K grade: Korea	80-99	60-76
Pulp	52-62	44-48

JAS The Japanese Agricultural Standards specification.

Log export volumes and prices can be expected to remain depressed in 1999. It is mainly because of the likely continuation of a general weakness in demand for wood and paper products. The weak demand is a result of economic recession or low growth and the financial crisis dogging Japan, Korea and South-East Asia. The Russian and some Latin American economies are also in strife. The latest projections by the International Monetary Fund paint a picture of a weaker output growth in 1999 for the United States, the European Union, Australia and other industrial economies. Hence the problem of low export volumes and prices can be expected to keep confronting Australian exporters and growers for a while yet.

These rather trying times may not be a bad time to start addressing basic export issues. Some commentators have suggested that Australia could learn from New Zealand on this subject. They point out that New Zealand industry invests heavily to gain a better understanding of overseas markets, and that various sections of the industry and government tend to act in unison and in a sustained manner, to address industry-wide export market issues. The suggestion has merit. It is consistent with some of the key goals of *Plantations for Australia: The 2020 Vision* and deserves serious consideration.

### Stumpage prices

ANU Forestry collected information on stumpage received in recent months by small scale growers. However, as the information was for only a few sales, it is unsuitable for deriving averages, trends and other generalisations. Hence, table 2 presents it in a case study style.

Market Report 5, issued in September 1998, described the background and method of data collection for the real-world stumpage case studies. Hence those aspects are not

repeated here. But it is worth repeating that while the stumpage information in the table is helpful, it is advisable to treat it with care when using it to assess stumpage for a particular situation. Note that for Victoria's Latrobe Valley, the stumpage column in table 2 gives mill door prices instead of stumpage prices.

**This market report is a trial initiative of ANU Forestry. It follows consultations with Australian Forest Growers and other groups. ANU Forestry acknowledges financial support for the initiative by the RIRDC/ LWRDC/ FWPRDC Joint Venture Agroforestry Program. Comments and suggestions on the initiative and the report are welcome. Please address them to Dr U.N. Bhati, Department of Forestry, The Australian National University, Canberra ACT 0200; alternatively, fax them on (02) 6249 0746 or email un.bhati@anu.edu.au. Previous issues of the market report can be found on the Department's web site: <http://www.anu.edu.au/Forestry/info/marketreport/index.html>.**

### 2: Stumpage case studies

State/ Region	Period	Log type	Stumpage	Comments
	<b>1998</b>			
NSW, South-East	May	Eucalyptus: Sawlogs Pulplogs	\$34/cu. m \$15/cu. m	Private property native forest eucalyptus; good quality sawlogs and high grade pulplogs; total 2,000 cu. m; 300 km to mill
Victoria, South Gippsland	March to May	Pine sawlogs	\$15.92/cu. m	From 28 year old shelter belt; 958 cu. m; logs were processed on farm
Victoria, Latrobe Valley	January to August	Hardwood sawlogs: B grade C grade D grade E grade	At mill door: \$63/cu. m \$59/cu. m \$41/cu. m \$46/t	Private property native forest eucalyptus; mixed species
	January to August	Pine: Preservation	At mill door: \$50-\$53/t	
Victoria, North-East	January to June	Pine sawlogs	Average: \$8/t	Age 18-19; diameter: average 20.3 cm, range 15.2-30.5 cm; 3000 t; 40 km to mill
	January to June	Pine pulplogs	\$2-3/t	Delayed first thinnings, age 18; 5000 t; 90-100 km to mill
Tasmania	August to October	Pine pulplogs	\$2-3/t	Thinnings and windthrown logs; 2,400 t; 80 km to mill
	August to October	Hardwood: Sawlog categories 1 & 2 Pulplogs	\$18-32/cu. m \$9-10/t	Private property native forest logs: 530 cu. m; 50 km to mill 4,000 t; 105 km to mill