

# WMP Market Insights

## China's Pulp Industry Experienced a Decrease in Wood Chip Imports in 2023

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*The pulp industry in China reduced wood chip imports in 2023 as the domestic paper industry shifted to wood pulp imports.*

China's paper industry relies on domestic and imported pulp and wood chips to meet its fiber needs. The ratio between the two fiber sources is predominantly driven by pulp prices in the international market and the costs of imported hardwood chips to supply the country's pulp mill.

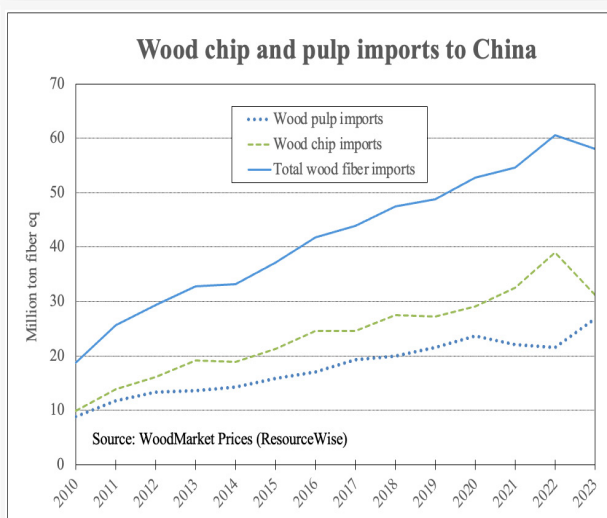
Over the past 15 years, the importation of wood chips has grown faster than that of pulp, accounting for an all-time high of 64% of the total wood fiber imports in 2022 (see chart below and detailed data on the WoodMarket Prices platform).

This ratio was substantially higher than the 56% average for 2010-23. With prices falling more for market pulp than wood chips in 2023, China increased its pulp imports to a record 28 million tons, 24% higher than in 2022.

Since domestic tree plantations are a limited supply source for China's growing domestic pulp industry, many newly built pulp mills rely on 90-100% of imported wood fiber, primarily hardwood chips. In 2023, most imported wood chips were unloaded in the northeastern provinces of Shandong and Jiangsu, where pulp mills in close proximity to ports included APP, APRIL, Oji, Cheming, and Sun Paper.

In 2023, wood chip shipments to China fell 21% from the previous year to the lowest level since 2020. All supplying countries reduced sales, except for Indonesia. Vietnam and Australia remain the major fiber suppliers, accounting for 83% of the total import volume. Over the past five years, the most significant shifts in supply sources have been a decline in hardwood chips from Australia and Chile and increased volumes originating from Vietnam, Thailand, Indonesia, and Malaysia.

The alteration in fiber sourcing has been driven by an increased preference for lower-cost wood chips from



Southeast Asia (low pulp yield) rather than higher-quality hardwood chips from Australia and Latin America (high pulp yield).

The price gap between hardwood chips from Southeast Asia and Australia/Latin America has widened over the past year and was \$64/bdmt in 4Q/23, compared to the 10-year average of \$44/bdmt. The most significant price increases in the past decade have been for wood chips sourced from Malaysia, Brazil, and Australia (in ranking order). In the first half of 2024, wood chip prices are expected to decline because of reduced demand.

*Market Insights is a subscription service available in WoodMarket Prices, a global analytics platform from ResourceWise.*

*[WoodMarket Prices](#) is a unique and valuable tool for every organization that requires updates on the latest developments of global forest products markets.*

*The pricing data service, established in 1988, has subscribers in over 30 countries. WoodMarket Prices tracks prices for sawlog, pulpwood, lumber, and pellets and reports on trade and wood market developments in most key regions worldwide.*

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