



TARIFFS, TRADE WARS AND CORONA-VIRUS: American Hardwoods Exports in the Age of Uncertainty

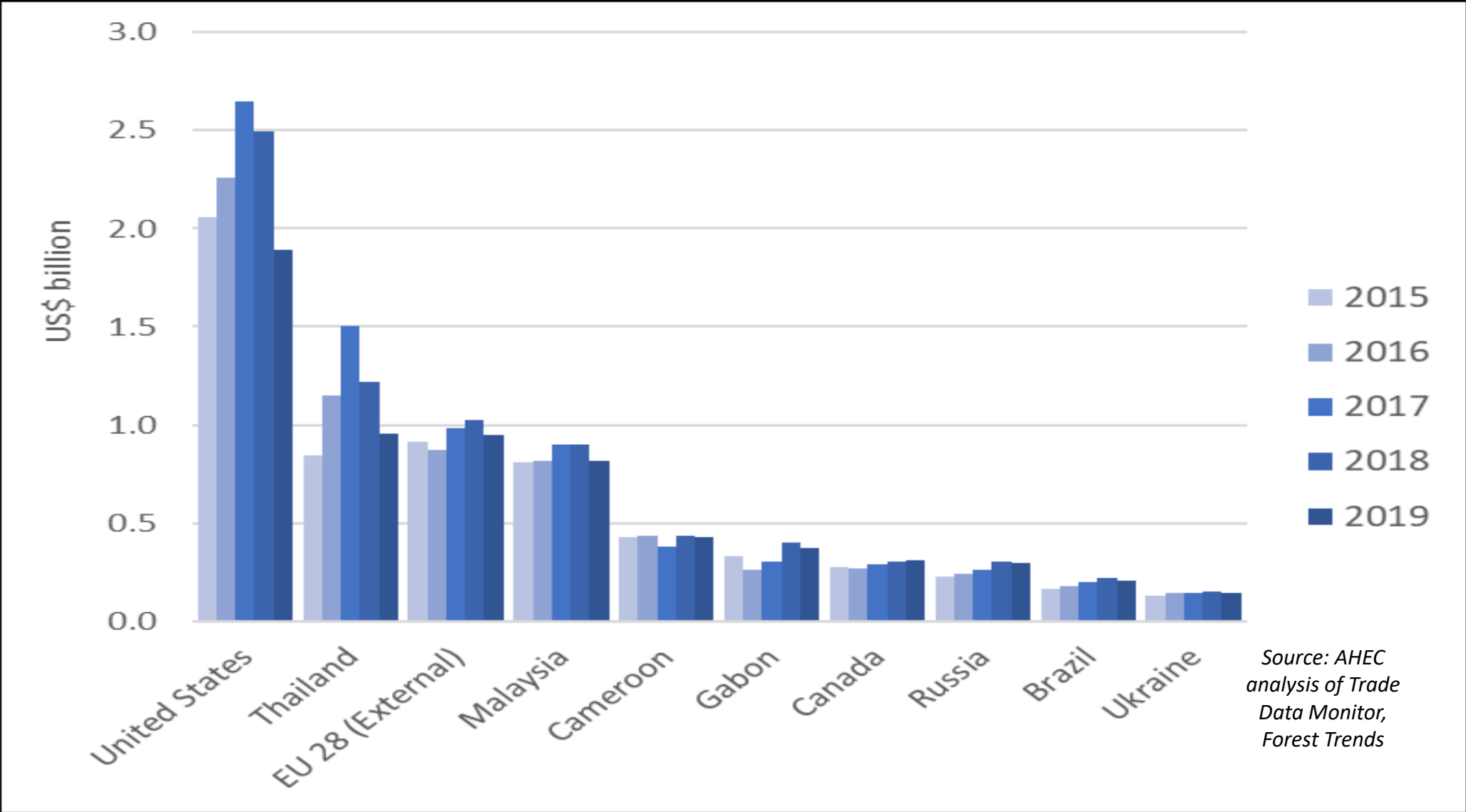
Mike Snow

American Hardwood Export Council

November, 2020

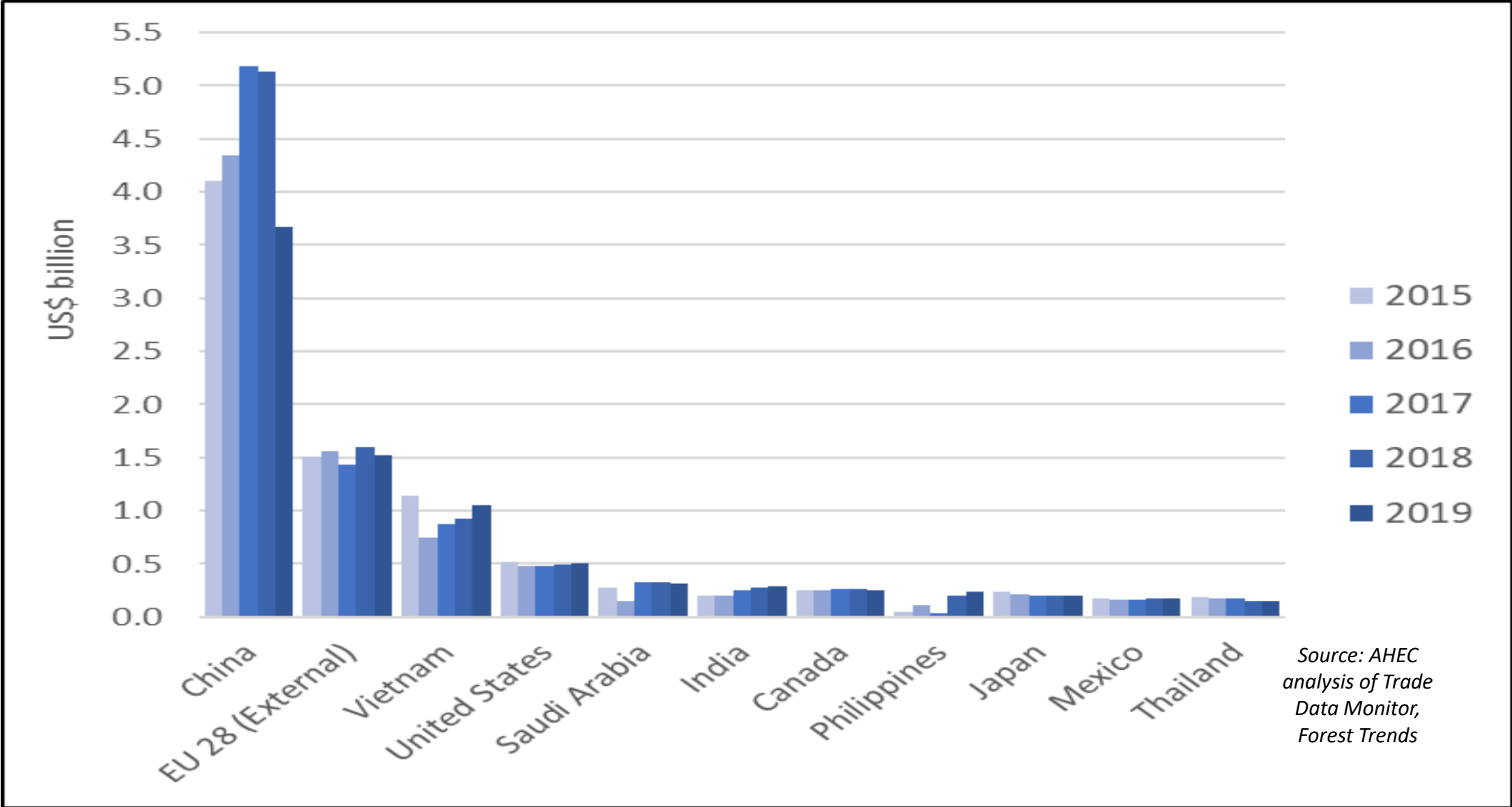
World's 10 Largest Sawn Hardwood Exporters 2015 to 2019

(Exports to World)

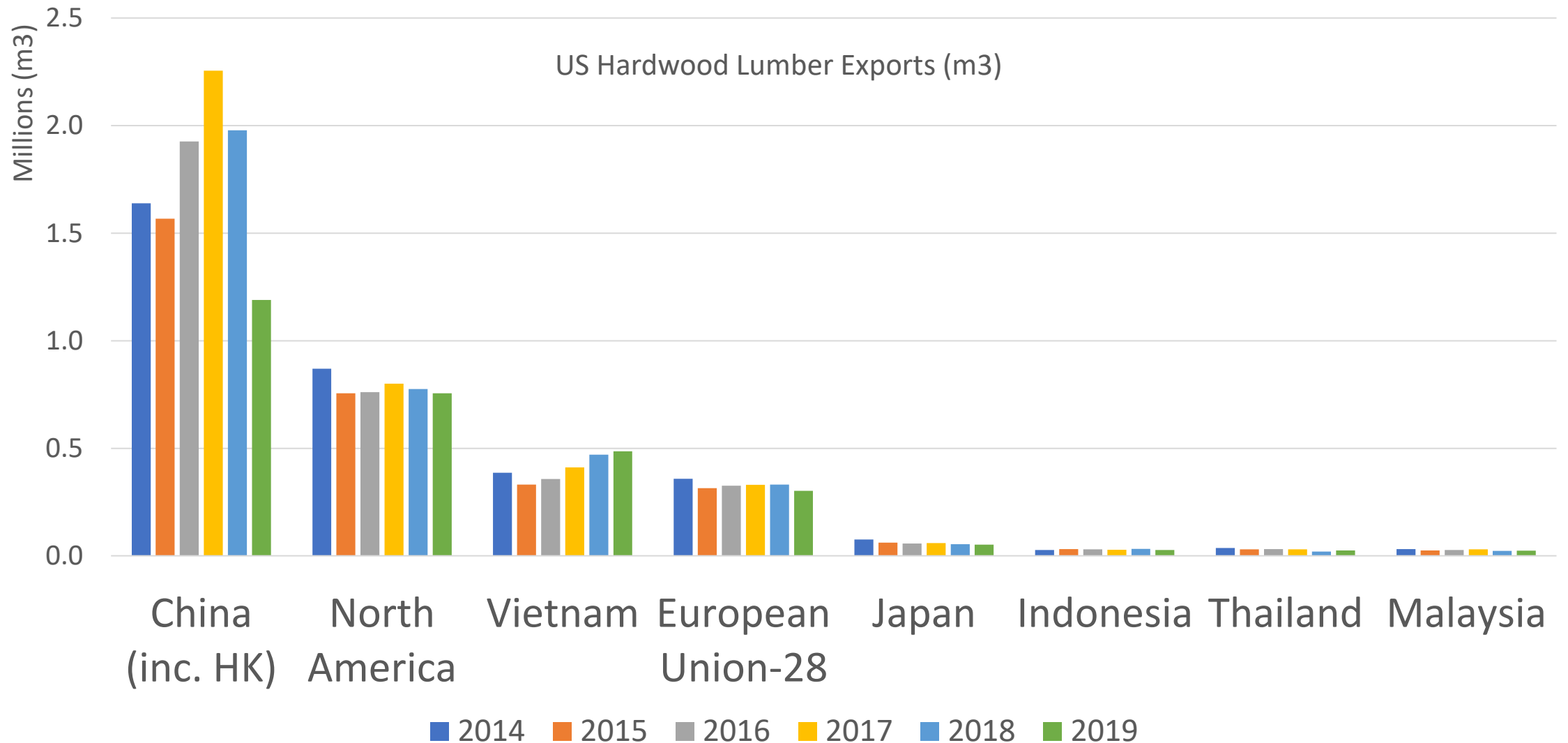


World's 10 Largest Sawn Hardwood Importers 2015 to 2019

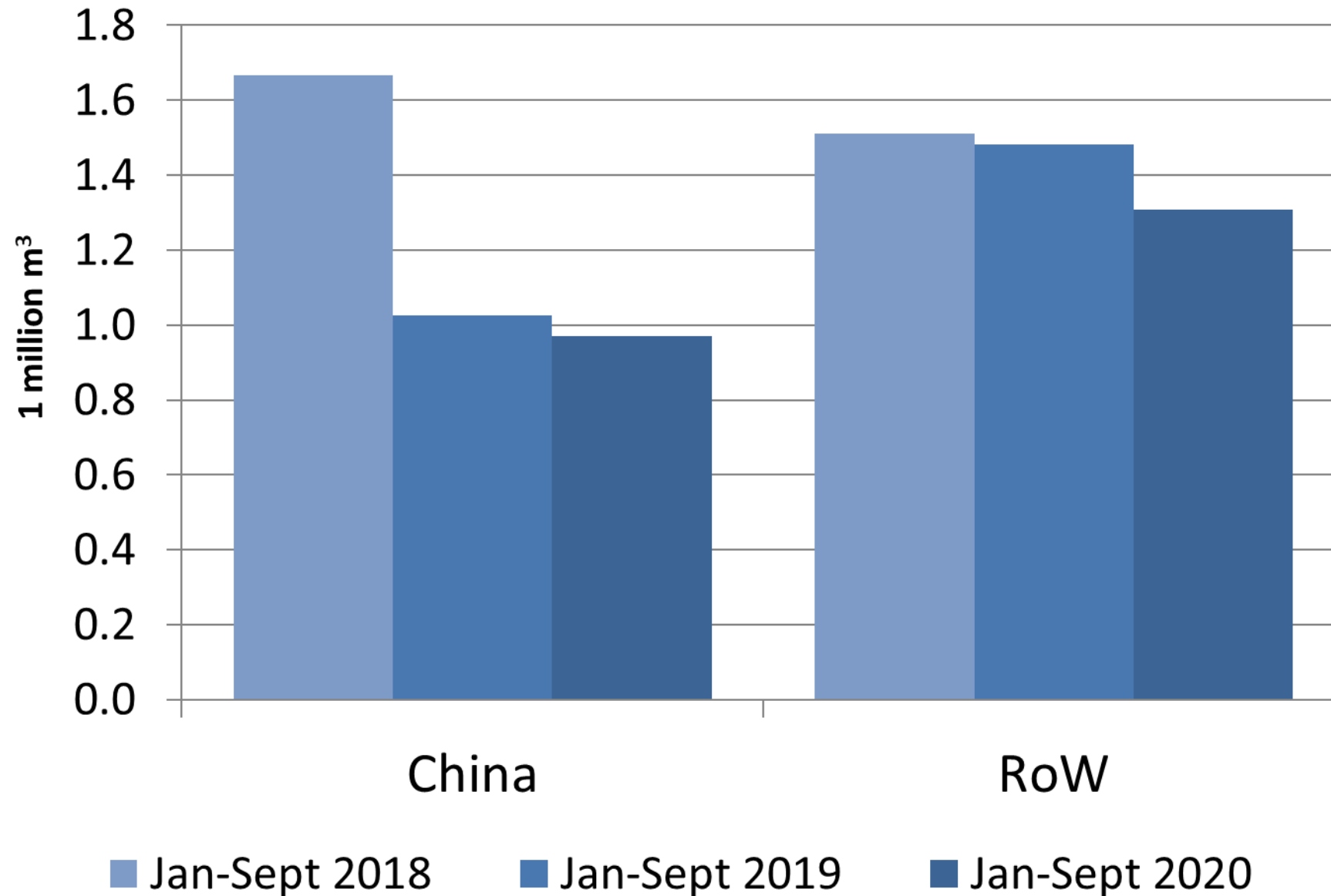
(Imports From All Sources)



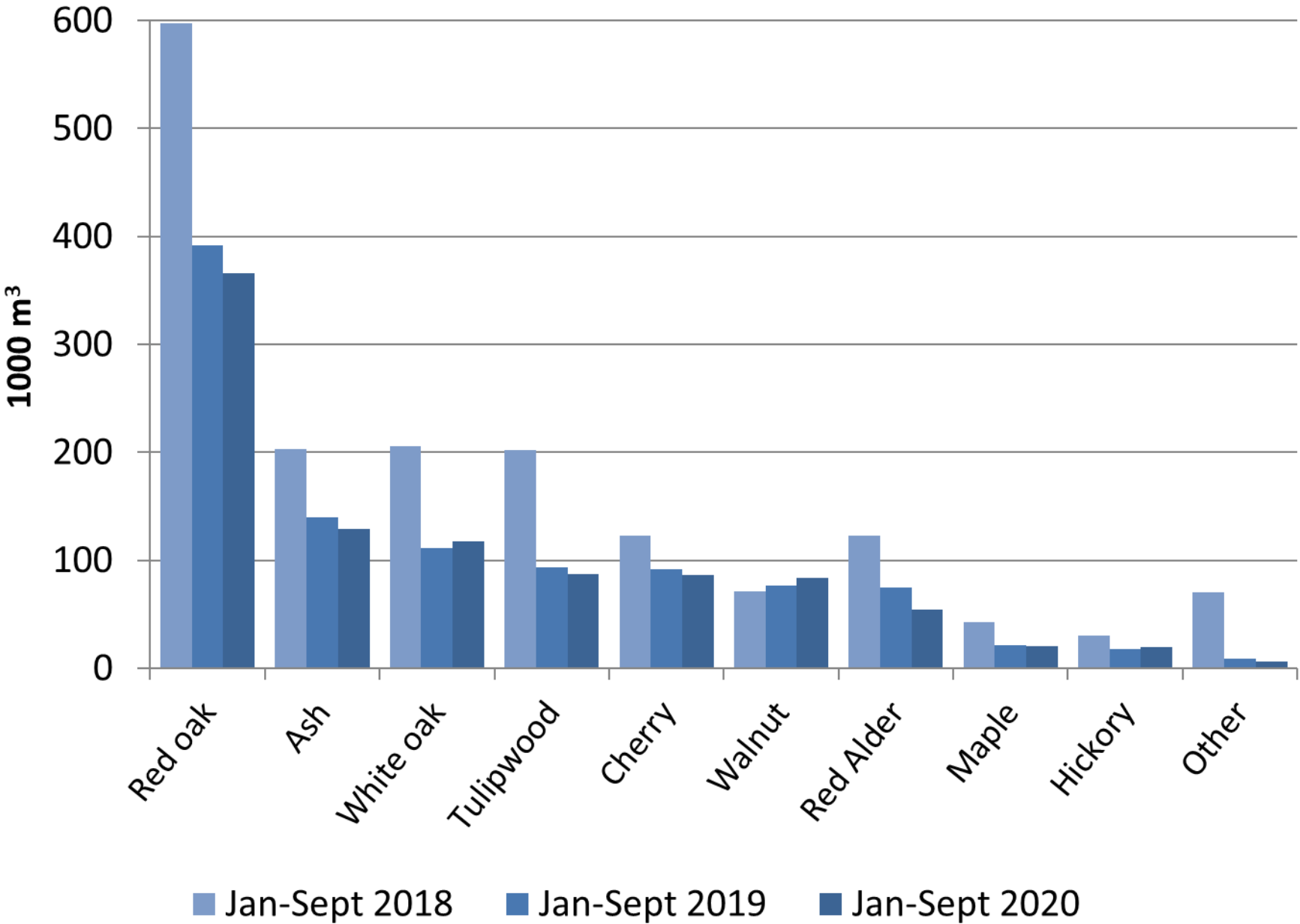
US Sawn Hardwood Exports: China Still Largest US Export Market



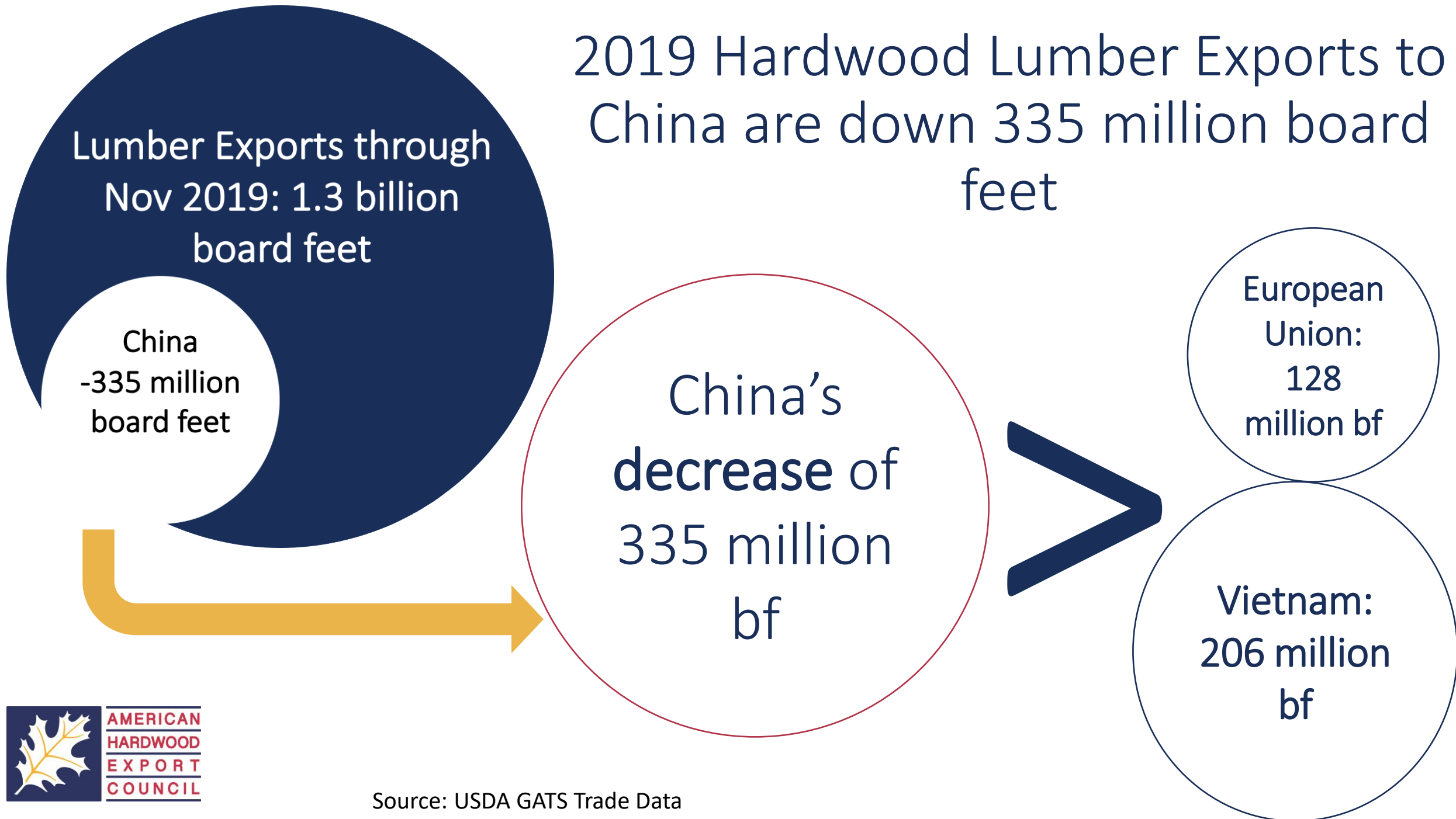
Exports of US sawn hardwood to China and Rest of the World (RoW)



Exports of US sawn hardwood to China by species



2019 Hardwood Lumber Exports to China are down 335 million board feet



Tariff Relief!

附件1:

第二批对美加征关税商品第一次排除清单一

序号	EX ^①	税则号列 ^②	商品名称
1	ex	44039100	其他栎木（橡木）原木（用油漆、着色剂、杂酚油或其他防腐剂处理的除外）
2		44039960	北美硬阔叶木原木
3	ex	44079100	端部接合的其他栎木（橡木）厚板材（经纵锯、纵切、刨切或旋切的,厚度超过6毫米）
4	ex	44079100	非端部接合的其他栎木（橡木）厚板材（经纵锯、纵切、刨切或旋切的,厚度超过6毫米）
5		44079400	樱桃木木材，经纵锯、纵切、刨切或旋切，不论是否刨平、砂光或端部接合，厚度超过6毫米
6		44079500	白蜡木木材，经纵锯、纵切、刨切或旋切，不论是否刨平、砂光或端部接合，厚度超过6毫米
7		44079930	其他北美硬阔叶材，经纵锯、纵切、刨切或旋切，不论是否刨平、砂光或端部接合，厚度超过6毫米
8	ex	47032100	其他漂白针叶木碱木浆或硫酸盐木浆（包括半漂白的，溶解级的除外）
9		47062000	从回收（废碎）纸或纸板提取的纤维浆

Tariffs removed on oak logs & lumber, “other” logs, cherry and ash lumber, “other” lumber starting Friday Feb 28

ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA



PHASE ONE

Product Category	Additional U.S. Exports to China on Top of 2017 Baseline		
	Year 1	Year 2	2-Year Total
1. Manufactured Goods	32.9	44.8	77.7

8	Other manufactured goods ^a		
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^a Includes solar-grade polysilicon and other organic and inorganic chemicals, hardwood lumber, integrated circuits (manufactured in U.S.), and chemical products.

^b At the request of the United States. China will strive to purchase and import \$5 billion per year of the U.S.

US-China phase one tracker: China's purchases of US goods

US exports and China's imports in 2020 of all goods covered by the phase one deal as of September 2020

a. US exports and China's imports of all covered goods in 2020, as of September, billions USD

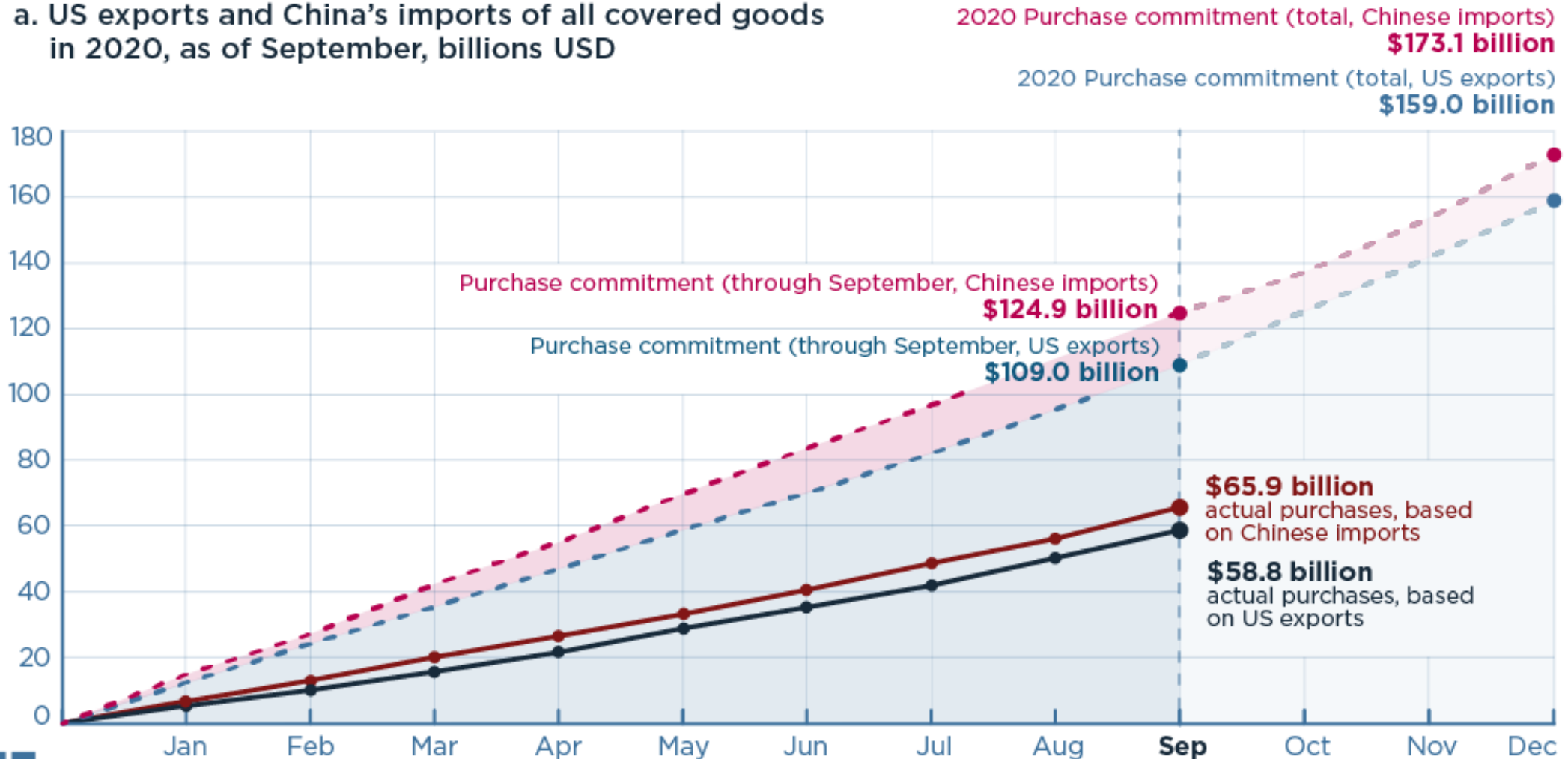
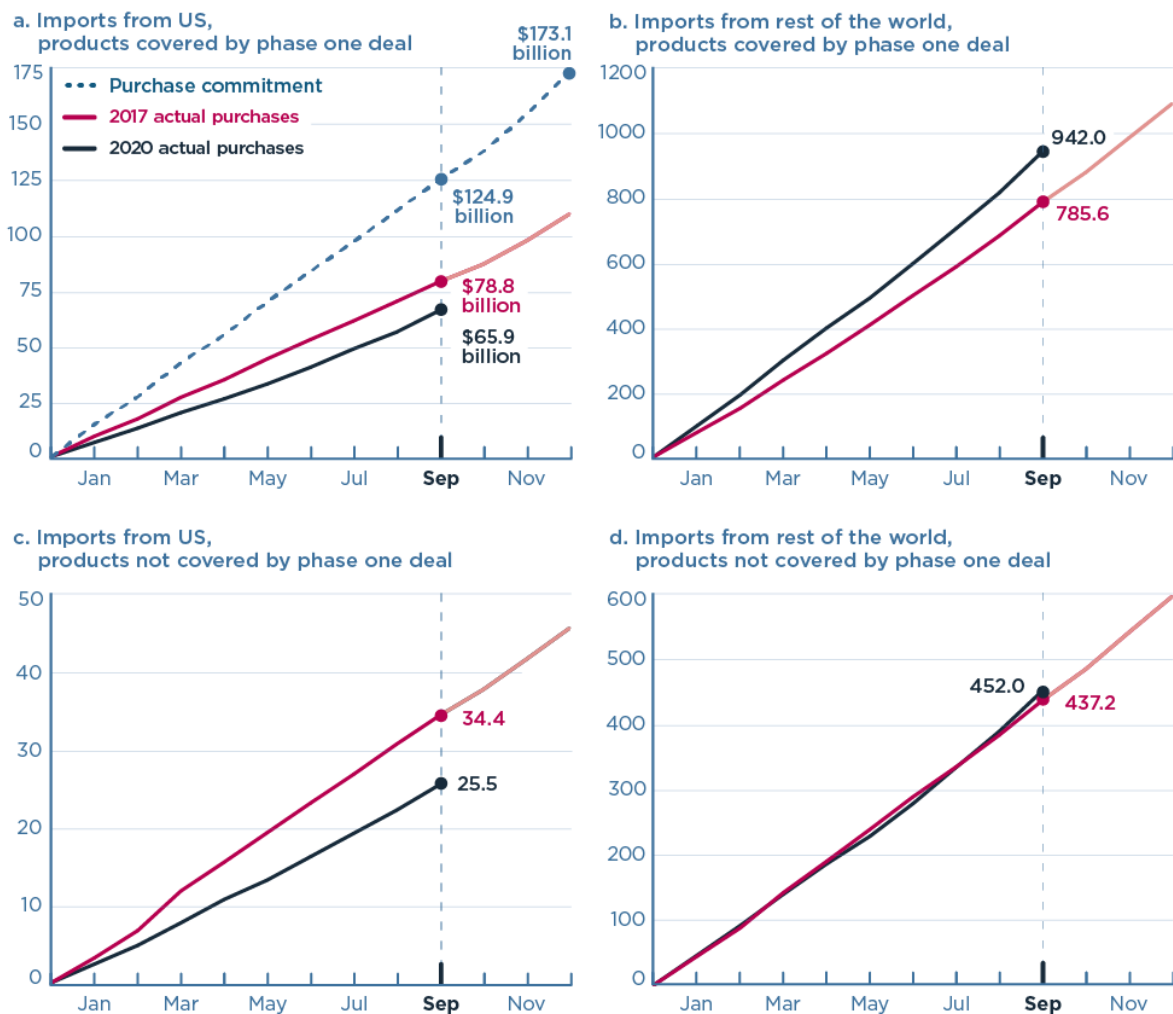


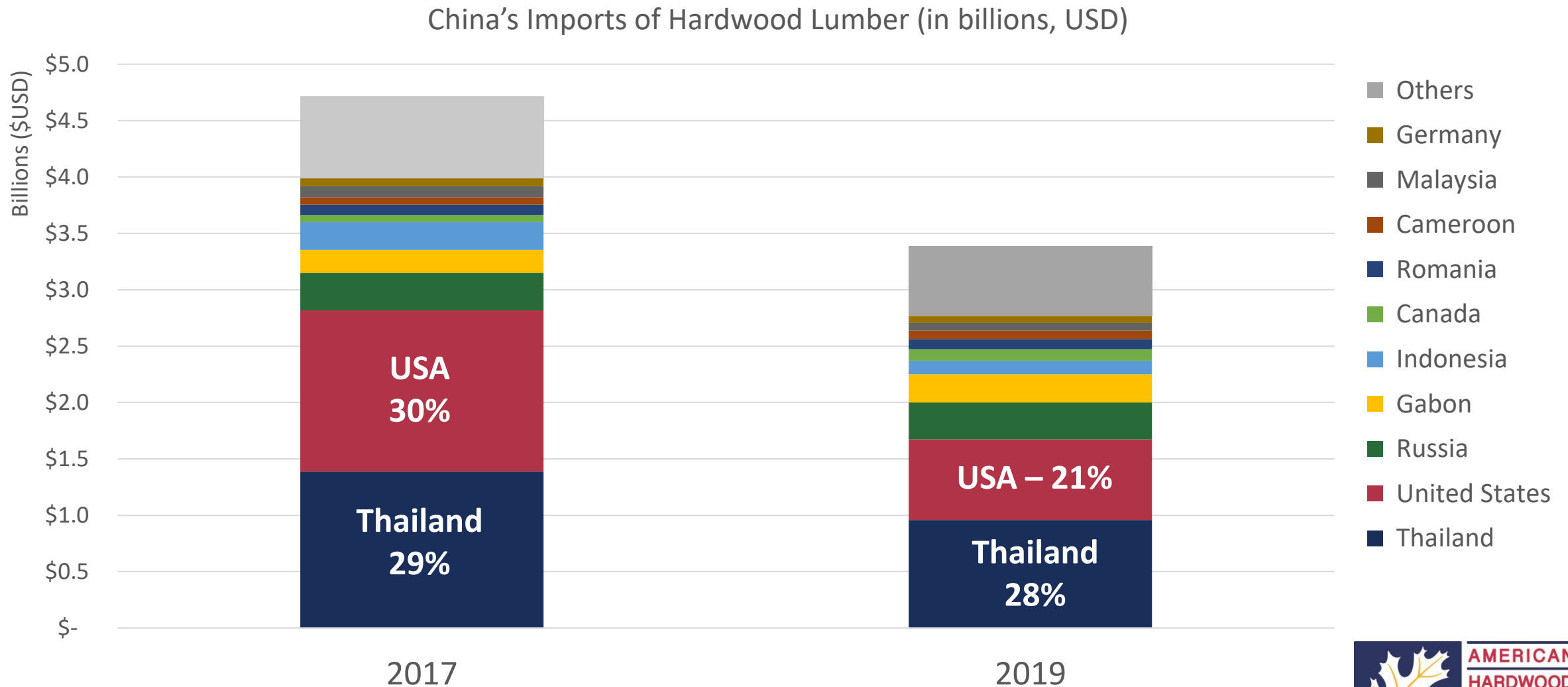
Figure 1

China imported less from the US in 2020 than in 2017, while its imports from the rest of the world remained higher

China's imports from the US and rest of the world, 2017 vs. 2020, billions USD



US Losing Hardwood Lumber Market Share in China (Value)



Source: Global Trade Atlas: "Hardwood Lumber all 6 Digit HS Codes", data through November '19

GDP GROWTH OF TOP 10 ECONOMIES

2020 PROJECTIONS



Source: IMF's World Economic Outlook

LIVE

CNN

10:53 AM ET

AMES APIECE; GAME FIVE IS TONIGHT

CNN.com

UFC FIGHTER KHABIB NUR

FAREED ZAKARIA GPS

COVID-19 FISCAL STIMULUS AS PERCENT OF GDP



Source: World Bank, July 2020



ELECTRONICS GIANT SAMSUNG, DIES AT 78, COMPANY SAYS ▶ "LEE WAS A T FAREED ZAKARIA GPS

"Back-to-normal" indicators

100=same week in 2019



2

"Below-normal" indicators

100=same week in 2019



3

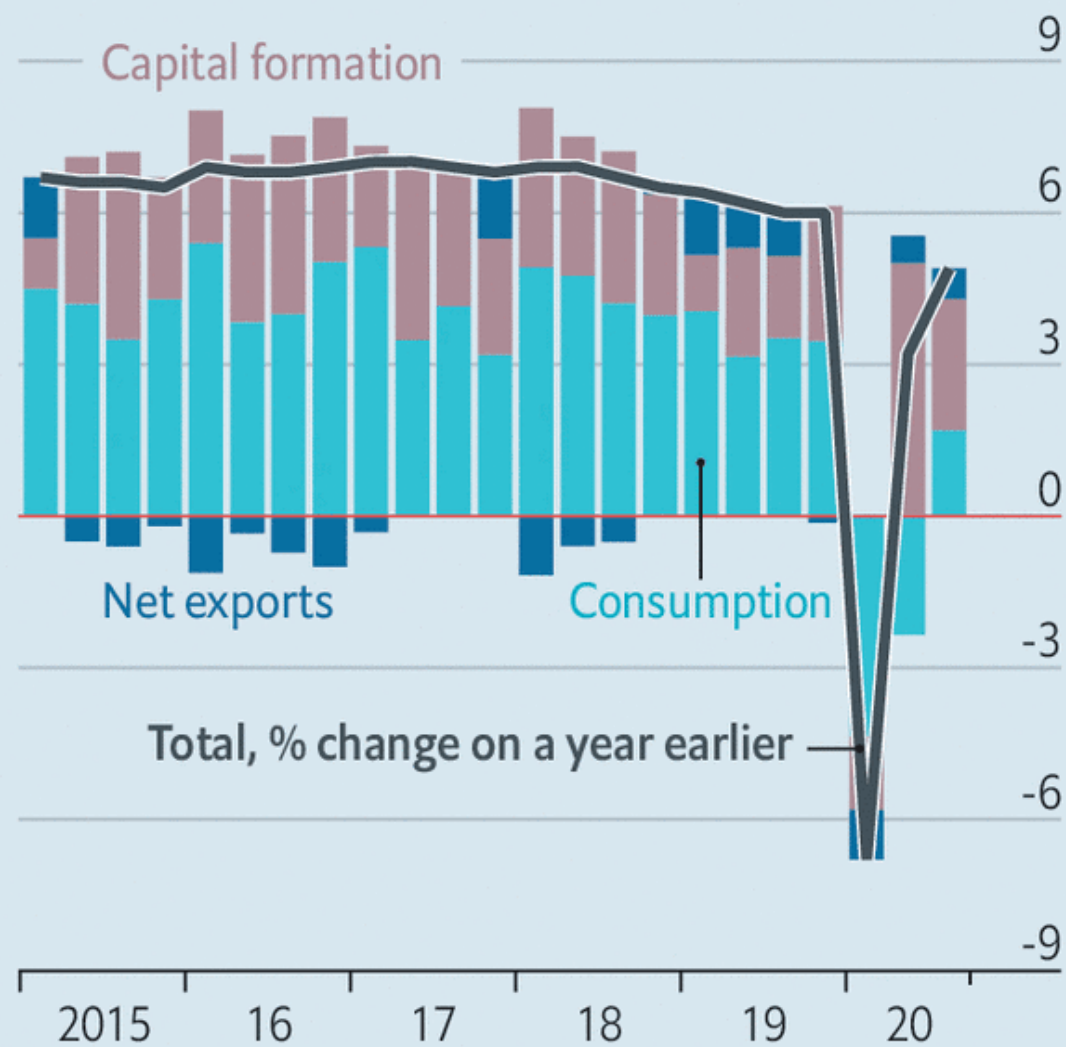
Sources: Datastream from Refinitiv; Hualala; Wind

The Economist

Source: *The Economist*, July 18, 2020

Going swimmingly

China, contribution to GDP change, % points



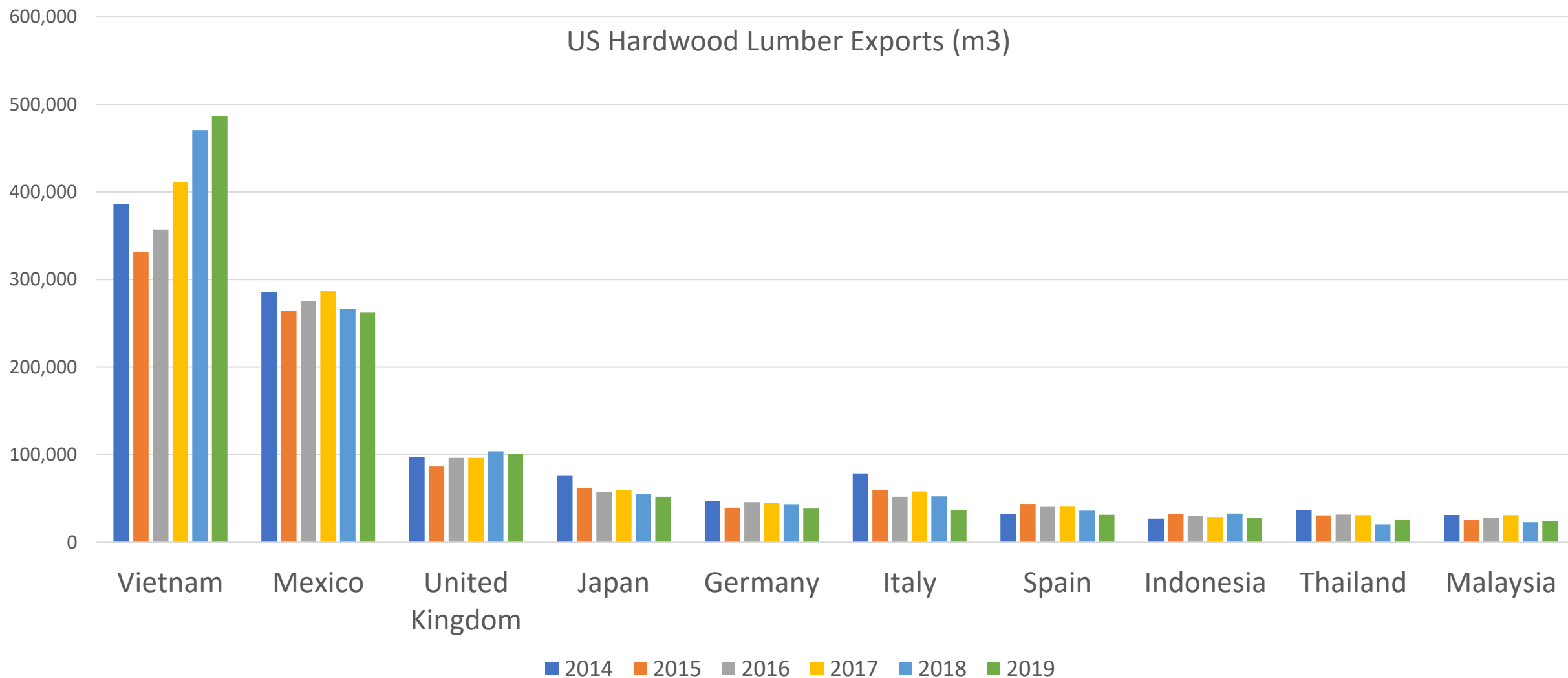
Sources: Wind; National Bureau of Statistics

China is at a Crossroads



- **State Owned Enterprises on the ascent**
- **Government debt high and spiking**
- **Demographic “timebomb”**
- **Changes in housing markets**
- **Unemployment/dislocation growing**
- **Phase 1 Agreement with US in jeopardy**
- **Rising Tensions with the US**

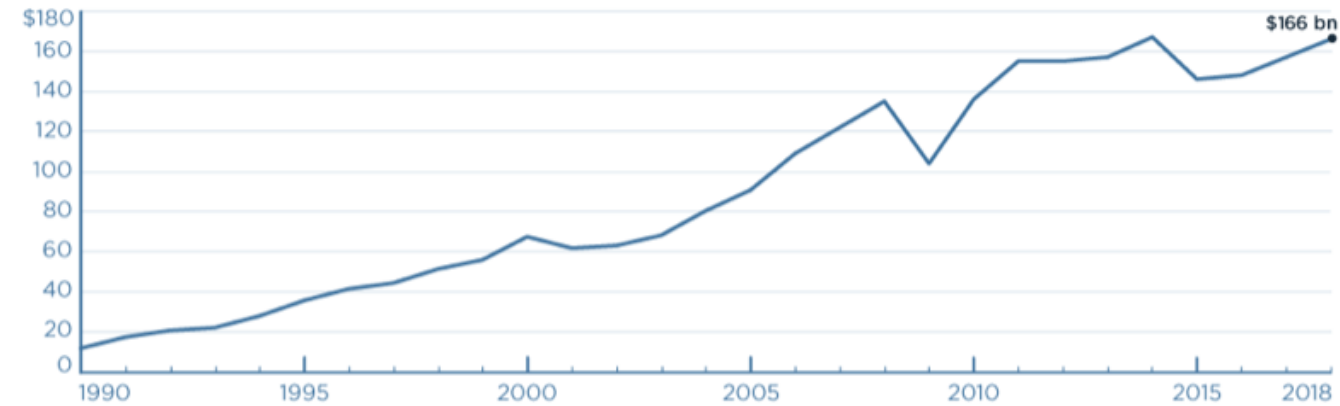
Largest Markets Outside of China and Canada



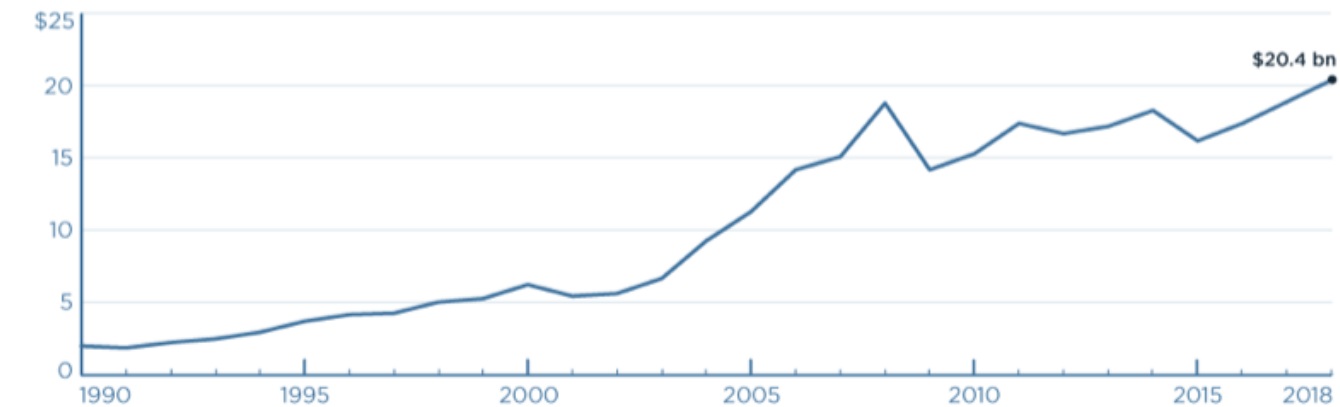
Mexico and Vietnam have increased their role in global supply chains since 1990

Value added to gross exports 1990–2018, billions of dollars

a. Mexico



b. Vietnam

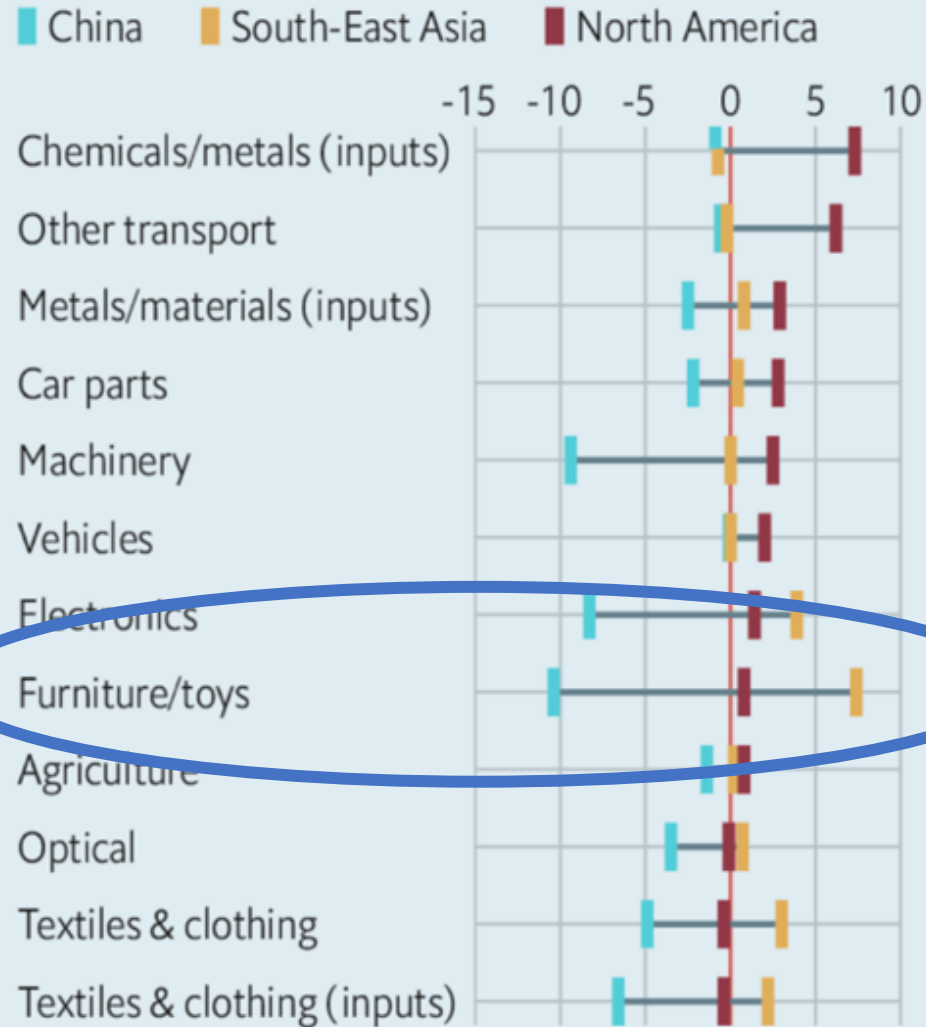


Note: Gross exports are sum of exports and reexports. The value added includes indirect domestic and foreign contents used in final exports.

Source: UNCTAD-Eora Global Value Chain Database, <https://worldmrio.com/unctadgvc/>.

Chain reaction

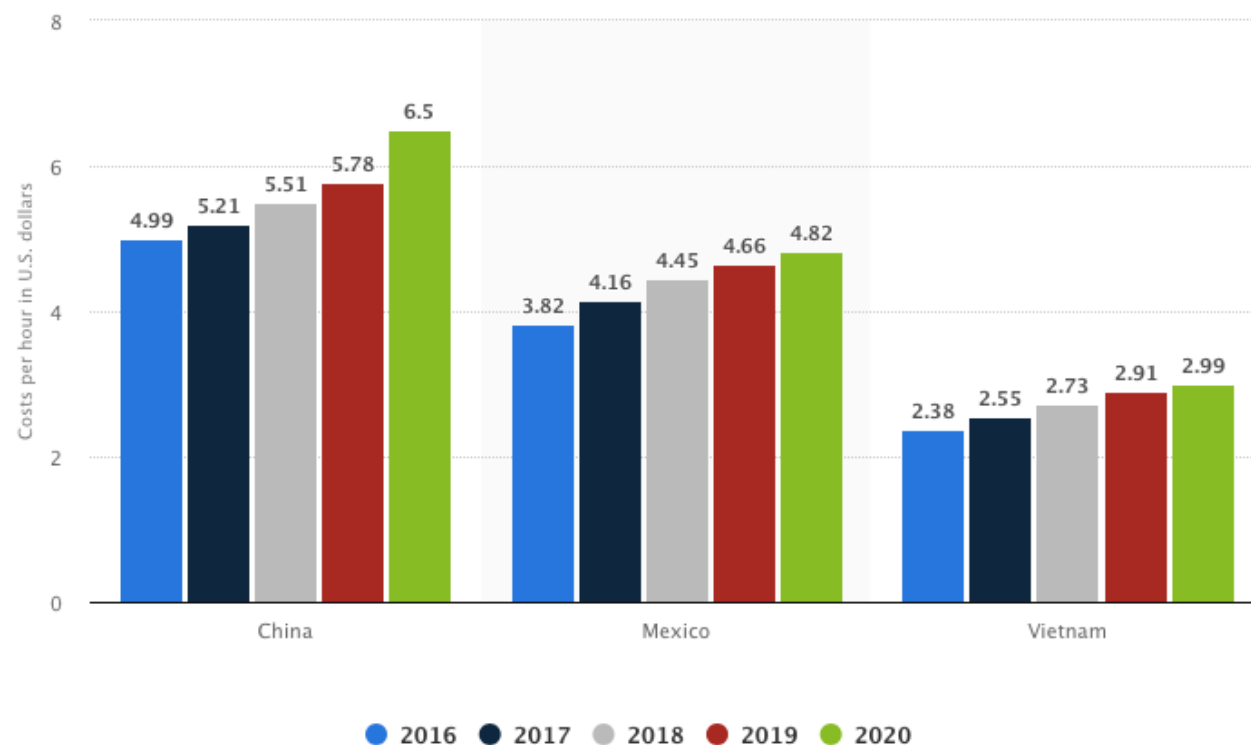
Change in share of US imports between
Jul-Dec 2017 and Jul-Dec 2019, percentage points



Sources: USITC; *The Economist*

Manufacturing labor costs per hour for China, Vietnam, Mexico from 2016 to 2020

(in U.S. dollars)



Details: Worldwide; IHS; Website (SourceToday)

DOWNLOAD



PDF



XLS



PNG



PPT



SOURCE

DETAILS

FAQ

Sources

IHS; Website (SourceToday)

Survey by

IHS; Website (SourceToday)

Published by

Website (SourceToday)

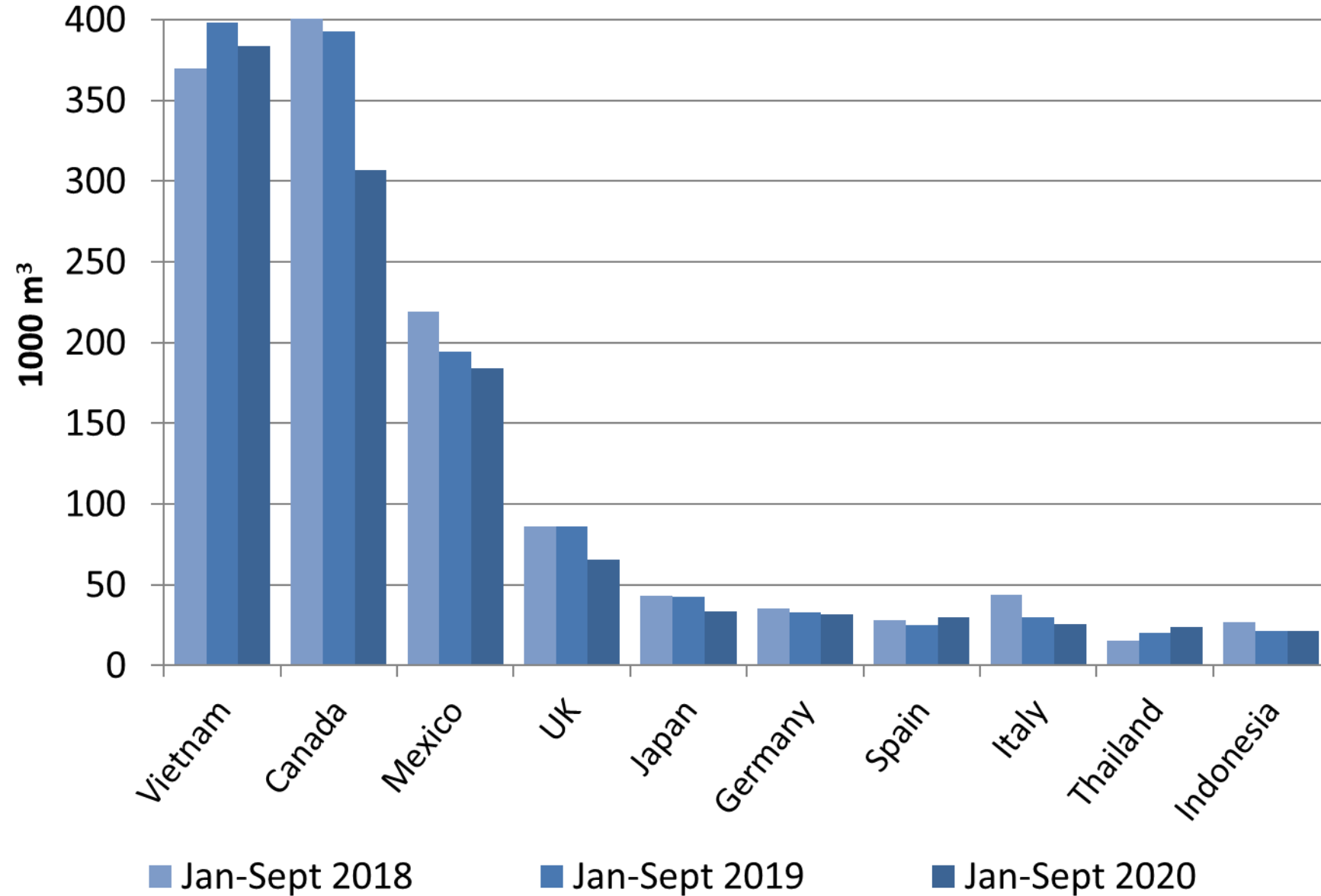
Source link

sourcetoday.com

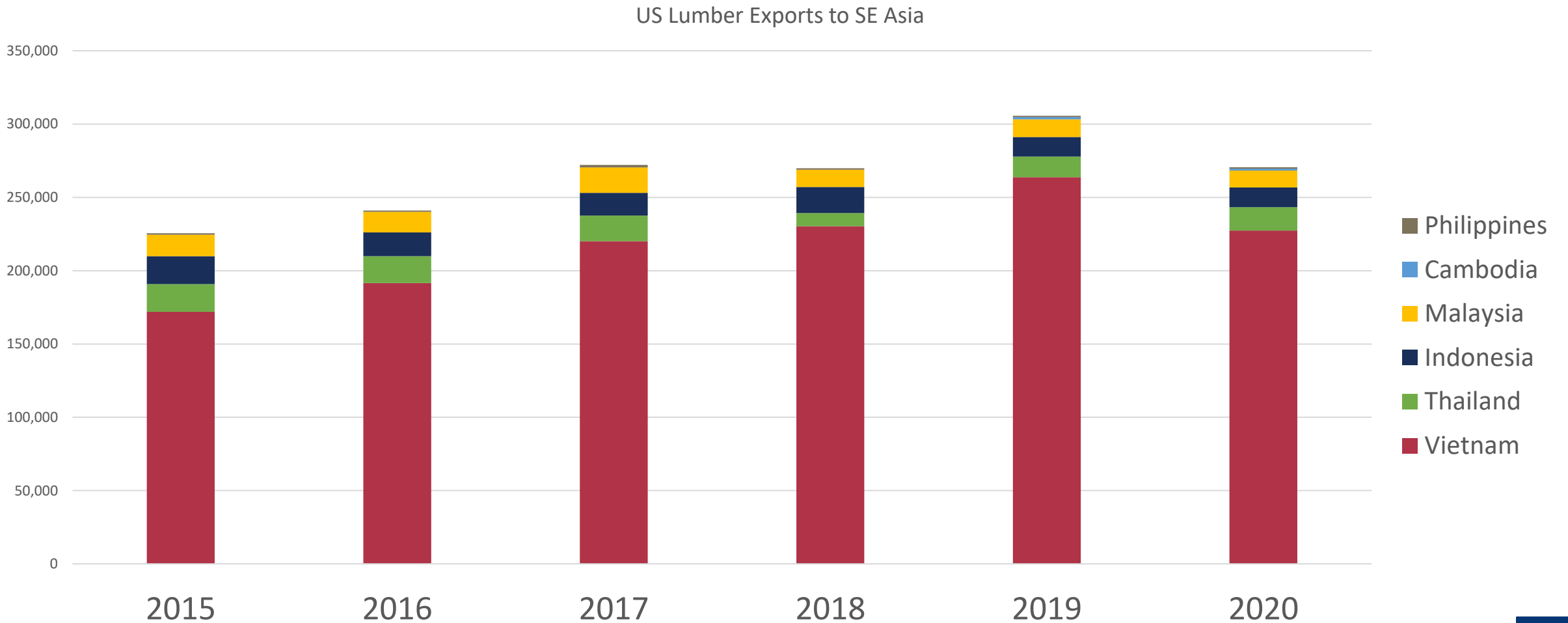
Release date

April 2017

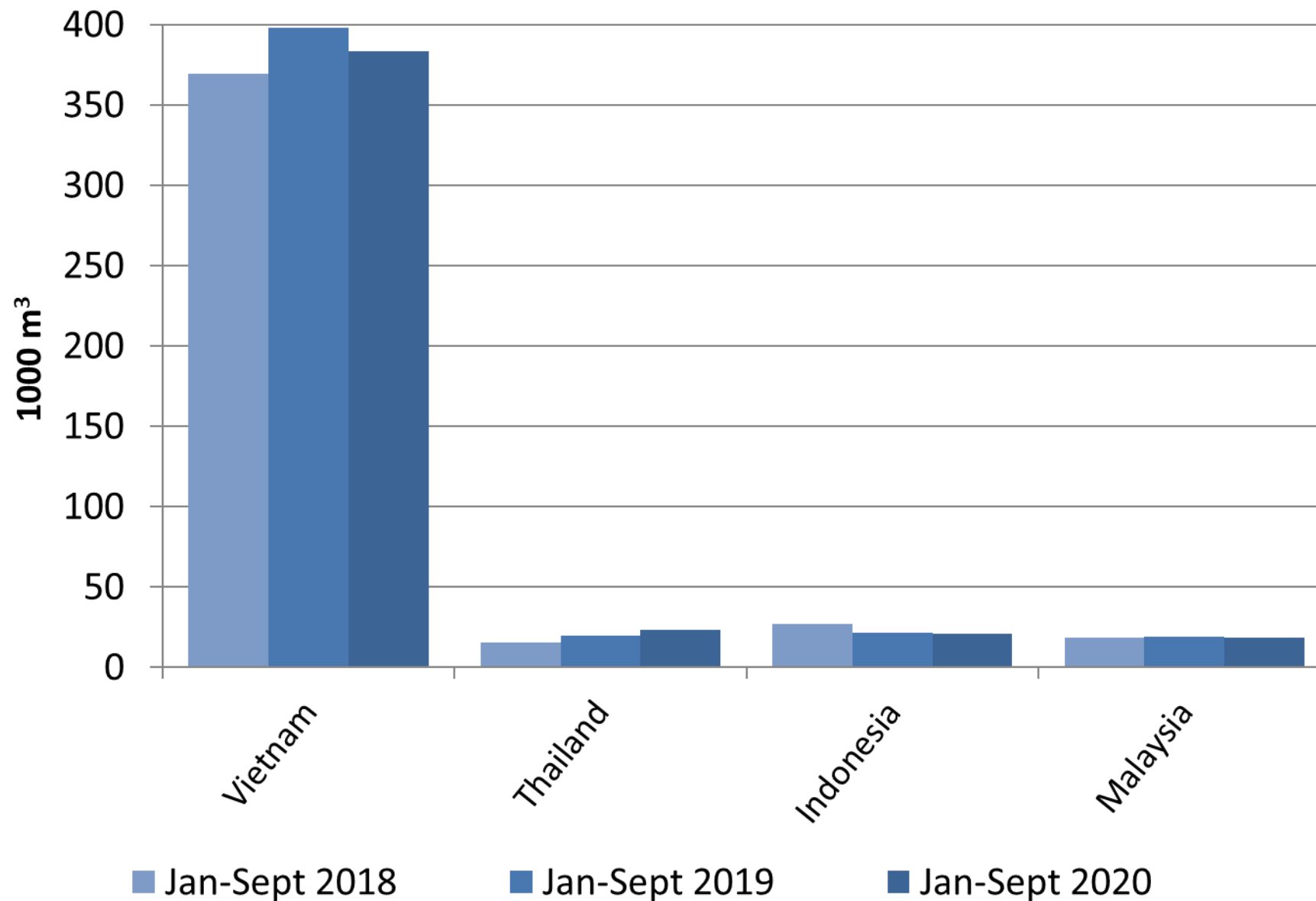
Exports of US sawn hardwood to top 10 markets (Excl. China)



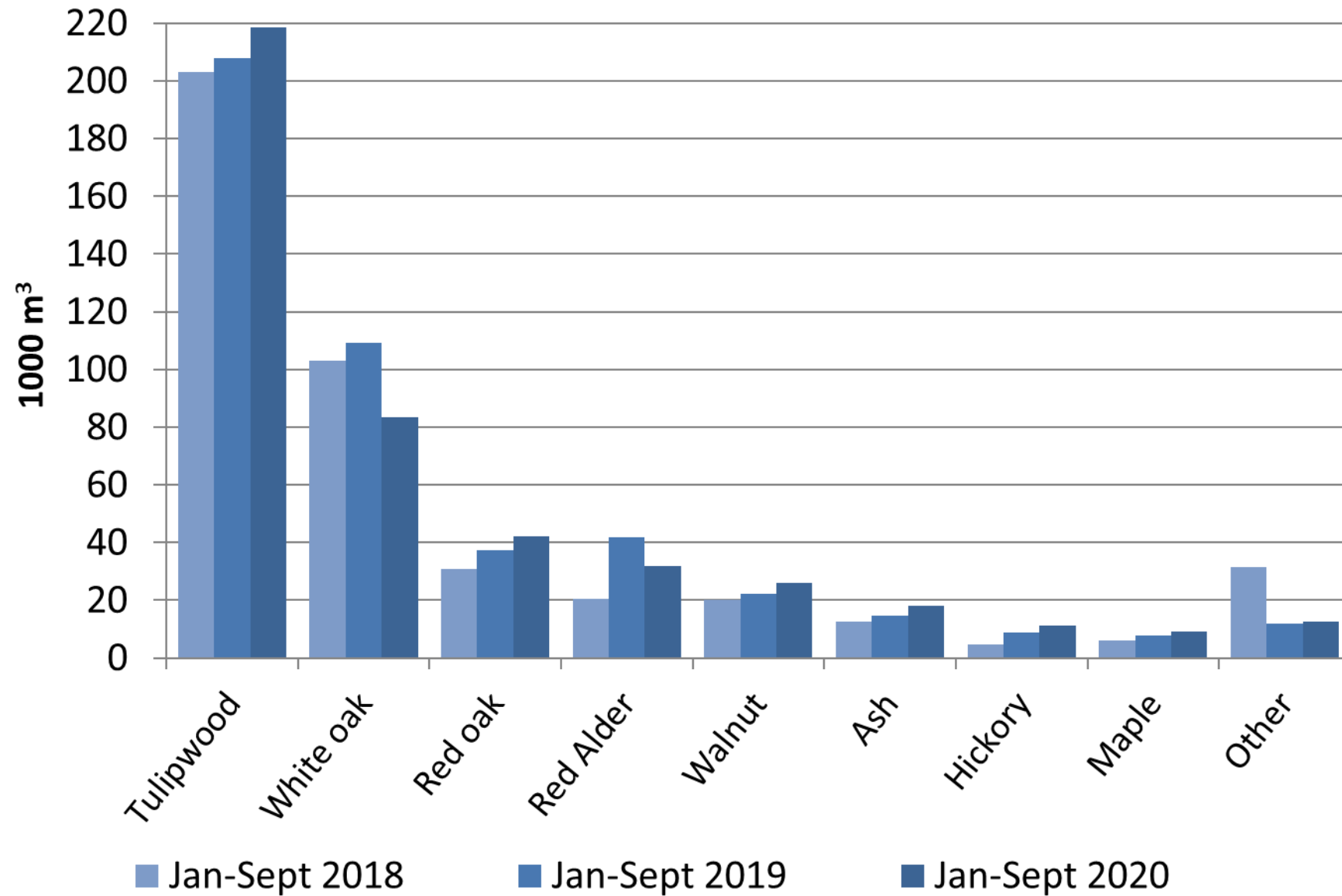
SE Asian Market



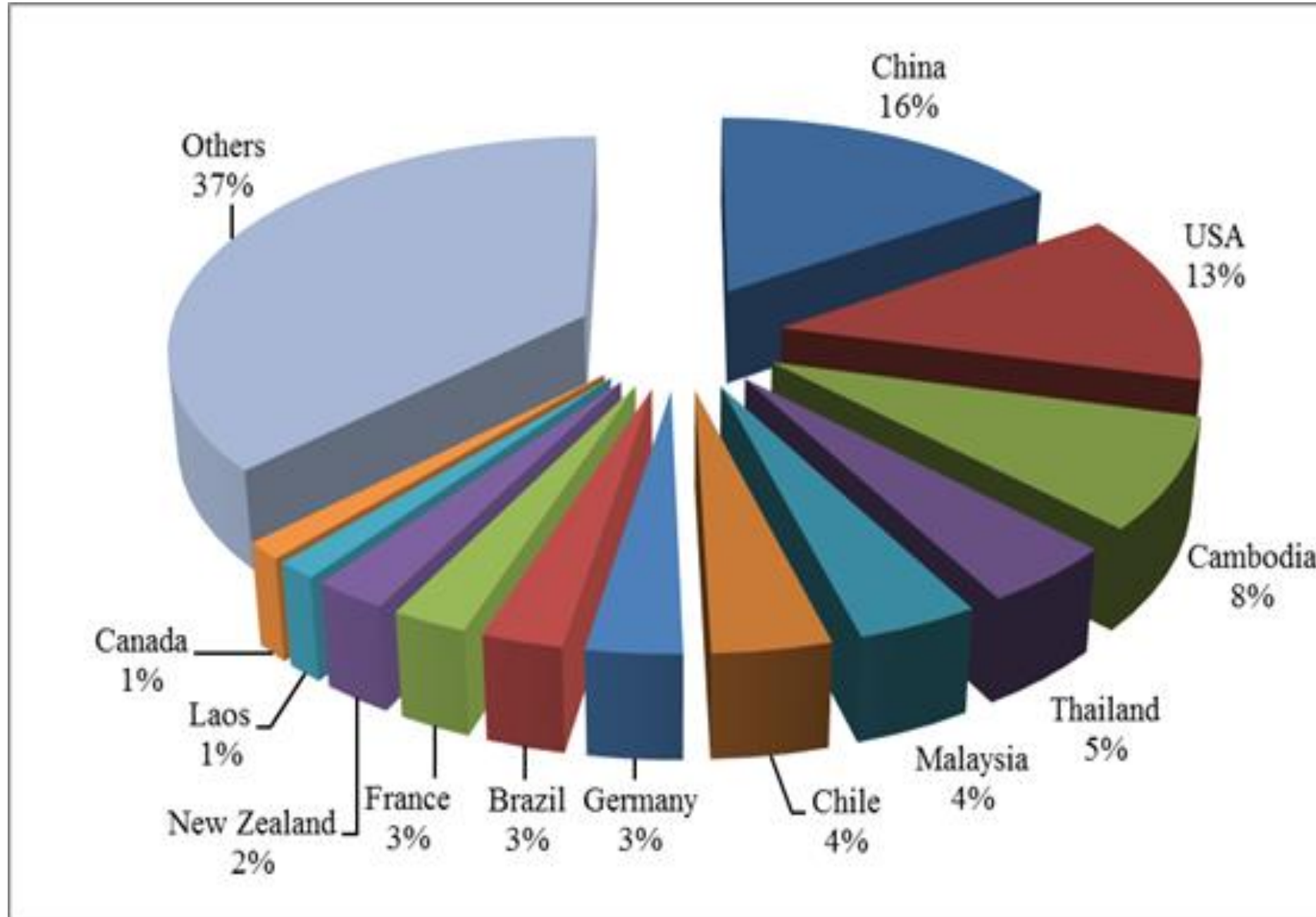
Exports of US sawn hardwood to SE Asia, by country



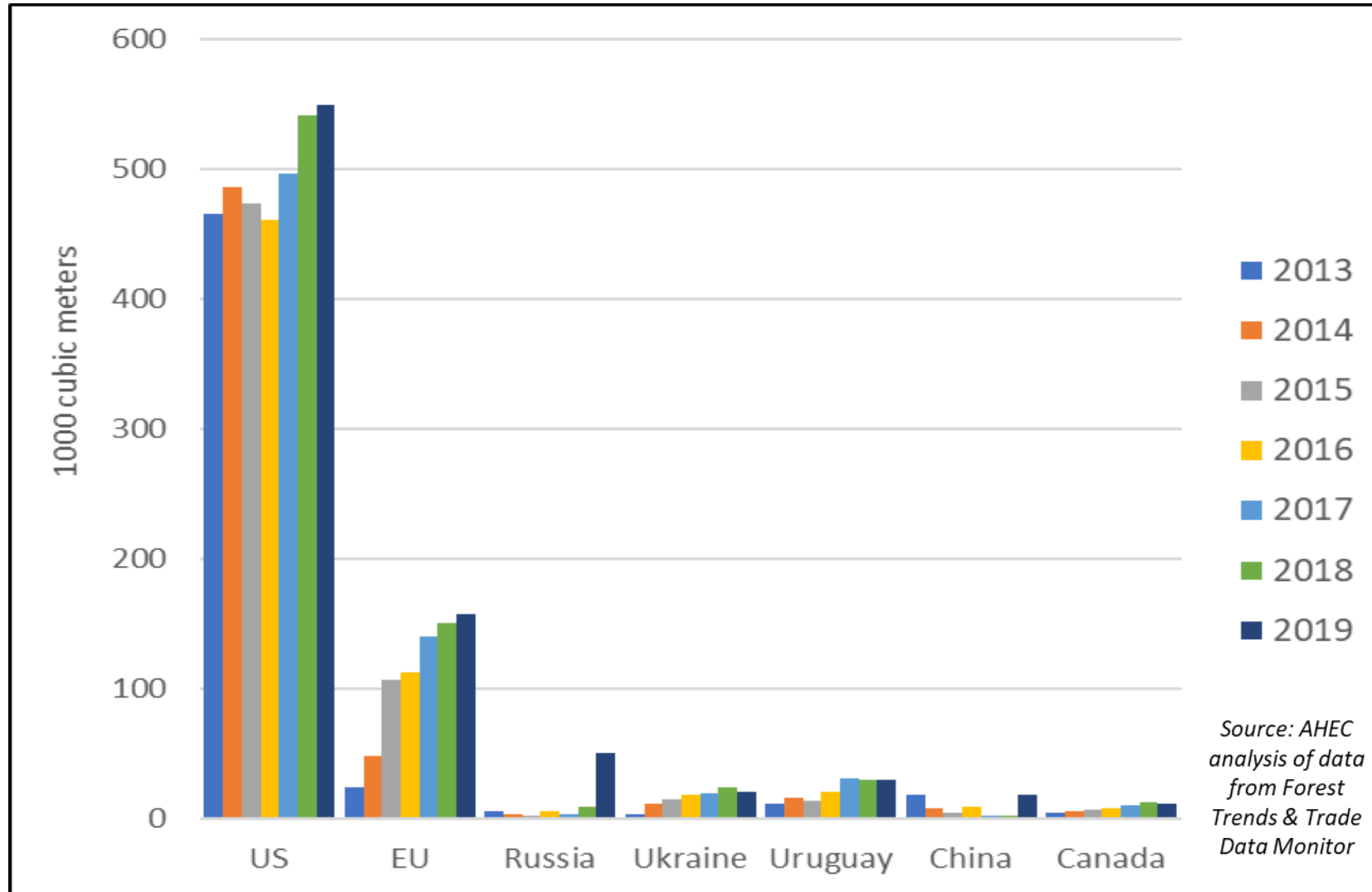
Exports of US sawn hardwood to SE Asia, by species



Top wood suppliers for Vietnam



Vietnam Sawn Hardwood Imports from Temperate Regions: 2013 to 2019





OFFICE *of the* UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT

TRADE AGREEMENTS

COUNTRIES & REGIONS

ISSUE AREAS

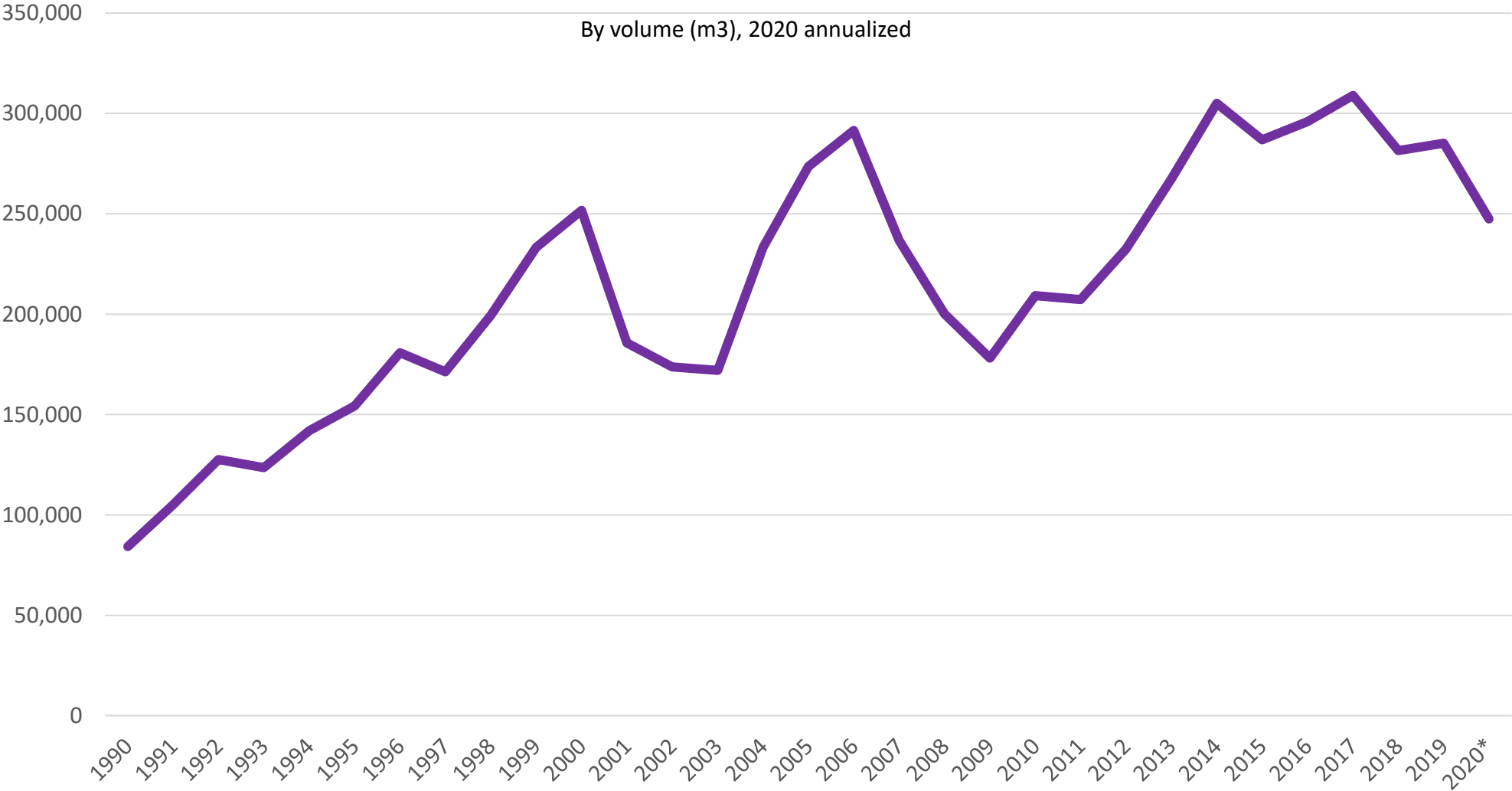
ABOUT US

USTR Initiates Vietnam Section 301 Investigation

10/02/2020

Washington, DC – At the direction of President Donald J. Trump, the Office of the U.S. Trade Representative (USTR) is initiating an investigation addressing two significant issues with respect to Vietnam. USTR will investigate Vietnam's acts, policies, and practices related to the import and use of timber that is illegally harvested or traded, and will investigate Vietnam's acts, policies, and practices that may contribute to the undervaluation of its currency and the resultant harm caused to U.S. commerce. USTR will conduct the investigation under Section 301 of the 1974 Trade Act. As part of its investigation on currency undervaluation, USTR will consult with the Department of the Treasury as to issues of currency valuation and exchange rate policy.

US Hardwood Lumber Exports to Mexico



Source: U.S. Census Bureau Trade Data

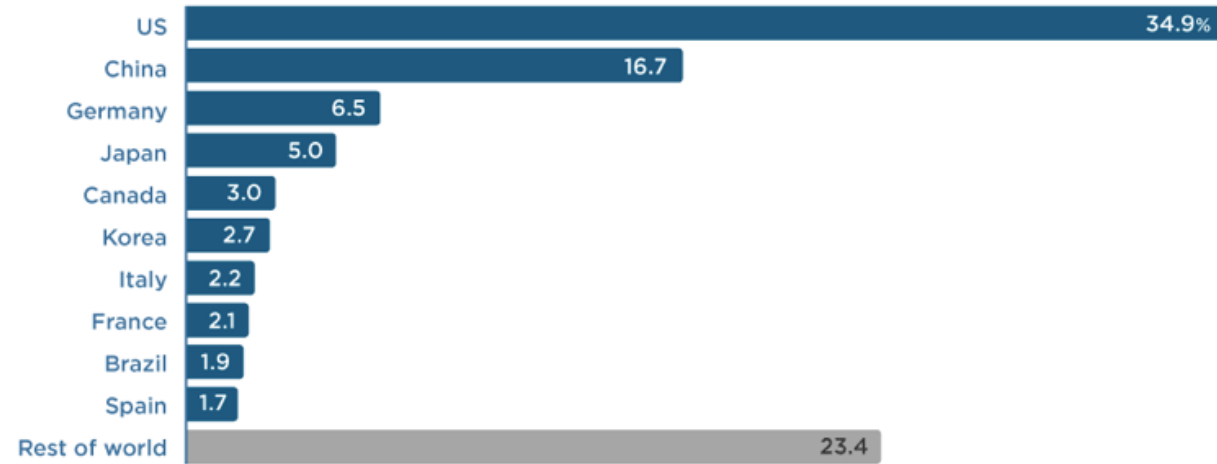


Figure 2

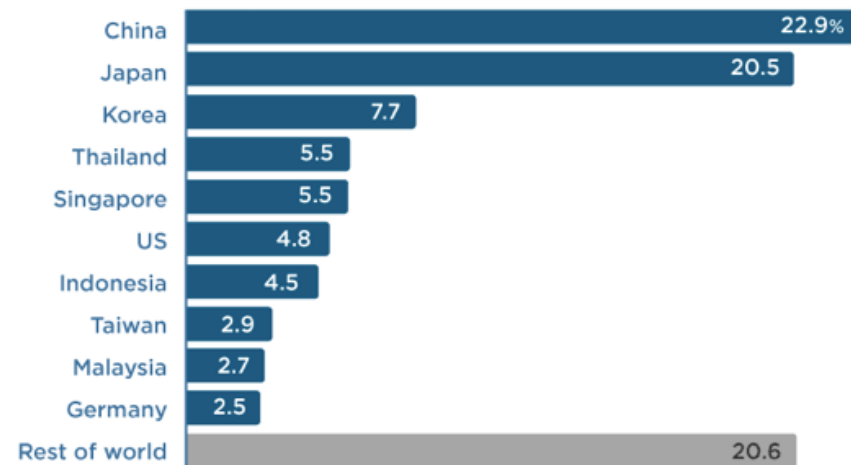
Vietnam relies on Asian suppliers for its exports while Mexico's top suppliers are geographically diverse

Percent of total foreign value added to gross exports in 2019 by country

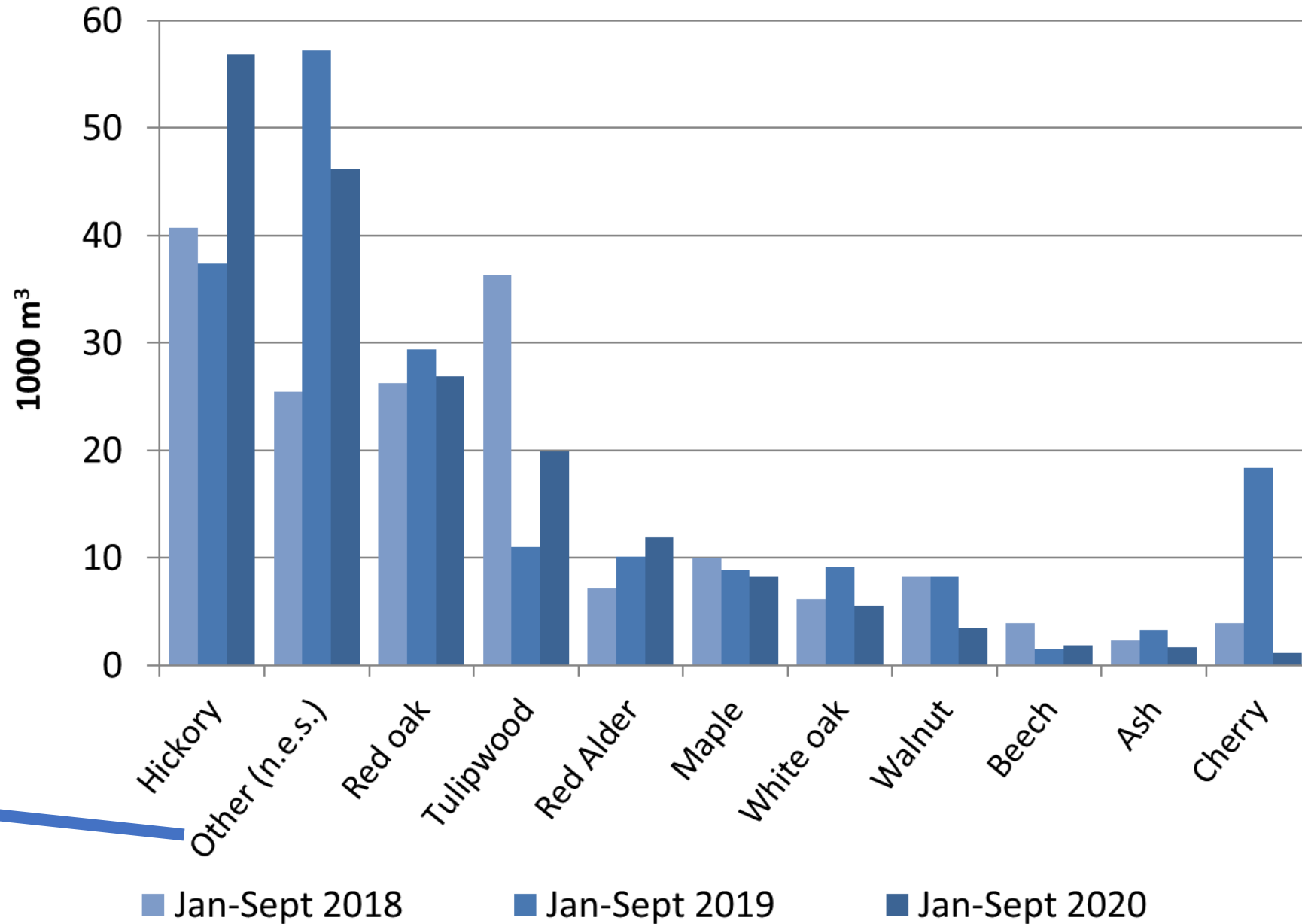
a. Mexico



b. Vietnam



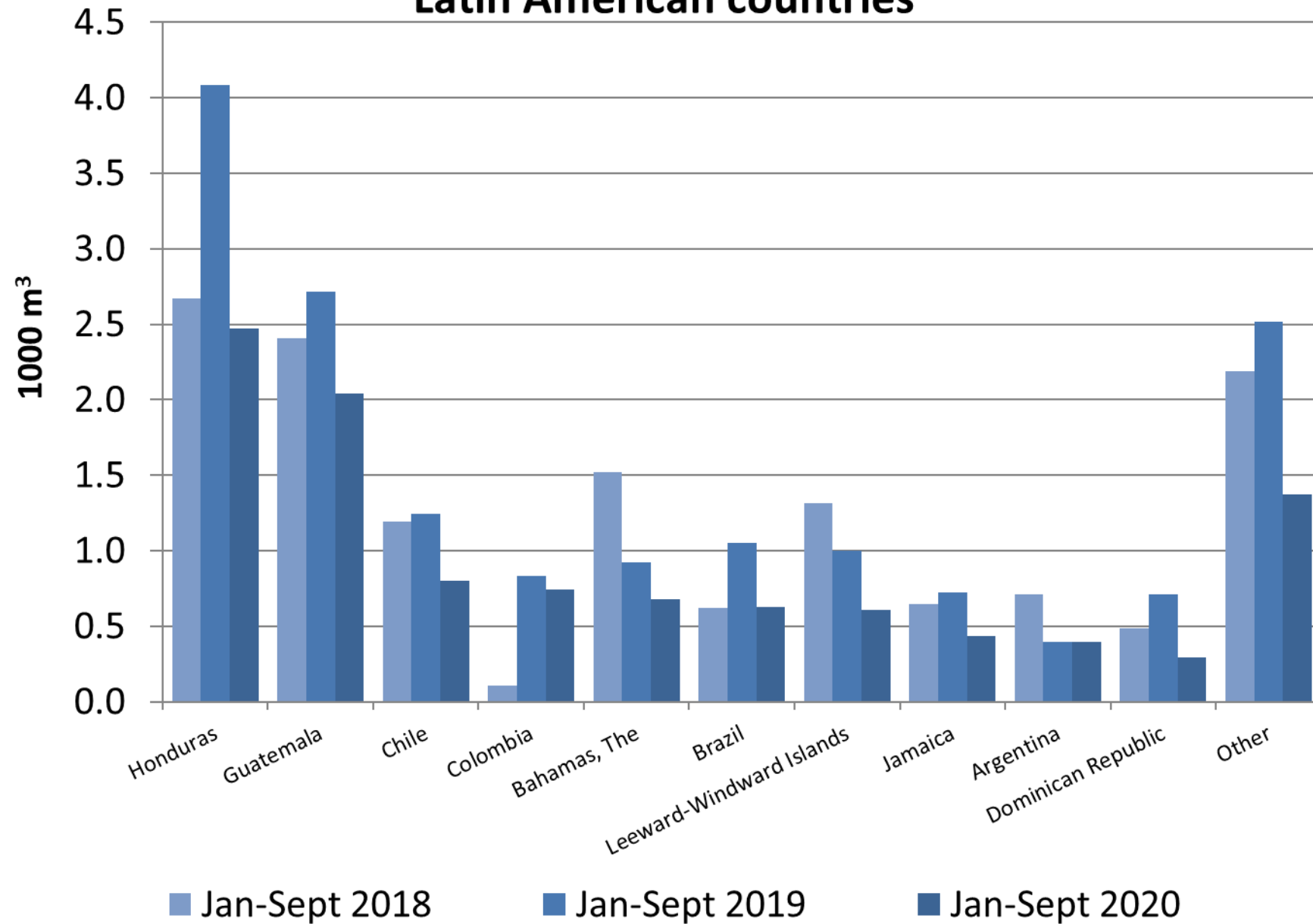
Exports of US sawn hardwood to Mexico, by species



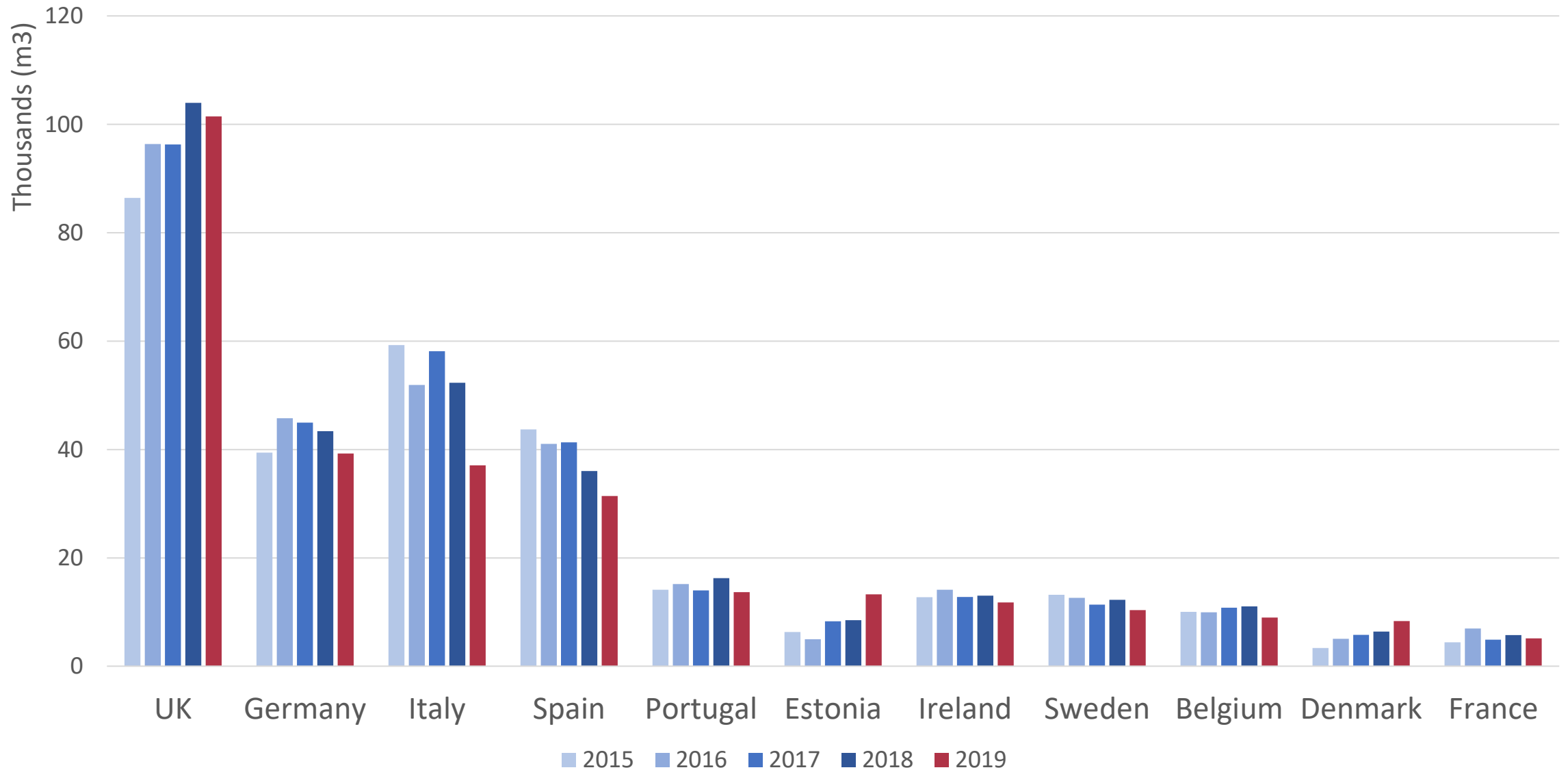
Basswood,
Cottonwood,
Elm, Hackberry,
Sap Gum,
Sassafras,
Sycamore



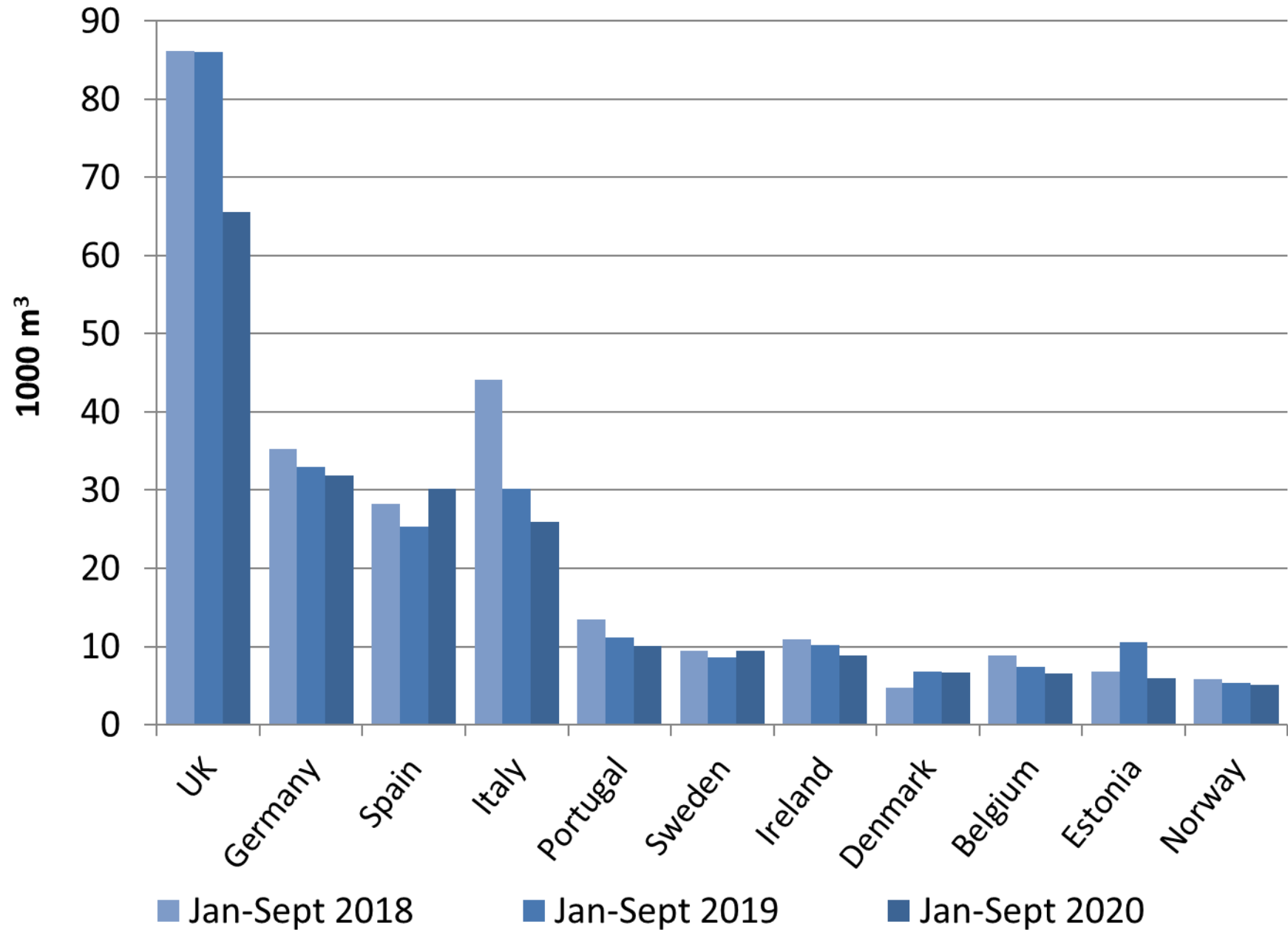
Exports of US sawn hardwood to other Latin American countries



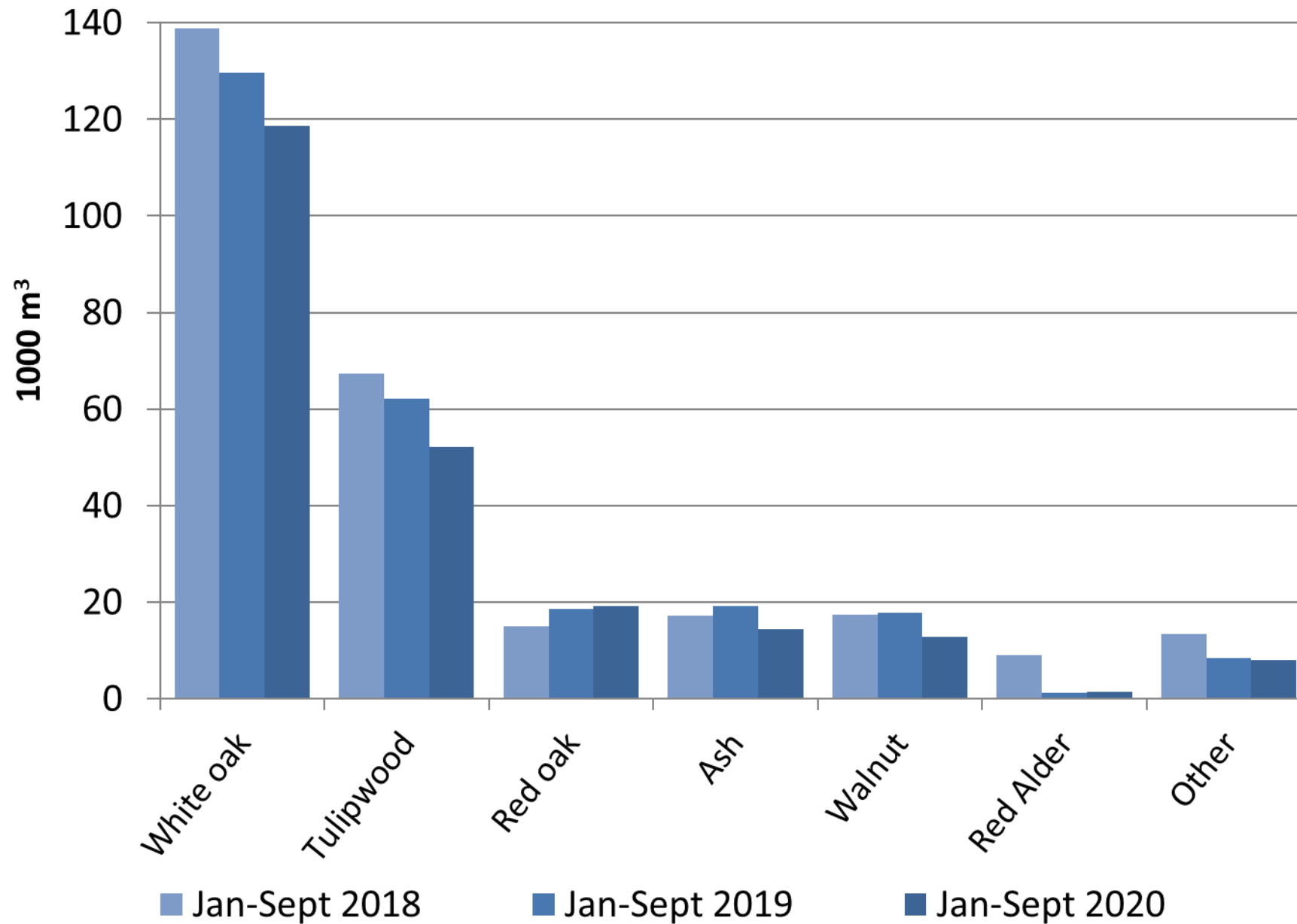
US Hardwood Lumber Exports to Europe



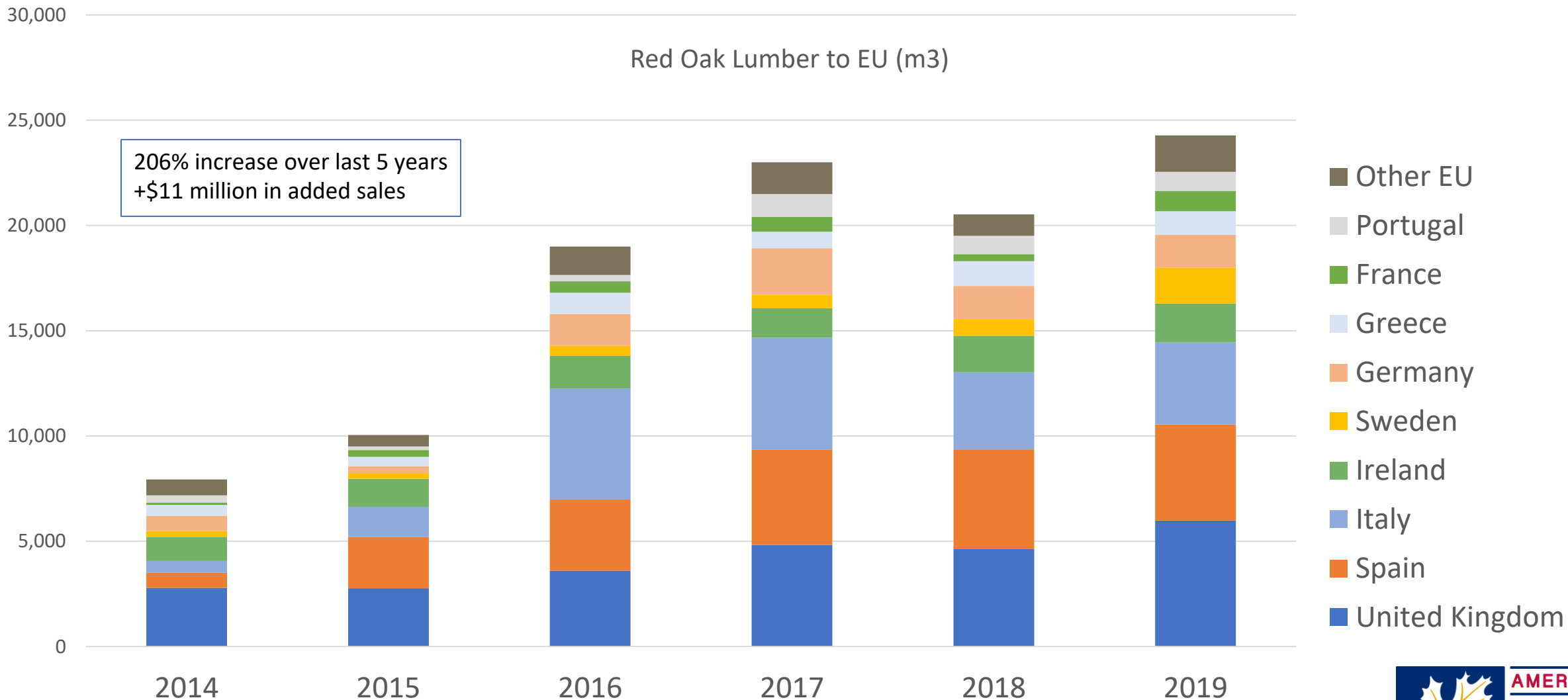
Exports of US sawn hardwood to Europe, by country



Exports of US sawn hardwood to Europe, by species



Red Oak Lumber Finding New Market in Europe

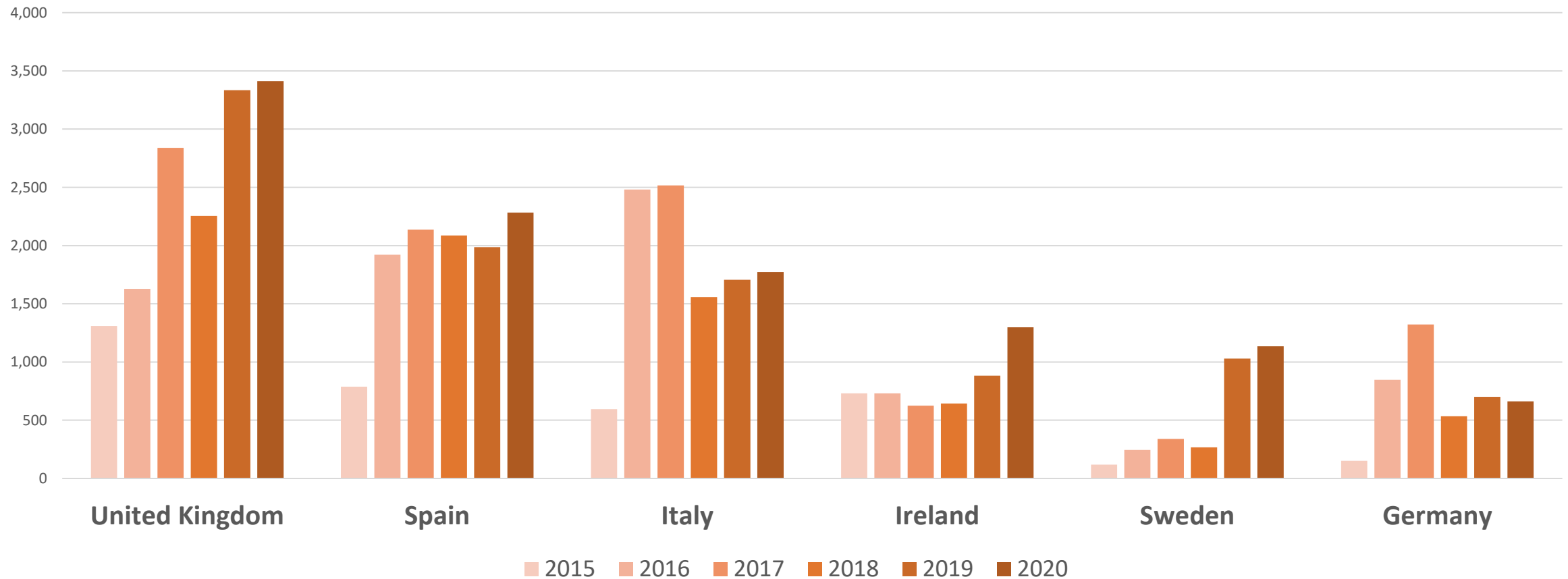


Source: USDA GATS Trade Data

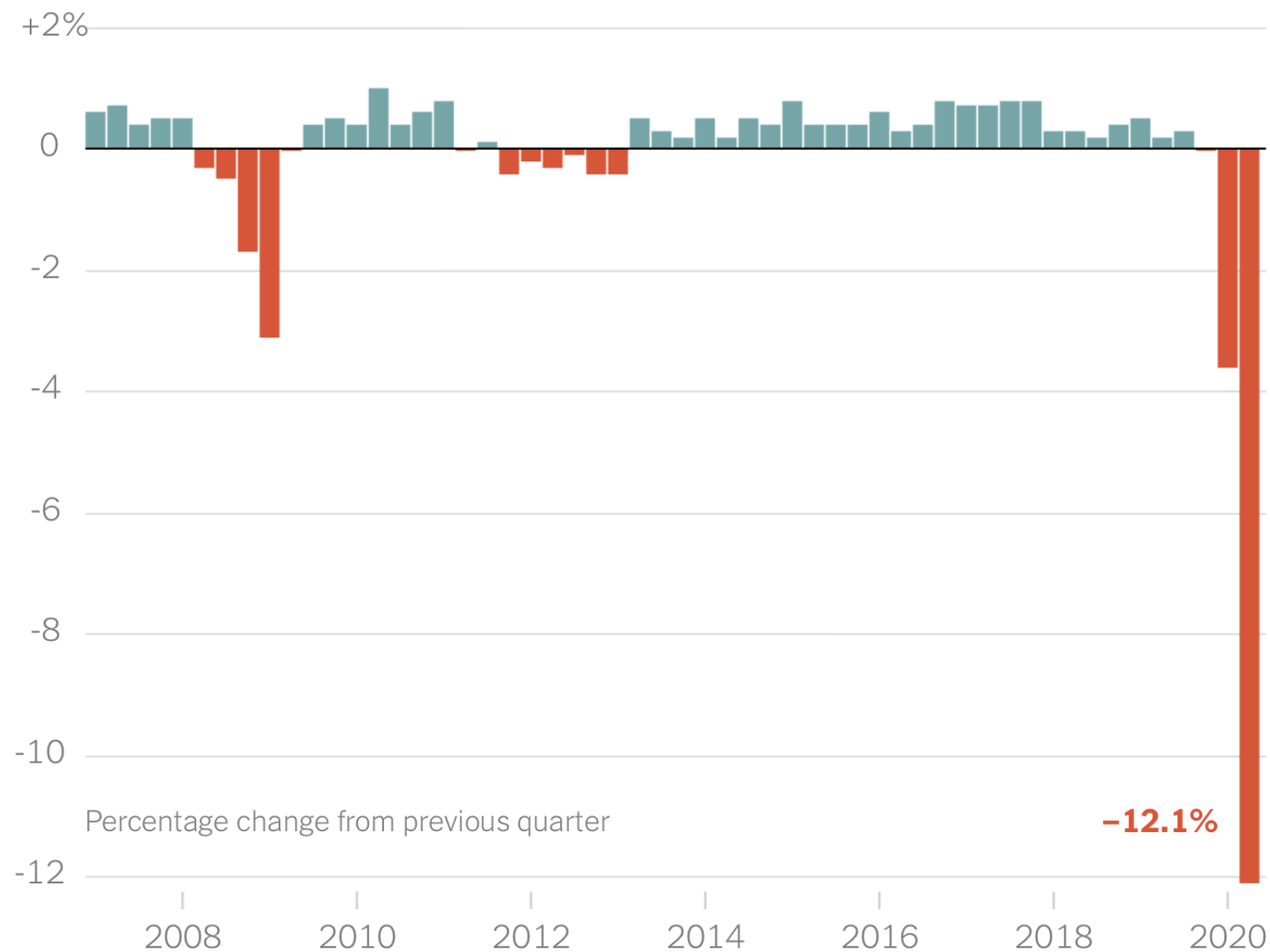


Growth for Species like Red Oak in Europe

Red Oak Lumber to Europe, m3

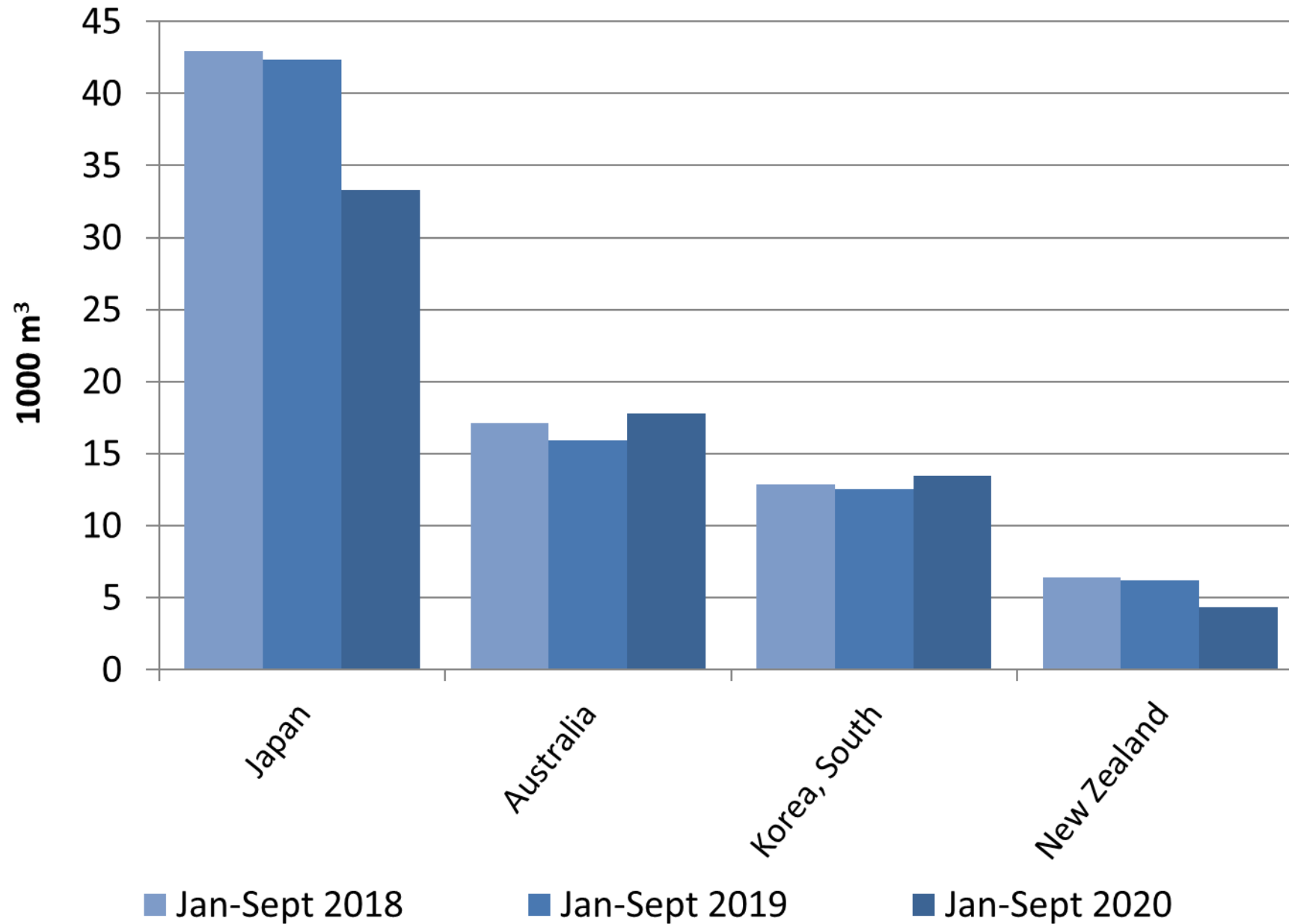


Eurozone G.D.P.

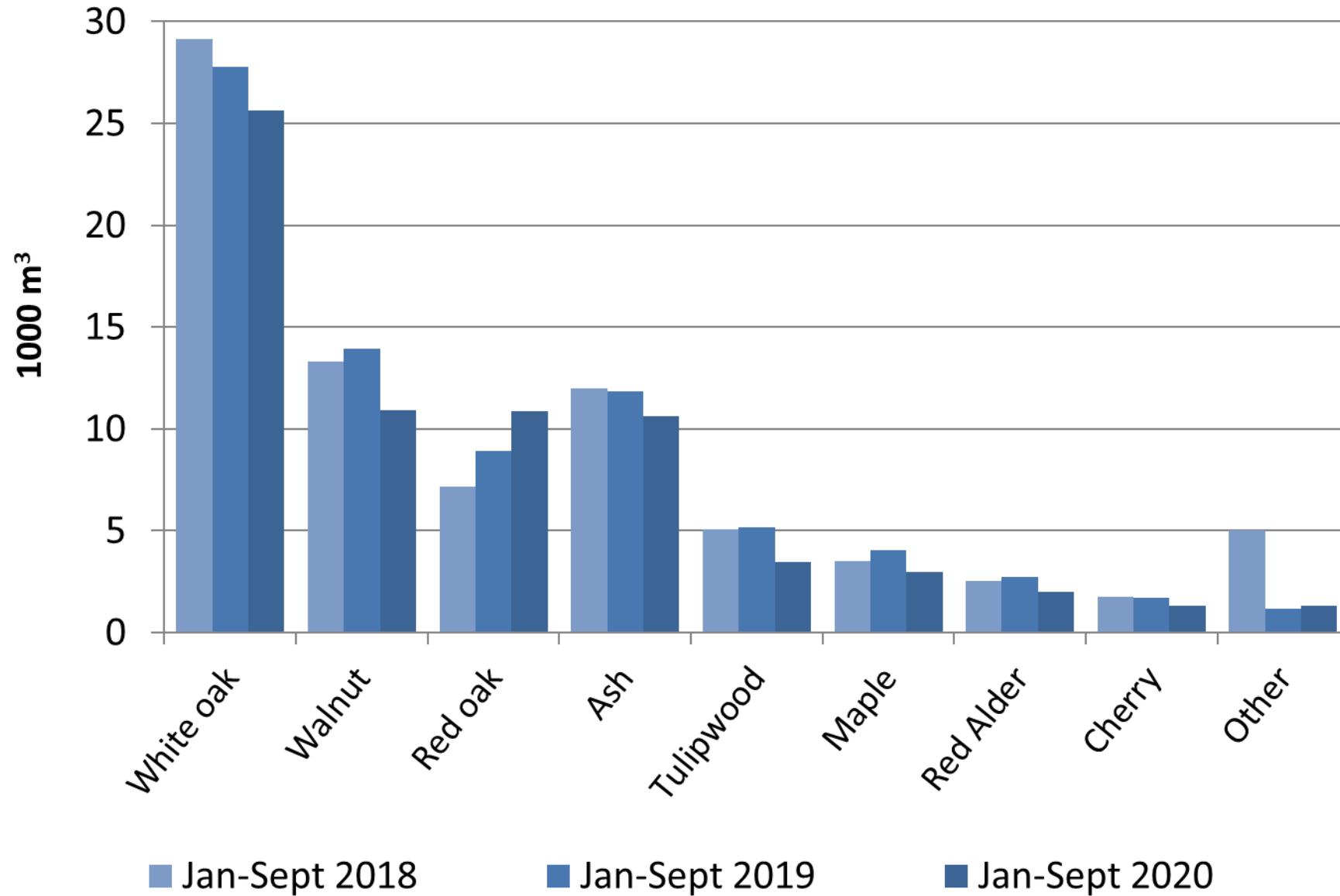


Note: Adjusted for inflation and seasonality. • Source: Eurostat • By The New York Times

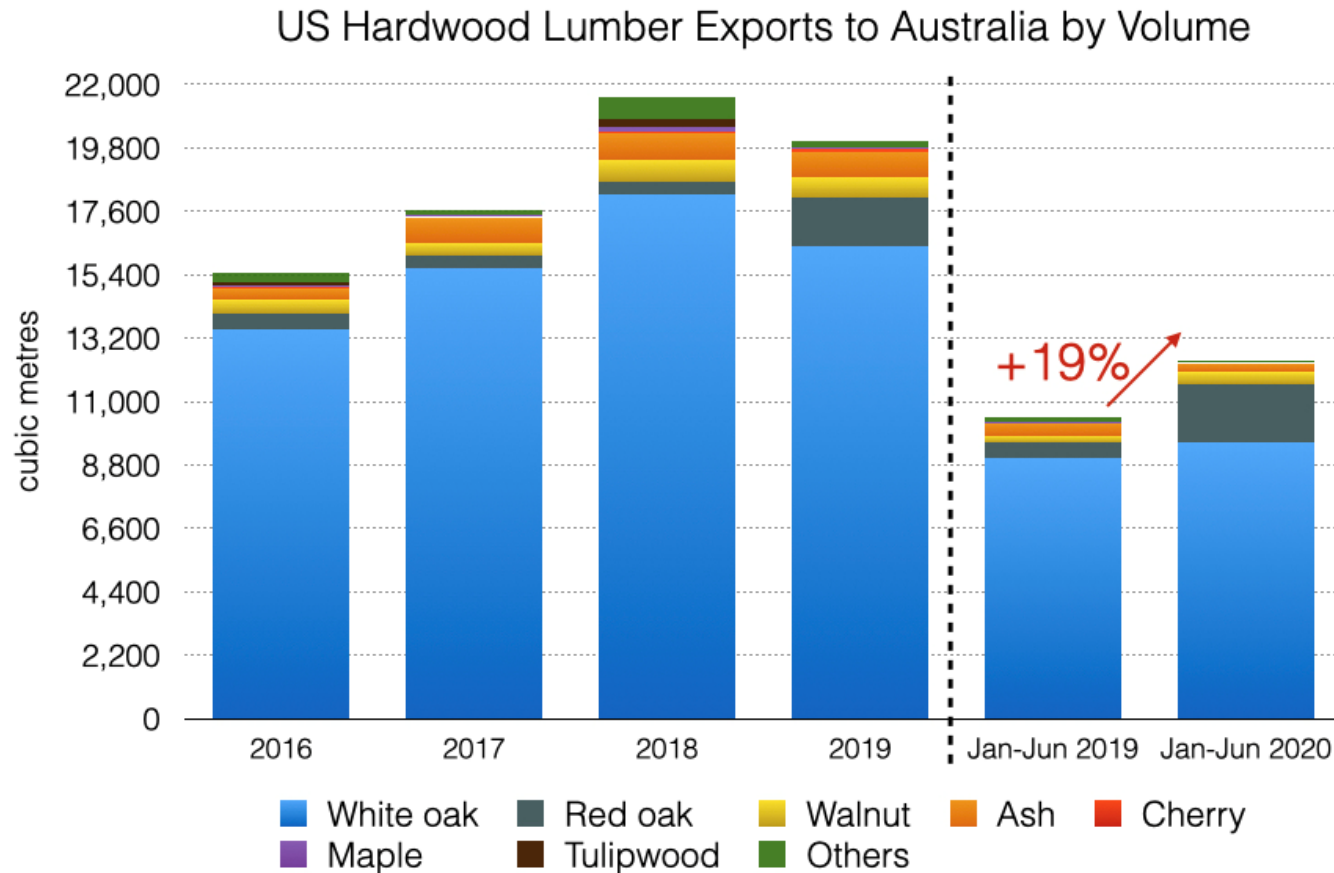
Exports of US sawn hardwood to NE Asia and Pacific



Exports of US sawn hardwood to NE Asia and Pacific, by species



1ST HALF 2020 U.S. HARDWOOD EXPORTS – AUSTRALIA



US hardwood lumber exports to Australia were up 19% in volume during the period.

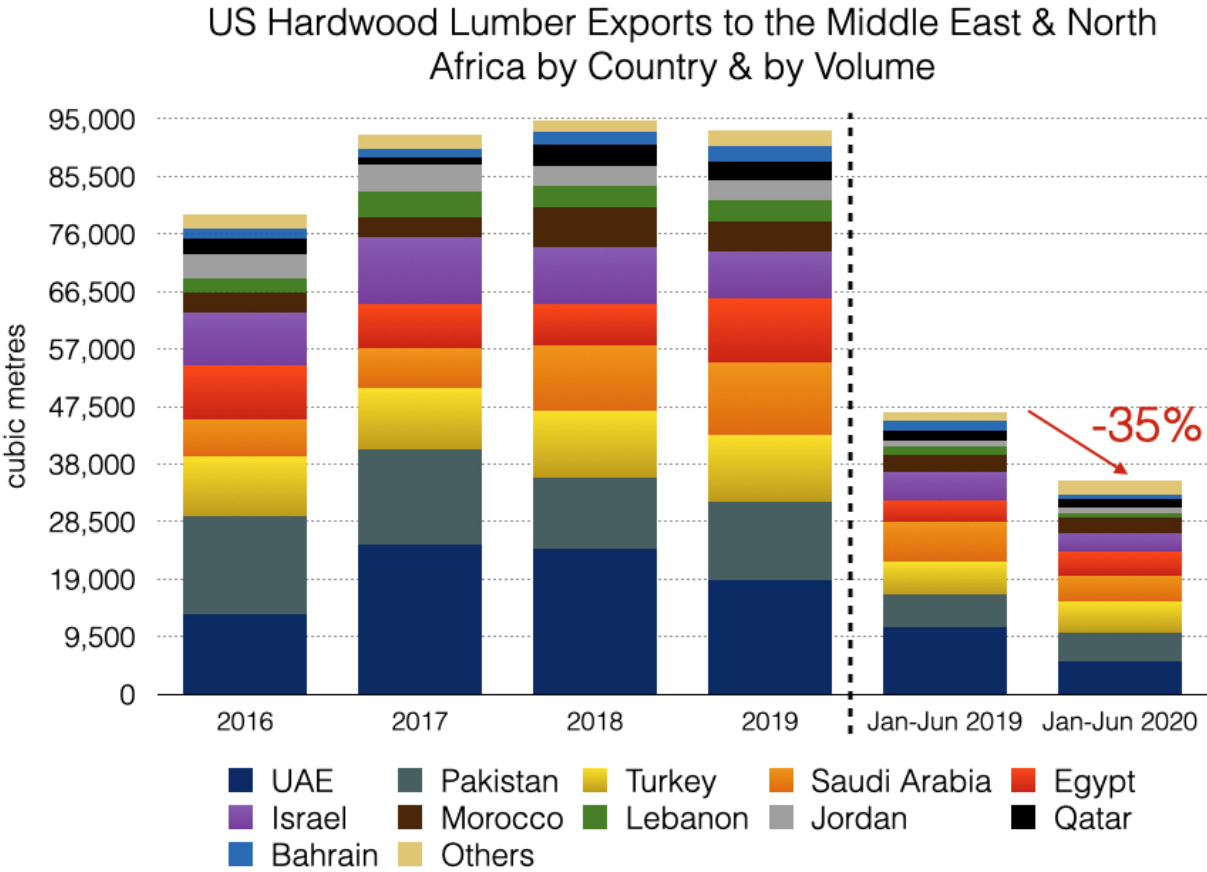
While white oak shipments were up slightly, the bulk of the increase was accounted for by the new interest shown in **red oak** (and not as an alternative to white oak).

Red oak shipments to Australia grew by over 250% in volume during the period and it is expected that this will continue to rise for the remainder of the year.

Source: USDA Foreign Agricultural Service



1ST HALF 2020 U.S. HARDWOOD EXPORTS – MIDDLE EAST



First half of 2020 saw a 35% decrease in the volume of US hardwood lumber shipped to the MENA region.

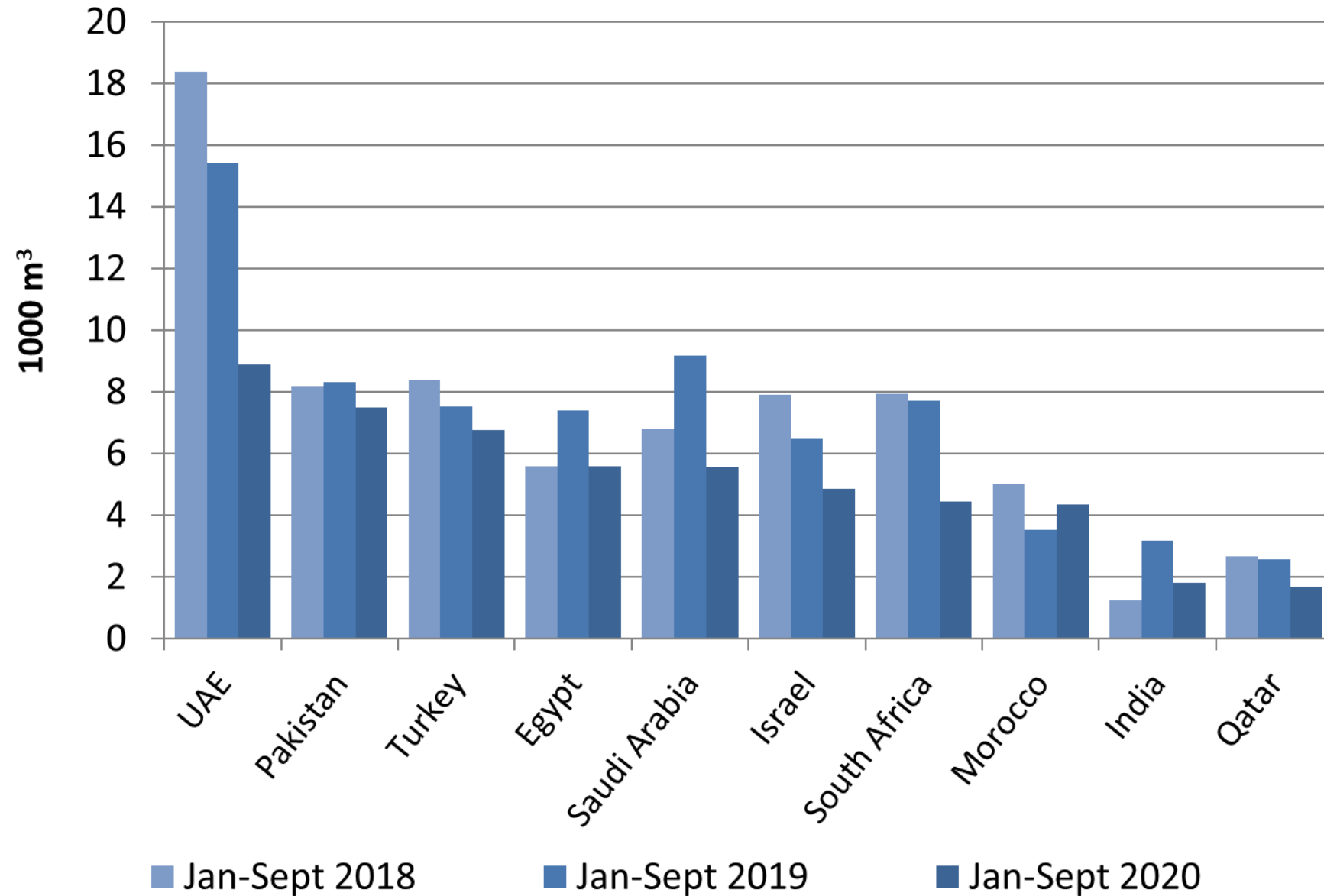
The biggest decreases were seen in the UAE, Pakistan and Saudi Arabia.

Surprisingly, exports to Egypt increased over the period, while they were down to all other markets in the region.

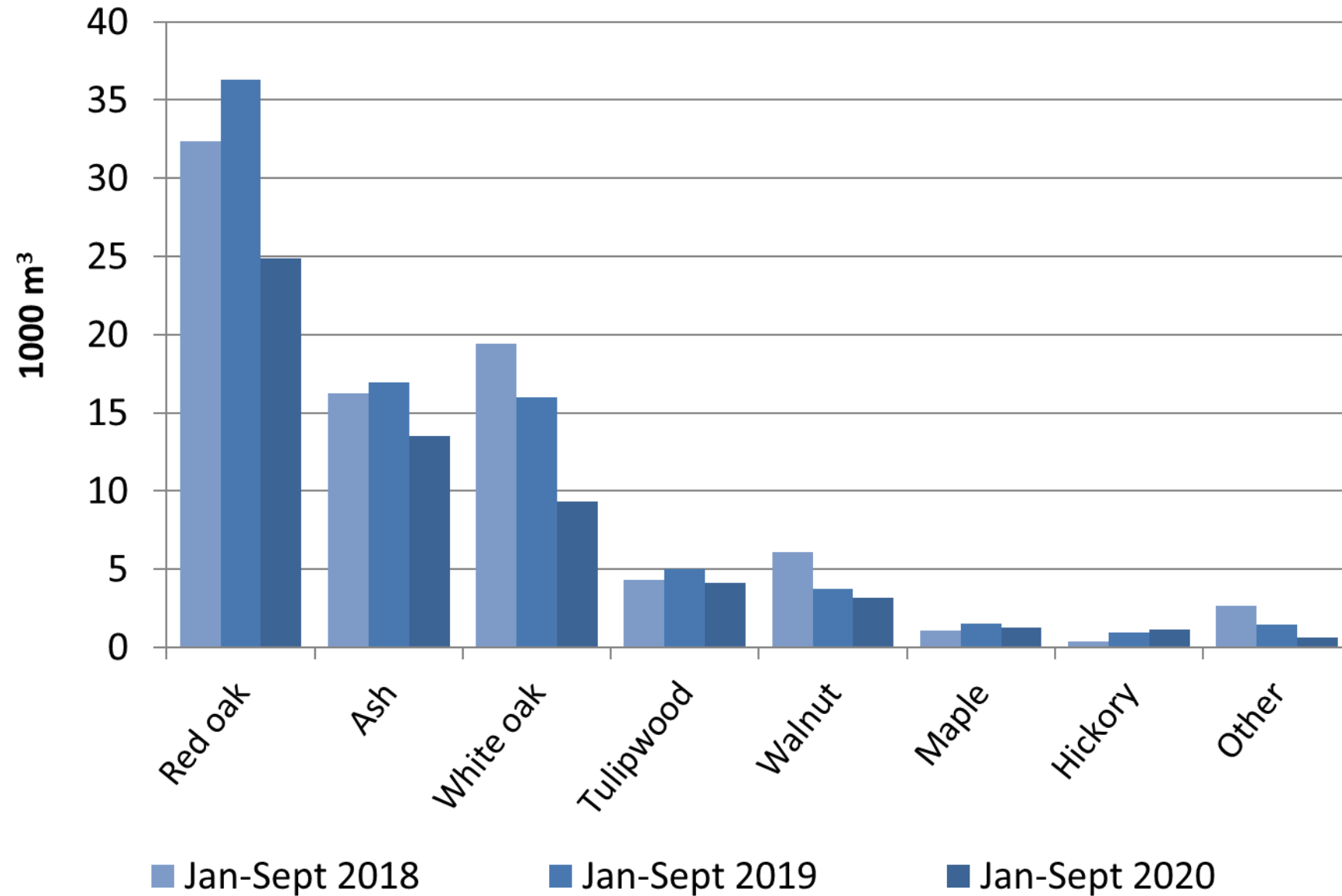
Source: USDA Foreign Agricultural Service



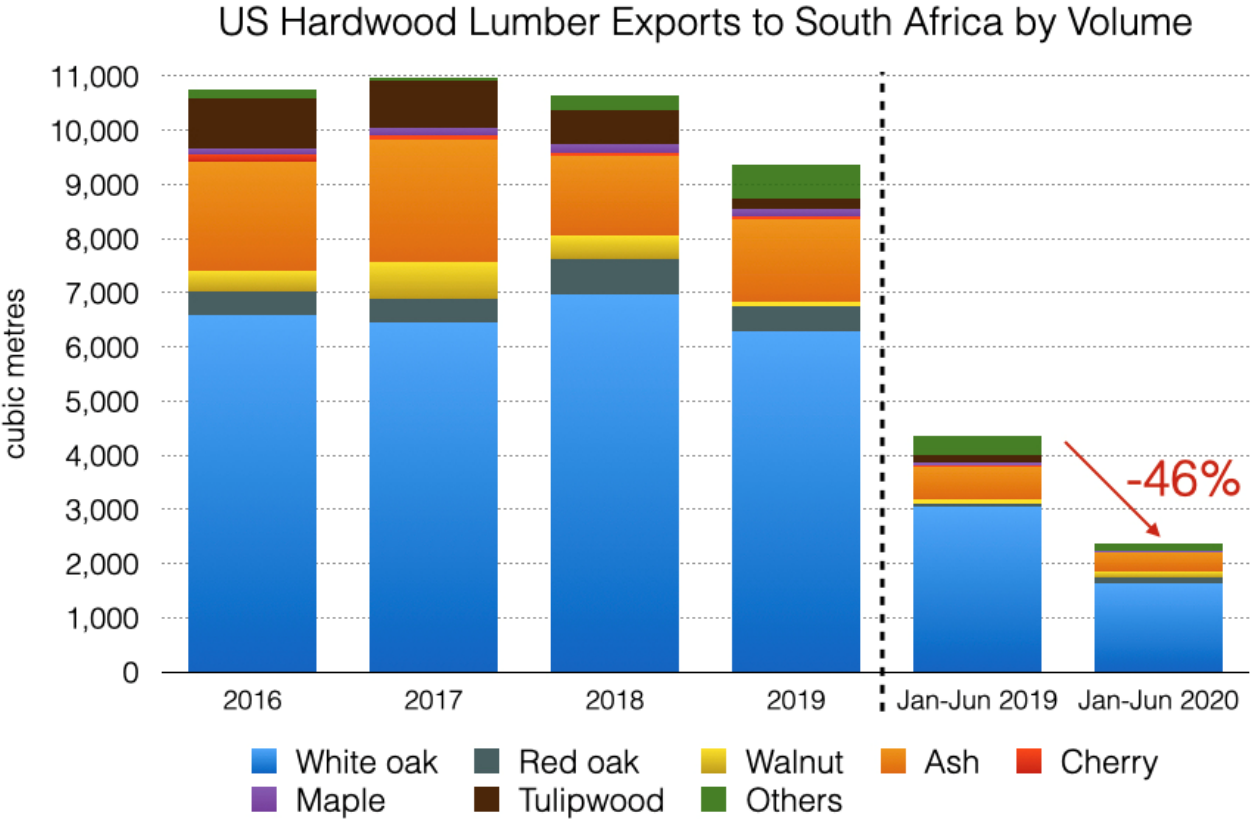
Exports of US sawn hardwood to main markets in Africa, Middle East and Central Asia



Exports of US sawn hardwood to Africa, Middle East and Central Asia, by species



1ST HALF 2020 U.S. HARDWOOD EXPORTS – SOUTH AFRICA



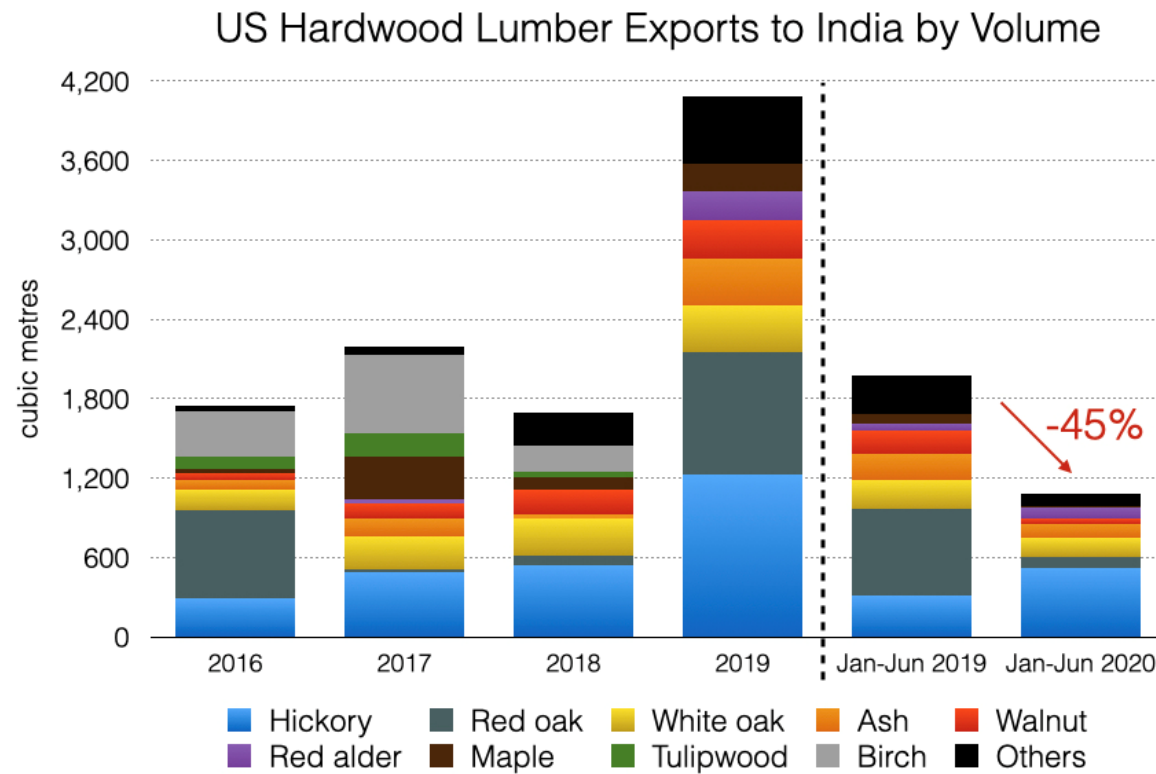
The South African economy has been devastated by the pandemic and business activity has slowed considerably.

Total US hardwood lumber exports to the market declined by 46% during the first half of this year.

Source: USDA Foreign Agricultural Service



1ST HALF 2020 U.S. HARDWOOD EXPORTS – INDIA



Source: USDA Foreign Agricultural Service

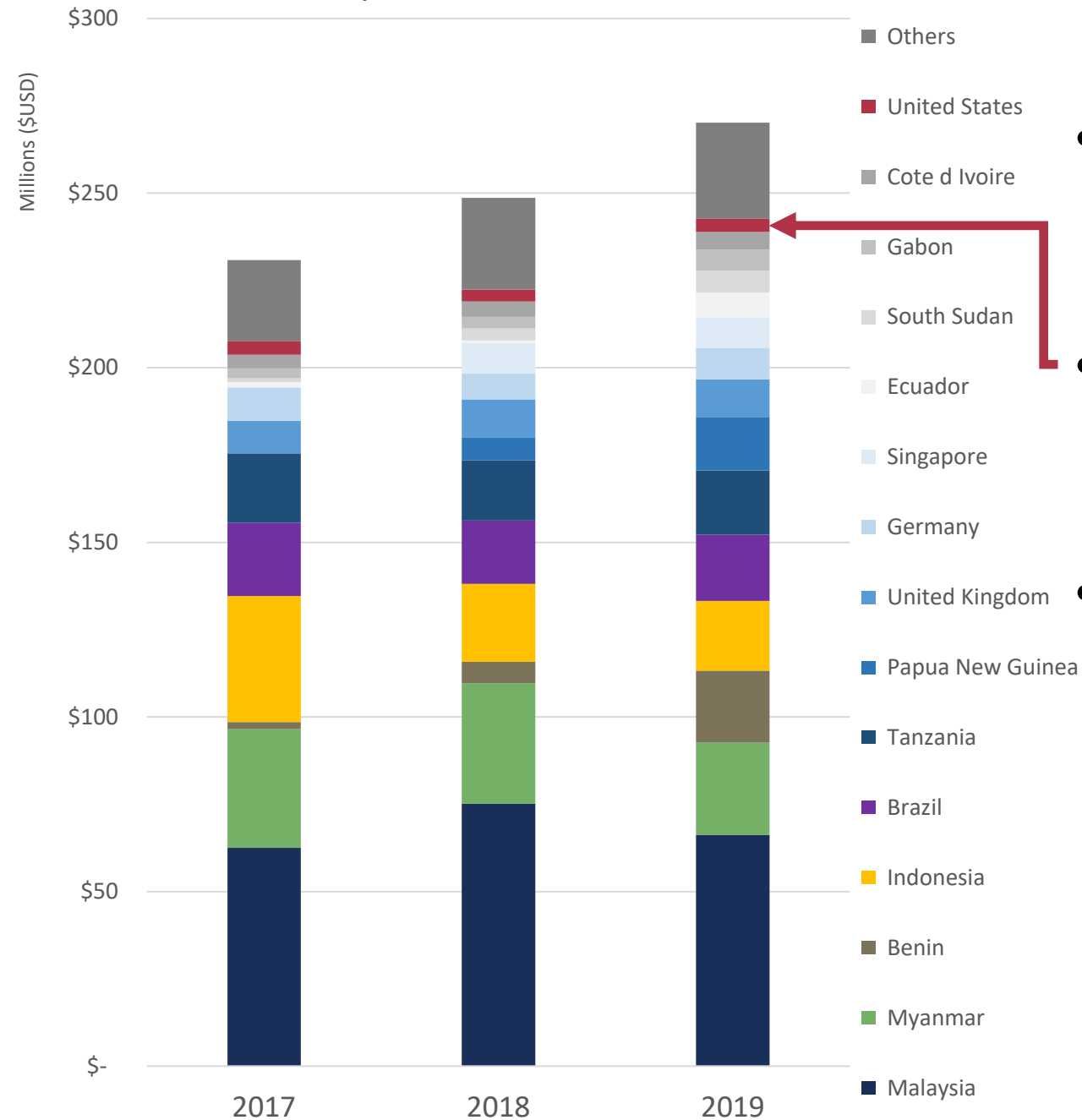
The decrease is not at all unexpected considering the countrywide lockdown imposed at the start of April and the on-going impact of the pandemic on business activity in general.

However, furniture factories remain open for the most part and there are still signs of increasing interest in American hardwoods.

Once consumer business activity picks up, it is expected that more factories will look to import and use American hardwoods.



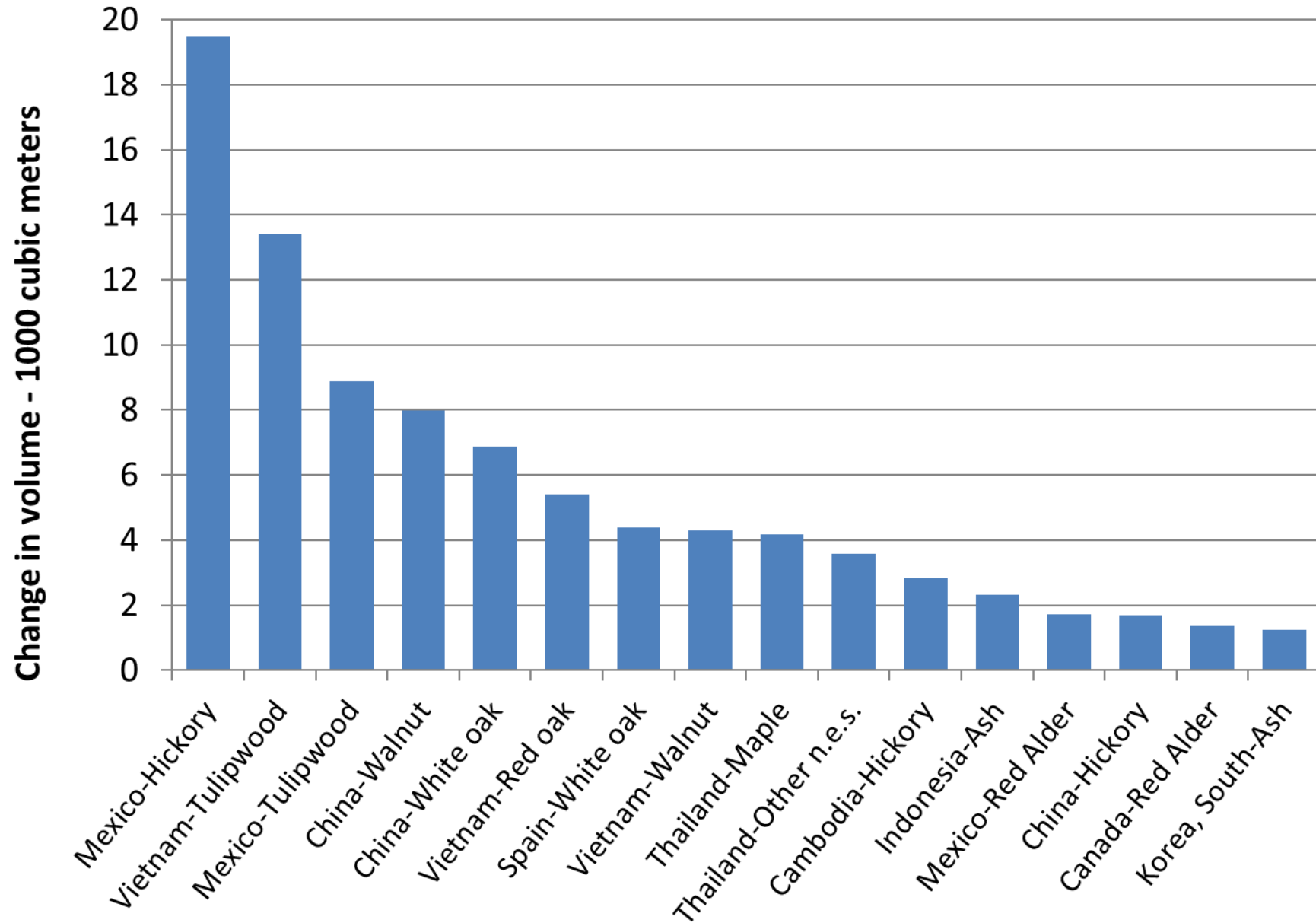
India's Imports of Hardwood Lumber



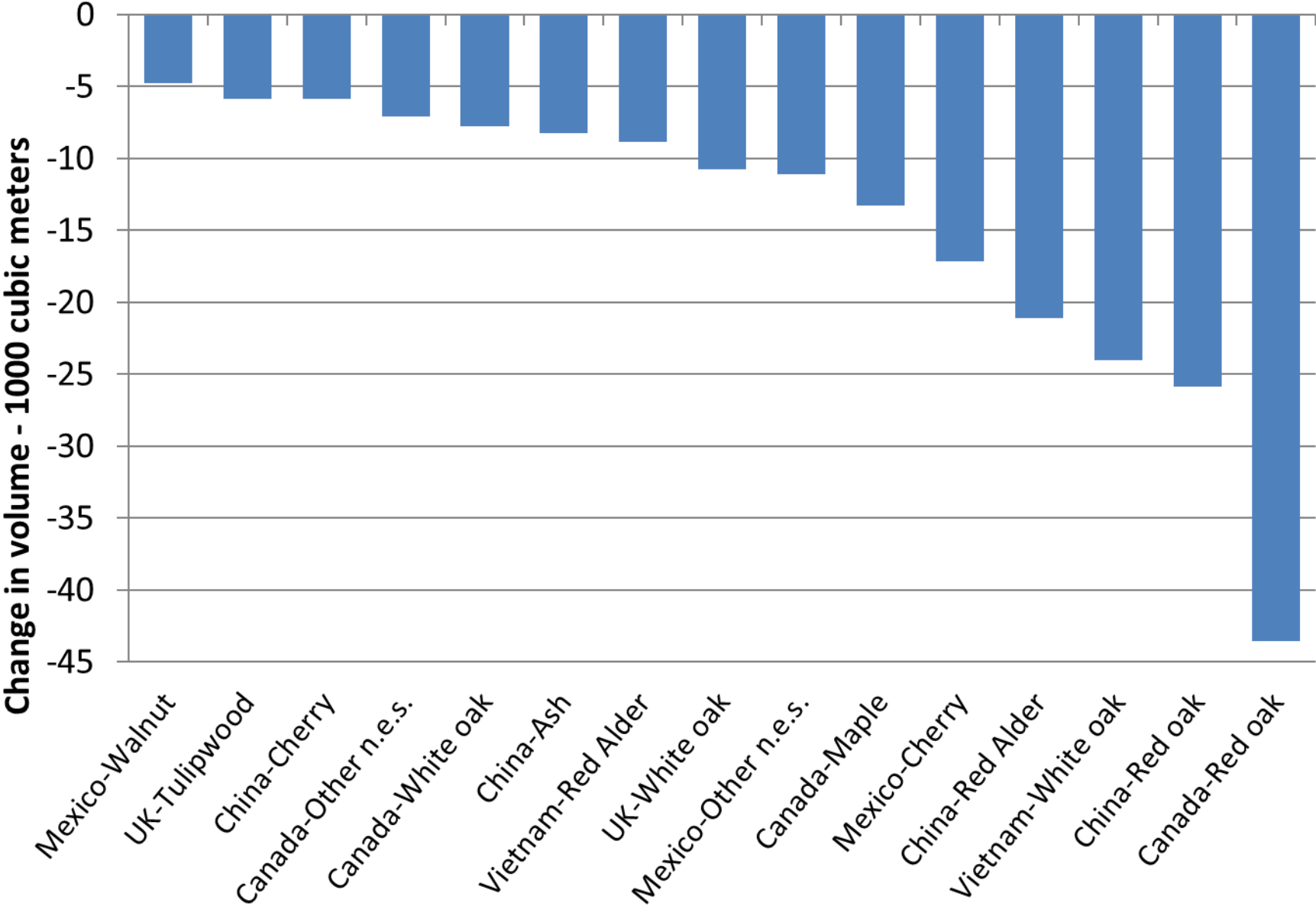
- India imported over \$270 million of hardwood lumber in 2019
- Only 1.4% (\$4 million) came from the United States
- 2019 India market for US Hardwoods:
 - \$5.2 million of veneer & plywood
 - \$4.4 million of logs
 - \$4.0 million of lumber

Source: Trade Data Monitor

Gains in U.S. sawn hardwood Jan-Sept, 2020 vs 2019



Losses in U.S. sawn hardwood Jan-Sept, 2020 vs 2019



Upcoming Pavilions in 2021

March

DelhiWood, India: 4-7

Dubai WoodShow, UAE: 9-11

FIMMA Maderalia, Spain: TBD

Interzum Guangzhou, China: 28-31

May

Interzum Cologne, Germany: 4-7

June

AHEC Greater China Convention,
Chengdu, China: 24-25

Sylva Wood, China: 28-30

September

FMC Premium, China: 9-11

AHEC SE Asia Convention, Bangkok,
Thailand: TBD

VietnamWood, Vietnam: 15-18





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HARDWOOD
EXPORT
COUNCIL

Thank you.

msnow@ahcec.org

Exports of US hardwood logs to main markets

