

WMP Market Insights

Increasing Use of Engineered Wood in Chinese Construction, Along with Research into Domestic Timbers, Could Eventually Influence Demand for Imported Softwood Sawlogs

Audrey Dixon, Managing Editor/Writer, ResourceWise Forest Products

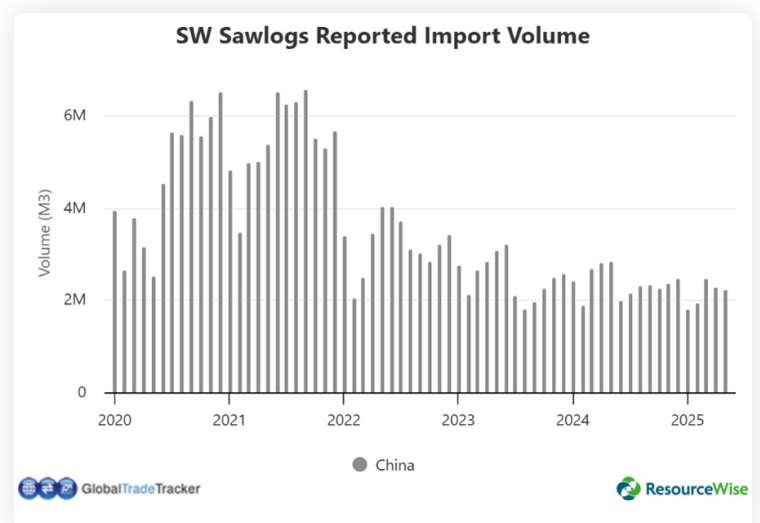
A 56% decline in China's softwood sawlog imports between 2021 and 2024 was driven in large part by its weakened economy, compounded by supply-side constraints including Russia's 2022 log export ban and Central Europe's spruce bark beetle infestation. With a high dependence on New Zealand logs making it vulnerable to future shortages, China is also shifting towards sustainable, engineered wood construction practices while exploring the construction potential of its domestic timber resource.

China's economy in the second quarter (Q2) of 2025 expanded by 5.2% year-over-year, down from 5.4% in the prior two quarters. Overall economic growth in China is forecast to slow to about 4.5% in 2025 from 5.0% in 2024, and further decline in 2026 to a little over 4.0%.

The real estate industry contributes more than a quarter of China's GDP, but the market hit a crisis caused by the collapse of several major developers starting in 2021 when Evergrande defaulted on more than \$300 billion. Another huge property developer, Country Garden, collapsed soon after. The crisis threatened to drag down the Chinese economy despite the government's efforts to revive the sector. There have been some early, uneven signs this year that the real estate market has hit bottom, but it will continue to weigh on the Chinese economy until it recovers, which forecasts suggest will be 2026-2027.

According to WoodMarket Prices (WMP) data, 2021 was the peak year for China's softwood sawlog imports, at 66 million m³. In 2022, import volumes declined by 42% and, in 2024, they were 56% lower than in 2021, at 28.6 million m³.

The real estate collapse and the weak Chinese economy were not the only factors in the



import decline. Central Europe’s spruce bark beetle infestation and a Russian log export ban since 2022 played a role. Germany supplied 17.4 million m³, or 26%, of China’s softwood sawlog imports in the peak year of 2021. By 2023, that volume had declined to a little over 4 million m³ and it fell by another 68% in 2024, according to WMP data. Russia in 2021, before the log export ban was implemented in January 2022, supplied China with 3.6 million m³ of softwood sawlogs.

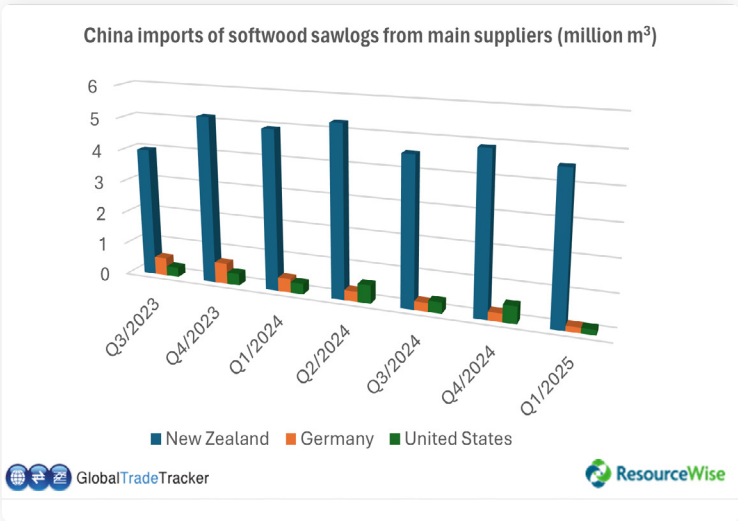
Of China’s 2024 total import of softwood sawlogs, New Zealand supplied almost 20 million m³, or 70%. The US was the second biggest supplier, with 1.8 million m³, then Canada with 1.5 million m³. Compared with 2023, China’s softwood sawlog imports from New Zealand were up by 5%, imports from the US were 13% higher, and volumes from Canada increased by 36%.

In 2024, China accounted for 91% of New Zealand’s softwood sawlog exports. However, New Zealand’s abundant radiata pine forests, planted in the 1990s, are reaching maturity, raising questions about future log export supplies. After about 2030, radiata pine harvest volumes are expected to decline, which will likely affect softwood sawlog exports. Meanwhile, investment in New Zealand’s domestic processing capacity could also ultimately affect log trade.

China’s appetite for imported softwood sawlogs further into the future could be influenced by its own significant investment in plantation-grown timber, particularly eucalyptus to feed its expanding pulp industry, but also softwoods that could be used in construction. Government regulations and building codes in China support sustainable

construction practices and there has been a shift to increased use of engineered wood products such as cross-laminated timber (CLT) and laminated veneer lumber (LVL) in construction. In addition, Harbin Institute of Technology is exploring the use of fast-growing species such as Northeast Larch for rural construction projects in an effort to harmonize modern construction technologies with traditional building methods, Sustainable Construction Review reported in January.

China’s domestic timber resource is not close to meeting the country’s substantial demand for wood. There are also challenges in dispelling some negative perceptions about wood construction among the Chinese public and some builders, requiring a need to promote it as both environmentally friendly and safe. However, with continued investment in timber plantations and research under way on the use of engineered wood in large buildings as well as finding practical, low-cost solutions for rural housing, domestic timber likely has the potential to play a bigger role in the Chinese construction sector in future.



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