This report is intended primarily for small scale tree growers in Australia who are seeking information on pulplog prices.

Pulplog prices received by private growers are shown in the table below, but it is more informative to see them against a background of medium to long term price trends. There are however major gaps in the data. Under the circumstances, trends in prices of export woodchips can provide a good alternative background. This is because, first, competitively determined export woodchip prices are likely to also reflect trends in pulplog prices as woodchips are mainly a slightly processed product of pulplogs. Second, data on prices of export woodchips are readily available.

**Export woodchip prices**

In 1996-97, Australia exported 3.3 million tonnes ‘bone dry’ woodchips. Of the total exports, three quarters were hardwood chips and up to 98 per cent went to Japan — by far the largest importer of woodchips in the world.

Currently, Australia has 25 per cent share of the Japanese import market. Ten years ago the share was 63 per cent and Australia the leading supplier. Now the USA is the leading supplier. Australia also faces competitors such as Chile, South Africa and China in this market and receives competitively determined prices for export woodchips.

The graph shows annual prices of Australian export woodchips for eight years to 1996-97. The prices are f.o.b. (free on board), that is, after woodchips have been loaded on ships in Australia and on per tonne bone dry unit (BDU) basis. (One tonne of pulplogs roughly equals half a tonne of bone dry woodchips.) To make prices comparable across the years, they have been converted to 1996-97 dollar values using the consumer price index. All data are from the Australian Bureau of Statistics.

Main features of the price trends in the graph and their implications for growers are as follows.

- Hardwood chips generally fetched higher prices than softwood chips. Hence, hardwood pulplog growers may also have received higher prices than softwood pulplog producers.

- Hardwood chip prices have a declining trend. The trend has, however, levelled off in the last three years. Consequently, prices received by hardwood pulplog growers may have also fallen initially but are likely to have stabilised recently.

- Softwood chip prices fluctuated widely and fell sharply in 1996-97. It implies that prices for softwood pulplog growers would also have been highly volatile and were very low during the last year.

Recent changes in pulplog prices in Australia are consistent with these inferences.

**Outlook**

Economic situation in Japan and its paper industry (which uses woodchips as raw material) has a big influence on price outlook for Australian woodchip exports. Japan’s average annual economic growth fell below 1 per cent during 1992–1995. The slump in growth and exchange rate movements depressed its paper industry. This, together with the global increase in stocks of pulpwood, contributed to the declining trend in prices of Australian export woodchips.

Japan’s economy is beginning to recover. It had a growth of 3.6 per cent in 1996 and a reversal in exchange rate. These trends are projected to continue in 1997 and 1998. Further, its paper industry is reported to be resuming substantial investment and structural adjustment domestically to improve industry efficiency and competitiveness. If these trends continue, they will have a positive impact on Japan’s demand for and prices of woodchip imports, including on pulplog growers in Australia. However, the global increase in pulpwood stocks continues and there is some uncertainty about the projected strength of Japan’s economic growth to 1998. Hence, short term outlook for export woodchip prices is unclear.
Log prices
The table shows stumpages, that is, the prices a grower receives for the wood in a standing tree. They are the stumpages received by private growers around mid-1997. As the lowest and highest 20 per cent values have been excluded, the table gives only the middle 60 per cent range of stumpages.

The stumpage data were provided by a group of highly knowledgeable and experienced regional cooperators who collected them from private growers. They are the best available data at present. Scope nevertheless exists for an improvement in them and efforts will continue to achieve that outcome.

In the meantime, growers should treat the stumpages in the table as no more than indicative when assessing stumpages for their particular situation. It is worth remembering also that stumpage can vary for several reasons such as the species, quality and quantity of logs, harvesting conditions, distance to mill, contractual arrangements and contestability of market. All these factors can differ between growers, regions and over time.

Main points
- In 1996-97, prices remained flat for hardwood pulplogs and fell sharply for softwood pulplogs.
- Which way the prices will turn in 1997-98 is uncertain.

This market report is a trial initiative of the ANU Department of Forestry. It follows consultations with the Australian Forest Growers and other groups. Continuation of the initiative beyond a trial period of one to two years will depend on support for it. The Department invites comments and suggestions on the initiative and the report. 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.

<table>
<thead>
<tr>
<th>Stumpages</th>
<th>Pulplogs: $ per tonne</th>
<th>Saw and veneer logs: $ per cubic metre</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plantation softwood</td>
<td>Plantation hardwood</td>
</tr>
<tr>
<td>NSW</td>
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<td>15</td>
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</tr>
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