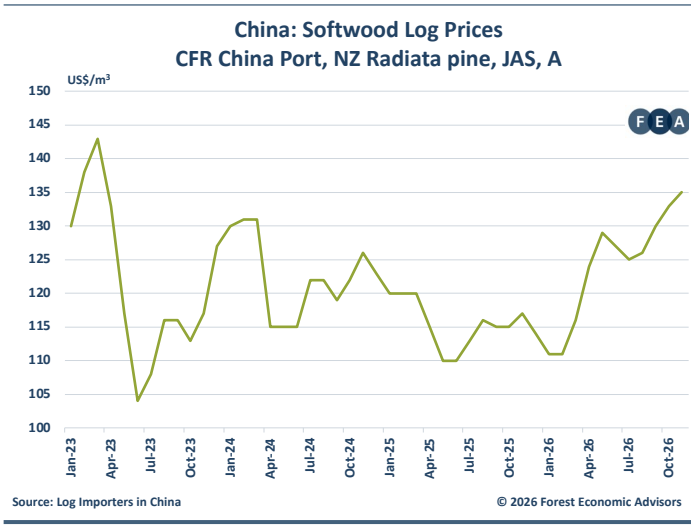


ASIA BULLETIN SPECIAL REPORT

WILL SOARING IMPORTED LOG PRICES TRIGGER A SURGE IN CHINA'S DOMESTIC SOFTWOOD SUPPLY?

In recent months, the CFR price of New Zealand radiata pine logs has maintained a steady upward trend. As of October, offers for NZ radiata pine logs stood at US$132–137/m^3, averaging US$135/m^3. In comparison, prices were US$111/m^3 in early January this year and averaged US$115 m^3 in 2025. Although China's currency has appreciated by 3.9% against the US dollar since the start of the year, the landed cost of imported radiata pine has climbed by RMB 120/m^3; this compares with a RMB90/m^3 price gain in the domestic wholesale market. Faced with elevated import costs and limited price acceptance from the consumption sectors, Chinese softwood log importers and distributors are dealing with a tough situation and consequently operating at a loss.



This raises a key question: If New Zealand radiata pine log costs continue to escalate, or even if they simply remain at current elevated levels, will it lead more traders and end users to shift to domestic timber supplies?

WHAT'S HAPPENING IN THE CHINESE SOFTWOOD MARKET

In the absence of official data on the harvesting of Chinese domestic softwood timber species, we are noting the anecdotal evidence[1] below to demonstrate the changes currently underway in China's softwood imports, consumption, and processing sectors:

- **Southern China records steeper decline in softwood log imports than other regions:** Amid a nationwide contraction in softwood log imports, Southern China's downward adjustment outpaces other regions. This is largely attributable to the rapidly rising availability of cost-competitive domestic timber in surrounding regions.
- **Nankang is shifting from imported spruce lumber to domestic Chinese fir:** Annual imported softwood lumber consumption in Nankang was estimated at 300,000 m^3 in 2025—only ~20% of the volume seen in previous peak years. This was due predominantly to greater use of cost-effective domestic Chinese fir products, and as some segments of local production shifted from solid wood furniture to upholstered furniture.

1 More examples of anecdotal evidence are contained in FEA's upcoming ***China Book***. See the end of this article for further information.

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- **Chongqing's imported radiata pine log consumption replaced by local Masson pine:** In 2026H1, the share of domestic timber consumed in Chongqing further increased to nearly 90%, from almost zero in 2019. This remarkable shift in share was driven in large part by growing domestic supply and lower prices for local species.

WHAT ABOUT CHINA'S DOMESTIC SOFTWOOD SUPPLY?

China's domestic timber output is dominated by hardwood from eucalyptus and poplar plantations. Softwood, representing 46% of total plantation area and 55% of total plantation inventory, makes up only an estimated 20% of China's overall domestic timber output. This is comprised mainly of Chinese fir, Masson pine, and Chinese cedar sourced from plantations in Southern and Southwestern China, alongside a smaller volume of larch and Mongolia pine from Northeastern China.

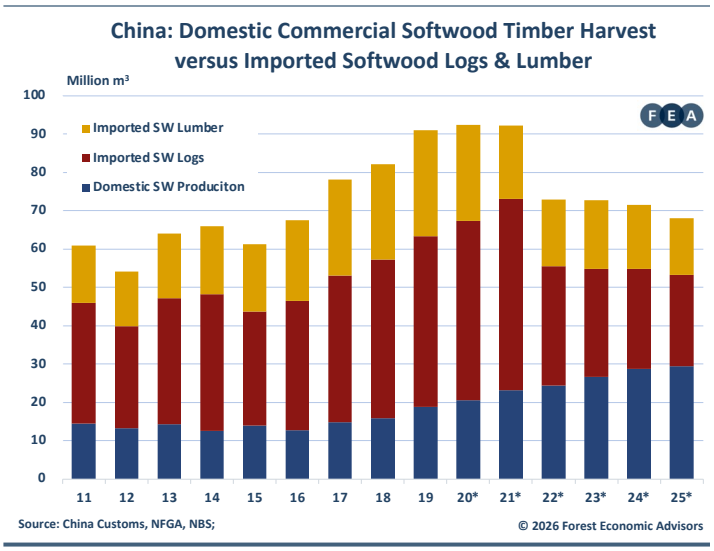
Following the devastating floods of 1998, China launched large-scale afforestation initiatives while gradually reducing forest logging activities. A nationwide ban on commercial harvesting of native forests came into force in 2013; thinning in certain native forests was also suspended. These logging-restriction policies have now been in place for more than two decades. Today, we see more plantation forests approaching maturity, and some native forests require thinning to facilitate forest regeneration and improve fibre quality. Accordingly, National Forestry and Grassland Administration (NFGA) has introduced multiple initiatives to explore approaches to make these improvements while simultaneously easing harvesting controls on plantations and expanding domestic timber supply.

Against this backdrop, coupled with the price surge in imported timber during 2021 and 2022, in recent years a growing number of industry players have stepped up efforts to develop domestic softwood supply chains.

According to statistics released by NFGA and FEA estimates, commercial softwood harvest volumes in China surged ~26% between 2021 and 2025. In contrast, China's import volumes of softwood log and lumber fell sharply by 52% and 24%, respectively, over the same timeframe. China's heavy reliance on imported timber raw materials that began in the early 2000s has undergone a gradual shift.

THE POLICY TAILWIND: HIGHER QUOTAS CONCENTRATED WHERE SOFTWOOD GROWS

Under the provisional harvest quotas released recently for the 15th Five-Year Plan period (2026–30), most regions have been allocated higher annual allowable cut (AAC) volumes for the 2026–30 planning cycle relative to the 2021–25 period. Preliminary statistics indicate that the national AAC stands at 294 million m^3 for 2026–30, an increase of 7% versus the preceding five-year period. Meanwhile, harvest quota growth is most pronounced in five softwood-rich southern and southwestern provinces— Guangxi, Yunnan, Jiangxi, Guangdong, and Guizhou—that hold significant upside potential for expanded softwood log production through 2030. Conversely, Henan, Shandong, and Jiangsu, where poplar plantations dominate the timber supply, face significant



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reductions in their 2026–30 AACs (31%, 33%, and 26%, respectively, of their 2021–25 AACs). Moreover, Heilongjiang province in Northern China, endowed with rich softwood resources, registers only a modest 1% increase in its 2026–30 AAC versus the prior planning cycle.

There is no doubt that the trend of rising domestic softwood timber supply will persist over the coming years. In addition, China's sawmilling and wood processing industry has demonstrated strong adaptability to ever-changing timber raw materials and market conditions. Nonetheless, relative price differences will always be critical, and understanding the price balance between domestic and imported timber will remain key to capturing market share.

— By Jane Guo, China Office Manager, FEA and Editor, Asia Bulletin

FEA is pleased to announce its upcoming multi-client report: ***The 2026 China Book • Changing Domestic Timber Supply and End-Use Consumption***. This report provides insights into the shifts in domestic timber supply in recent years, along with its impact on the competitiveness of imported softwood logs and lumber. Further, it unpacks structural changes in softwood log and lumber consumption across China's end-use sectors. For more information, please contact **Matt Robertson** (mrobertson@getfea.com) at or visit **www.getfea.com**.

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